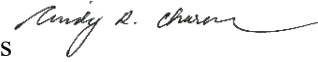


EAST BAY MUNICIPAL UTILITY DISTRICT

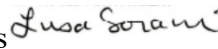
DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources



FROM: Lisa Sorani, Manager of Employee Services



SUBJECT: Retirement Board Regular Meeting – 1/29/2026

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, January 29, 2026. 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 January 29, 2026 meeting, and the Minutes for the November 20, 2025 regular meeting. The package also includes the following: **(1) CONSENT items:** Approval of Minutes of the Retirement Board – Regular Meeting of November 20, 2025; Ratifying and Approving Investment Transactions by Retirement Fund Managers for October 2025 and November 2025; Ratifying and Approving the Short-Term Investment Transactions for October 2025 and November 2025; Approving Treasurer’s Statement of Receipts and Disbursements for October 2025 and November 2025; **(2) ACTION items:** Adopt the Actuarial Valuations of the Retirement System as of June 30, 2025, and Adopt the Fiscal Year 2027 Employer Contribution Rates for the Pension and the Health Insurance Benefit Plans; Adopt Proposed Retirement Board Election Board Rule; Approve Revisions to the Statement of Investment Policy and Procedures; Approve Finalists for Private Credit Manager Interviews; **(3) INFORMATION items:** Meketa Performance Report and Economic Review; MacKay Shields Manager Market Education and Update; Annual Report on Proxy Voting; Annual Review of Health Insurance Benefit (HIB); Declaring the Results of the Special Election of an Active Member of the Retirement Board; 2026 Election Schedule for Active Member and Retired Member Representatives to the EBMUD Retirement Board; **(4) REPORTS FROM THE RETIREMENT BOARD:**

CC:ls

Enclosure

AGENDA

EBMUD EMPLOYEES' RETIREMENT SYSTEM

January 29, 2026

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, January 29, 2026. 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, Jim Oddie, Jae Park and Elizabeth Grassetti

Staff to the Retirement Board: Sophia Skoda, Lourdes Matthew, Robert Hannay, Lisa Sorani, Valerie Weekly and Mae Shepherd

Consultants & Presenters: Segal: Andy Yeung, Dirk Adamsen, Emily Klare and Mehdi Riazi; Meketa: Colin Bebee and Eric Larsen; MacKay Shields: Andrew Susser and Therese Hernandez; Northern Trust Asset Management: Chermaine Fullinck, Eric Gerber, and Catherine Moyer; Glass Lewis: Matt Seufert

****Public Participation****

Please see Appendix at end of Agenda for Public Participation Details

ROLL CALL:

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

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

1. Approval of Minutes of the Retirement Board – Regular Meeting of November 20, 2025 – C. Charan
2. Ratifying and Approving Investment Transactions by Retirement Fund Managers for October 2025 and November 2025 – S. Skoda
3. Ratifying and Approving Short-Term Investment Transactions for October 2025 and November 2025 – S. Skoda
4. Approving Treasurer's Statement of Receipts and Disbursements for October 2025 and November 2025 – S. Skoda

ACTION:

5. Adopt the Actuarial Valuations of the Retirement System as of June 30, 2025, and Adopt the Fiscal Year 2027 Employer Contribution Rates for the Pension and the Health Insurance Benefit Plans – S. Skoda
6. Adopt Proposed Retirement Board Election Board Rule – C. Charan
7. Approve Revisions to the Statement of Investment Policy and Procedures – S. Skoda
8. Approve Finalists for Private Credit Manager Interviews – S. Skoda

INFORMATION:

9. Meketa Performance Report and Economic Review – S. Skoda
10. MacKay Shields Manager Market Education and Update – S. Skoda
11. Annual Report on Proxy Voting – S. Skoda
12. Annual Review of Health Insurance Benefit (HIB) – C. Charan
13. Declaring the Results of the Special Election of an Active Member of the Retirement Board – C. Charan
14. 2026 Election Schedule for Active Member and Retired Member Representatives to the EBMUD Retirement Board – 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 March 19, 2026.

Retirement Board Meetings

- March 19, 2026
- May 21, 2026
- July 9, 2026
- September 17, 2026
- November 19, 2026

APPENDIX

Retirement Board Meeting
Thursday, January 29, 2026
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: Jan 29, 2026 09:00 AM Pacific Time (US and Canada)

Topic: January 29, 2026 EBMUD Retirement Board Meeting

Join from PC, Mac, iPad, or Android:

<https://ebmud.zoom.us/j/89914708377>

Phone one-tap:

+16699006833,89914708377# US (San Jose)

+16694449171,89914708377# US

Join via audio:

+1 669 900 6833 US (San Jose)

+1 669 444 9171 US

Webinar ID: 899 1470 8377

International numbers available: <https://ebmud.zoom.us/j/89914708377>

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
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.

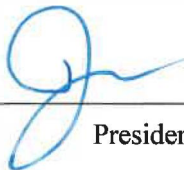
REPORTS FROM THE RETIREMENT BOARD:

None

ITEMS TO BE CALENDARED:

None

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



President

ATTEST:



Asst. Secretary

1/20/2026

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Investment Transactions by Retirement Fund Managers for October 2025 and November 2025

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

SDS:RLH:SGL

Attachment: Investment Transactions by Retirement Fund Managers

R.B. RESOLUTION NO. 7043


RATIFYING AND APPROVING INVESTMENT TRANSACTIONS BY FUND MANAGERS
FOR OCTOBER 2025 AND NOVEMBER 2025

Introduced by: Marguerite Young ; Seconded by: Clifford Chan

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 October 2025 and November 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:

Lusa Sorani
Asst. Secretary

01/29/2026

INVESTMENT TRANSACTIONS BY RETIREMENT FUND MANAGERS			
October 2025			
	PURCHASES	SALES	PORTFOLIO VALUE
<u>FIXED INCOME</u>			
C.S. McKee	\$60,308,566	\$60,242,616	\$258,141,235
Federated Bank Loans	\$0	\$0	\$131,357
Garcia Hamilton Associates	\$6,711,831	\$5,439,958	\$252,480,766
Mackay Shields - HY	\$2,034,385	\$1,173,430	\$67,469,044
Aristotle Pacific Asset Mgmt Bank Loan Fund LP	\$0	\$0	\$68,955,095
Beach Point Loan Fund LP	\$0	\$0	\$68,000,000
Brigade High Yield LP	\$0	\$0	\$68,000,000
Total Fixed Income	\$69,054,782	\$66,856,004	\$783,177,497
<u>DOMESTIC EQUITY</u>			
Russell 3000 Index Fund	\$0	\$3,588,000	\$1,167,414,066
Total Domestic Equity	\$0	\$3,588,000	\$1,167,414,066
<u>COVERED CALLS</u>			
Parametric (BXM)	\$0	\$0	\$164,837
Parametric (Delta-Shift)	\$1,991,229	\$1,840,930	\$218,947,137
Total Covered Calls	\$1,991,229	\$1,840,930	\$219,111,973
<u>INTERNATIONAL EQUITY</u>			
ACWI Index fund	\$0	\$0	\$785,785,303
Global Transition	\$0	\$0	\$816,239
Total International Equity	\$0	\$0	\$786,601,542
<u>REAL ESTATE EQUITY</u>			
RREEF America II	\$0	\$0	\$54,472,139
Total Real Estate	\$0	\$0	\$54,472,139
TOTAL ALL FUND MANAGERS	\$71,046,011	\$72,284,934	\$3,010,777,218
November 2025			
	PURCHASES	SALES	PORTFOLIO VALUE
<u>FIXED INCOME</u>			
C.S. McKee	\$56,511,023	\$54,153,451	\$259,896,312
Federated Bank Loans	\$0	\$0	\$131,788
Garcia Hamilton Associates	\$14,661,277	\$13,195,482	\$254,403,825
Mackay Shields - HY	\$1,962,594	\$681,641	\$67,849,653
Aristotle Pacific Asset Mgmt Bank Loan Fund LP	\$0	\$0	\$68,955,095
Beach Point Loan Fund LP	\$0	\$0	\$68,000,000
Brigade High Yield LP	\$0	\$0	\$68,000,000
Total Fixed Income	\$73,134,894	\$68,030,575	\$787,236,673
<u>DOMESTIC EQUITY</u>			
Russell 3000 Index Fund	\$0	\$39,002	\$1,170,630,813
Total Domestic Equity	\$0	\$39,002	\$1,170,630,813
<u>COVERED CALLS</u>			
Parametric (BXM)	\$0	\$0	\$165,377
Parametric (Delta-Shift)	\$495,452	\$295,198	\$221,712,945
Total Covered Calls	\$495,452	\$295,198	\$221,878,322
<u>INTERNATIONAL EQUITY</u>			
ACWI Index fund	\$0	\$71,939	\$785,535,317
Global Transition	\$0	\$0	\$827,558
Total International Equity	\$0	\$71,939	\$786,362,875
<u>REAL ESTATE EQUITY</u>			
RREEF America II	\$487,643	\$0	\$55,318,656
Total Real Estate	\$487,643	\$0	\$55,318,656
TOTAL ALL FUND MANAGERS	\$74,117,989	\$68,436,715	\$3,021,427,340


Prepared By: Sherry Sarcos
Sherry Sarcos, Accounting Technician

Date: 01/27/2026

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Short Term Investment Transactions for October 2025 and November 2025

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

SDS:RLH:SGL

Attachments: Short Term Investment Transactions October 2025
Short Term Investment Transactions November 2025

R.B. RESOLUTION NO. 7044


RATIFYING AND APPROVING SHORT TERM INVESTMENT TRANSACTIONS BY THE
TREASURER FOR OCTOBER 2025 AND NOVEMBER 2025

Introduced by: Marguerite Young ; Seconded by: Clifford Chan

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 October 2025 and November 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 October 2025 and November 2025 are hereby ratified and approved.



President

ATTEST:



Asst. Secretary

01/29/2026

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

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ (14,201,000.00)	Local Agency Investment Fund		1-Oct-25	4.150
\$ 5,949,000.00	Local Agency Investment Fund	10-Oct-25		4.150
\$ 139,118.96	Local Agency Investment Fund	15-Oct-25		4.150
\$ 3,588,000.00	Local Agency Investment Fund	23-Oct-25		4.150
\$ 5,897,000.00	Local Agency Investment Fund	24-Oct-25		4.150
\$ (14,316,000.00)	Local Agency Investment Fund		31-Oct-25	4.150
\$ (12,943,881.04)	Net Activity for Month			

\$ 19,825,126.86	Beginning Balance
<u>(12,943,881.04)</u>	Net Activity for Month
\$ 6,881,245.82	Ending Balance

SUBMITTED BY David Glasser
David Glasser
Controller

DATE 01/27/2026

Robert L. Hannay
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 NOVEMBER 2025**

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ 5,872,000.00	Local Agency Investment Fund	7-Nov-25		4.096
\$ 5,840,000.00	Local Agency Investment Fund	21-Nov-25		4.096
\$ (14,287,000.00)	Local Agency Investment Fund	26-Nov-25		4.096
<u>\$ (2,575,000.00)</u>	Net Activity for Month			
\$ 6,881,245.82	Beginning Balance			
<u>(2,575,000.00)</u>	Net Activity for Month			
<u>\$ 4,306,245.82</u>	Ending Balance			

SUBMITTED BY David Glasser
David Glasser
Controller

DATE 01/27/2026

Robert L. Hannay
Robert L. Hannay
Treasury Mgr.

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

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Treasurer's Statement of Receipts and Disbursements for October 2025 and November 2025

SUMMARY

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

SDS:RLH:SGL

Attachments: Statement of Receipts and Disbursements October 2025
Statement of Receipts and Disbursements November 2025

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

CASH BALANCE at September 30, 2025		\$	(12,905,866.67)
<u>Receipts</u>			
Employees' Contributions	\$	2,031,767.04	
District Contributions		9,934,324.64	
LAIF Redemptions		28,517,000.00	
Northern Trust Redemptions		3,588,000.00	
Refunds and Commission Recapture		<u>18,427.41</u>	
TOTAL Receipts			44,089,519.09
<u>Disbursements</u>			
Checks/Wires Issued:			
Service Retirement Allowances	\$	12,492,372.34	
Disability Retirement Allowances		171,281.92	
Health Insurance Benefit		2,016,478.72	
Payments to Retiree's Resigned/Deceased		10,994.89	
LAIF Deposits		15,434,000.00	
Administrative Cost		<u>299,146.40</u>	
TOTAL Disbursements			<u>(30,424,274.27)</u>
CASH BALANCE at October 31, 2025		\$	<u>759,378.15</u>
LAIF			<u>6,881,245.82</u>
LAIF and CASH BALANCE at October 31, 2025		\$	<u>7,640,623.97</u>
<u>Domestic Equity</u>			
Russell 3000 Index Fund	\$	<u>1,167,414,066.11</u>	
Subtotal Domestic Equity		1,167,414,066.11	
<u>Covered Calls</u>			
Parametric (BXM)	\$	164,836.62	
Parametric (Delta-Shift)		218,947,136.75	
Subtotal Covered Calls		219,111,973.37	
<u>International Equity</u>			
ACWI Index fund	\$	785,785,303.21	
Global Transition		<u>816,238.81</u>	
Subtotal International Equity		786,601,542.02	
<u>Real Estate</u>			
RREEF America REIT II	\$	54,472,139.43	
Subtotal Real Estate		54,472,139.43	
<u>Fixed Income</u>			
CS Mckee	\$	258,141,234.71	
Federated Bank Loans		131,357.41	
Garcia Hamilton Associates		252,480,766.06	
Mackay Shields-High Yield		67,469,044.27	
Aristotle Pacific Asset Mgmt Bank Loan Fund LP		68,955,095.00	
Beach Point Loan Fund LP		68,000,000.00	
Brigade High Yield LP		<u>68,000,000.00</u>	
Subtotal Fixed Income		783,177,497.45	
Total for Domestic and International Equities			<u>3,010,777,218.38</u>
MARKET VALUE of ASSETS at October 31, 2025		\$	<u>3,018,417,842.35</u>

Respectfully submitted,

David Glasser

David Glasser
Controller

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.

Kevin Ma

Kevin Ma
Acct. Sys. Supv.

prepared by Sscaros

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF NOVEMBER 2025**

CASH BALANCE at October 31, 2025		\$	759,378.15
<u>Receipts</u>			
Employees' Contributions	\$		1,910,181.89
District Contributions			9,922,083.81
LAIF Redemptions			14,287,000.00
Northern Trust Redemptions			0.00
Refunds and Commission Recapture			<u>12,841.08</u>
TOTAL Receipts			26,132,106.78
<u>Disbursements</u>			
Checks/Wires Issued:			
Service Retirement Allowances	\$		12,487,523.35
Disability Retirement Allowances			171,281.92
Health Insurance Benefit			1,988,618.86
Payments to Retiree's Resigned/Deceased			15,084.72
LAIF Deposits			11,712,000.00
Administrative Cost			<u>430,813.66</u>
TOTAL Disbursements			<u>(26,805,322.51)</u>
CASH BALANCE at November 30, 2025		\$	<u>86,162.42</u>
LAIF			<u>4,306,245.82</u>
LAIF and CASH BALANCE at November 30, 2025		\$	<u>4,392,408.24</u>
<u>Domestic Equity</u>			
Russell 3000 Index Fund	\$		<u>1,170,630,813.36</u>
Subtotal Domestic Equity			1,170,630,813.36
<u>Covered Calls</u>			
Parametric (BXM)	\$		165,376.51
Parametric (Delta-Shift)			221,712,945.17
Subtotal Covered Calls			221,878,321.68
<u>International Equity</u>			
ACWI Index fund	\$		785,535,316.91
Global Transition			<u>827,558.29</u>
Subtotal International Equity			786,362,875.20
<u>Real Estate</u>			
RREEF America REIT II	\$		55,318,656.21
Subtotal Real Estate			55,318,656.21
<u>Fixed Income</u>			
CS Mckee	\$		259,896,312.41
Federated Bank Loans			131,787.72
Garcia Hamilton Associates			254,403,825.32
Mackay Shields-High Yield			67,849,652.94
Aristotle Pacific Asset Mgmt Bank Loan Fund LP			68,955,095.00
Beach Point Loan Fund LP			68,000,000.00
Brigade High Yield LP			<u>68,000,000.00</u>
Subtotal Fixed Income			787,236,673.39
Total for Domestic and International Equities			<u>3,021,427,339.84</u>
MARKET VALUE of ASSETS at November, 2025		\$	<u>3,025,819,748.08</u>

Respectfully submitted,

David Glasser

David Glasser
Controller

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.

Kevin Ma


Kevin Ma
Acct. Sys. Supv.

prepared by Sscaros

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Adopt the Actuarial Valuations of the Retirement System as of June 30, 2025, and Adopt the Fiscal Year 2027 Employer Contribution Rates for the Pension and the Health Insurance Benefit Plans

RECOMMENDATION

Adopt the Actuarial Valuations of the Retirement System as of June 30, 2025 prepared by the Retirement System's actuary. In addition, recommend the District Board set Retirement System Contribution Rates for Fiscal Year (FY) 2027 equal to the actuarially determined contribution rates for the pension and Health Insurance Benefit (HIB) plans.

DISCUSSION

Each year the Retirement System's actuary, Segal, prepares Actuarial Valuations for the pension and HIB plans and presents them to the Retirement Board. The Retirement System relies upon these reports to set the contribution rates for the following fiscal year. The Pension Valuation, HIB Valuation, supplemental exhibits, and two related accounting reports are attached to this memo.

Changes from the Previous Year

The valuation value of the combined pension and HIB assets increased from \$2.5 billion on June 30, 2024 to \$2.7 billion on June 30, 2025, representing growth of 8.6%. While the Plan's market value rose 12.3%, the smoothing of investment returns (above or below those expected) over a five-year period caused the valuation value of assets (VVA) to increase to a lesser degree than the market value. The pension plan's Unfunded Actuarial Accrued Liability (UAAL) decreased from \$752 million to \$676 million due largely to the high investment returns and resulting increase in the VVA. While the pension UAAL went down, the HIB UAAL increased from \$65 million to \$94 million. The increase is primarily due to the enhancement of the HIB benefit established under the most recent labor negotiations.

Between June 30, 2024 and June 30, 2025, the pension funded ratio on a VVA basis rose from 76.1% to 79.3% while the HIB funded ratio decreased from 51.8% to 45.5%. Despite the large decrease to the HIB funded ratio, the combined pension and HIB funded ratio increased from 75.1% to 77.6% over this time period.

Contribution Rates

The Actuarial Valuations provide the actuarially determined employer contribution rates for both the 1955/1980 and 2013 pension plan tiers and the HIB plan for FY 2027. These rates are presented below along with the rates adopted by the Retirement Board for FY 2026.

Actuarially Determined Contribution Rates				
	FY 2027 (Recommended)		FY 2026 (Adopted)	
Employer	1955/1980 Plan	2013 Tier	1955/1980 Plan	2013 Tier
Pension	43.58%	34.20%	45.43%	35.93%
HIB	5.76%	5.71%	4.43%	4.22%
Total¹	49.34%	39.91%	49.86%	40.15%
Member				
Pension	8.66%	10.08%	8.66%	10.08%
HIB ²	0.55%	0.55%	0.09%	0.09%
Total¹	9.21%	10.63%	8.75%	10.17%

¹Shown for FY 2027 for illustration purposes only. As part of the HIB plan changes for employees retiring or terminating on or after July 8, 2025, employee and employer contributions to the HIB plan for the 2013 Tier are calculated based on unlimited payroll, that is, without applying the limit on pensionable compensation used for the pension plan. Since the pension and HIB plan contribution rates are now based on different payroll measures, Segal no longer includes a combined pension and HIB plan contribution rate in their Supplemental Exhibits report.

²The 0.55% employee contribution rate for fiscal year 2026/2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

Recommended Employee Contribution Rates

Employee contribution rates are established under different methodologies for the 1955/1980 Plan and the 2013 Tier. For members of the 1955/1980 Plan, the employee contribution rate is set in the Memoranda of Understanding (MOUs) between the District and its employee unions. For members of the 2013 Tier, the employee rate is calculated based on requirements in the California Public Employees' Pension Reform Act (PEPRA).

Under the MOUs, the 1955/1980 Plan employee contribution rate is currently set at 8.66% of payroll for the pension plan. The modifications made to the HIB plan provisions were the primary reason the total normal cost rate increased to 1.89% compared to 0.97% in the previous valuation. The employee contribution rate for the HIB plan is set to rise incrementally to 0.40% effective January 1, 2026, to 0.70% effective January 1, 2027, and to 1.00% effective January 1, 2028. For display purposes in the table above, the HIB contribution rate is shown as 0.55%, representing an average between the January 1, 2026 contribution rate and the January 1, 2027 contribution rate.

PEPRA requires employees hired on or after January 1, 2013 to contribute at least 50% of the total Normal Cost to their pension plan. Once the employee contribution rate is set, it is not adjusted until the total Normal Cost rate deviates more than 1% (of payroll) from the last established rate. During the previous valuation period, the pension plan employee rate was adjusted from 9.41% to 10.08% as the total Normal Cost rate increased to 20.16% in 2024 from 18.81% in 2020. In this valuation, the total normal cost for the 2013 Tier has not deviated more than 1%, resulting in the same employee contribution rate in FY 2027 of 10.08%. Like the

1955/1980 Plan, the PEPRA Tier members will see the same increases to the HIB contributions at the same rates.

Recommended Employer Contribution Rates

For FY 2027, the actuarial valuations are recommending lower pension contribution rates and higher HIB contribution rates. The lower pension contribution rates are mainly due to the high investment returns after asset smoothing, while the higher HIB contribution rates are mainly due to the enhancements to the HIB. On a combined basis, this leads to a modest decrease in the total contribution rates.

Staff recommends adopting contribution rates equal to the actuarially determined rates. The table below provides the currently adopted FY 2026 rates and the FY 2027 actuarially determined rates.

	Recommended Rates (Same as Actuarially Determined Rates)		Adopted Rates	
			FY 2026	
	FY 2027		1955/1980 Plan	2013 Tier
Employer	1955/1980 Plan	2013 Tier	1955/1980 Plan	2013 Tier
Pension	43.58%	34.20%	45.43%	35.93%
HIB	5.76%	5.71%	4.43%	4.22%

Representatives from Segal will attend the meeting to review the attached reports and answer any questions.

SDS:RLH:sgl

- Attachments: EBMUD Valuation Presentation
- Supplemental Exhibits
- Actuarial Valuation and Review of Pension Plan
- HIB Review of Contribution Rates and Funding Status
- GASB 67 Actuarial Valuation for the Pension Plan
- GASB 74 Actuarial Valuation for the HIB Plan
- Measurement OPEB Assumptions Letter

ACCEPTING RETIREMENT SYSTEM ACTUARIAL VALUATIONS AND RECOMMENDING THE ADOPTION OF PENSION AND HEALTH INSURANCE BENEFIT EMPLOYER AND 2013 TIER EMPLOYEE CONTRIBUTION RATES FOR FISCAL YEAR 2027 BY THE BOARD OF DIRECTORS

Introduced by: Marguerite Young ; Seconded by: Clifford Chan

WHEREAS, pursuant to Section 22 of the Ordinance No. 40, as amended, the Board of Directors shall cause to be made an actuarial valuation of the assets and liabilities of the pension and Health Insurance Benefit (HIB) funds and, on the basis of such investigation and valuation, shall make revisions to the contribution rates to the Retirement System at least once in each two-year period; and

WHEREAS, state law as established under the Public Employees' Pension Reform Act (PEPRA) requires employees who joined the system on or after January 1, 2013 (the 2013 Tier) to contribute at least 50 percent of the Normal Cost rate; and

WHEREAS, PEPRA further requires that the 2013 Tier employee contribution rate be adjusted if the total Normal Cost rate changes by more than one percent of payroll from the rate used to set the previous employee contribution rate; and

WHEREAS, the Retirement System's actuary, Segal, has prepared actuarial valuations for the pension plan and the HIB plan and has additionally prepared supplementary documentation based on measurement data through June 30, 2025; and

WHEREAS, Segal has determined in the actuarial valuations that the funded ratios of the pension plan and HIB plan are below one-hundred percent as of June 30, 2025, leading to unfunded liabilities in each plan; and

WHEREAS, the actuarial valuations have set forth recommended employer contribution rates for the coming fiscal year beginning July 1, 2026; and

WHEREAS, a portion of the actuarially recommended employer contribution rates is intended to pay down the unfunded liabilities of each plan over time; and

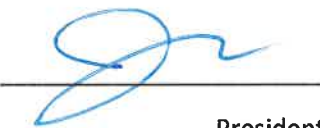
WHEREAS, the Retirement Board recommends that the Board of Directors adopt the employer contribution rates for Fiscal Year 2027 that are equal to the recommended contribution rates in the actuarial valuations referenced in this resolution; and

WHEREAS, the Retirement Board recommends the Board of Directors adopt the 2013 Tier employee contribution rate provided in the pension valuation in order to comply with state law under PEPRA;

NOW, THEREFORE, BE IT RESOLVED that the Retirement Board accepts the actuarial valuations as of June 30, 2025 for the pension plan and HIB plan prepared by the Retirement System's actuary, Segal; and

BE IT FURTHER RESOLVED that the Retirement Board hereby recommends that the Board of Directors adopt the employer contribution rates provided below for the Fiscal Year beginning July 1, 2026 and ending June 30, 2027 (Fiscal Year 2027);

Employer Contribution Rates for Fiscal Year 2027		
	1955/1980 Plan	2013 Tier
Pension	43.58%	34.20%
HIB	5.76%	5.71%



President

ATTEST:

Lusce Soraciu
Asst. Secretary

1/29/2026

East Bay Municipal Utility District Employees' Retirement System

Actuarial Valuation Overview

As of June 30, 2025

January 29, 2026 / Andy Yeung / Emily Klare / Dirk Adamsen

Actuarial Valuation Fundamentals

What is the actuarial valuation used for?



Primary

Contribution requirements

Funded status

Analysis of demographic experience

Analysis of financial experience

Basis for pricing plan changes



Secondary

Note: Disclosure requirements are provided separately in the GASB 67 (pension) and 74 (retiree health) valuations.

Pension Plan Valuation Highlights

Summary of Valuation Results

Average Employer Contribution Rate*

38.1%

39.9% prior year

Average Member Contribution Rate*

9.5%

9.5% prior year

Valuation Value Investment Return

9.5%

13.1% market value

Funded Ratio on Valuation Basis

79.3%

76.1% prior year

Unfunded Liability on Valuation Basis

\$676M

\$752M prior year

Funded Ratio on Market Basis

83.9%

77.8% prior year

Unfunded Liability on Market Basis

\$528M

\$698M prior year

* Constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan.

Valuation Experience Highlights

Investment experience

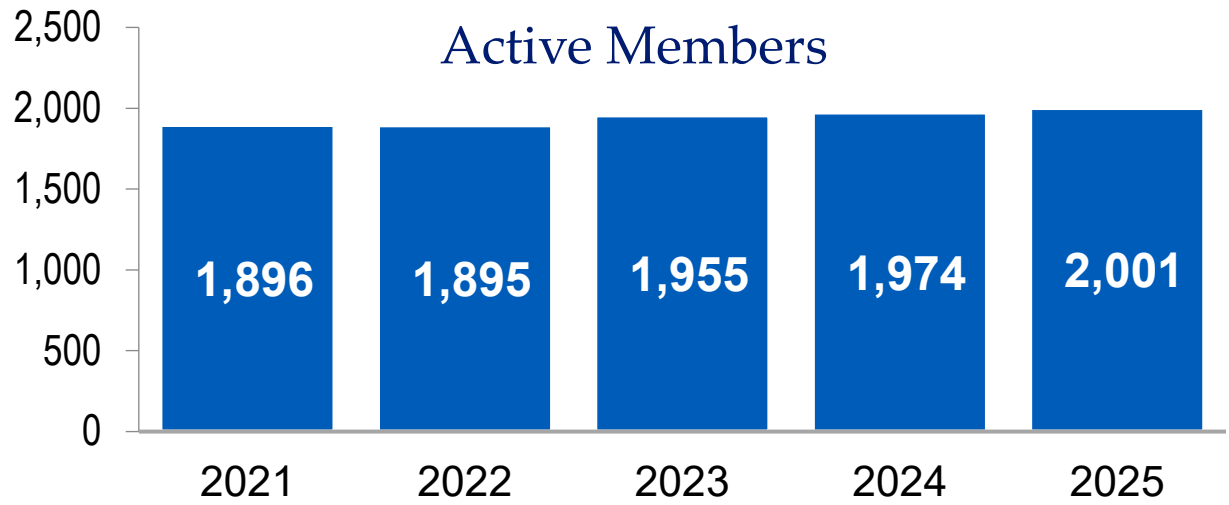
- Net **gain** from return of 9.5% (after asset smoothing)
 - Decreased UAAL by \$65 million
 - Decreased employer contribution rate by 1.61% of payroll

Other experience

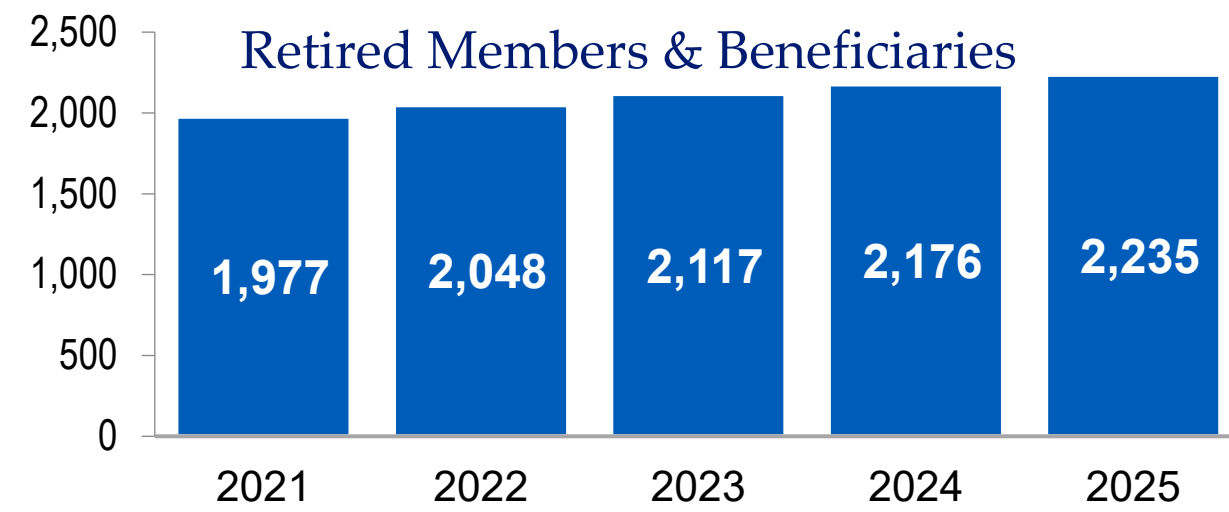
- Net **loss** from sources other than investments, primarily due to salary increases greater than assumed
 - Increased UAAL by \$11 million
 - Decreased employer contribution rate by 0.17% of payroll
 - Due to amortizing the UAAL over a larger than expected total salary

Membership Demographics

As of June 30, 2025 & June 30, 2024



Active Members	2025	2024
Count	2,001	1,974
Average age	46.8	46.9
Average service	10.8	10.9
Average compensation	\$143,160	\$138,515



Retired Members & Beneficiaries	2025	2024
Count	2,235	2,176
Average age	72.0	71.7
Average monthly benefit	\$6,107	\$5,930

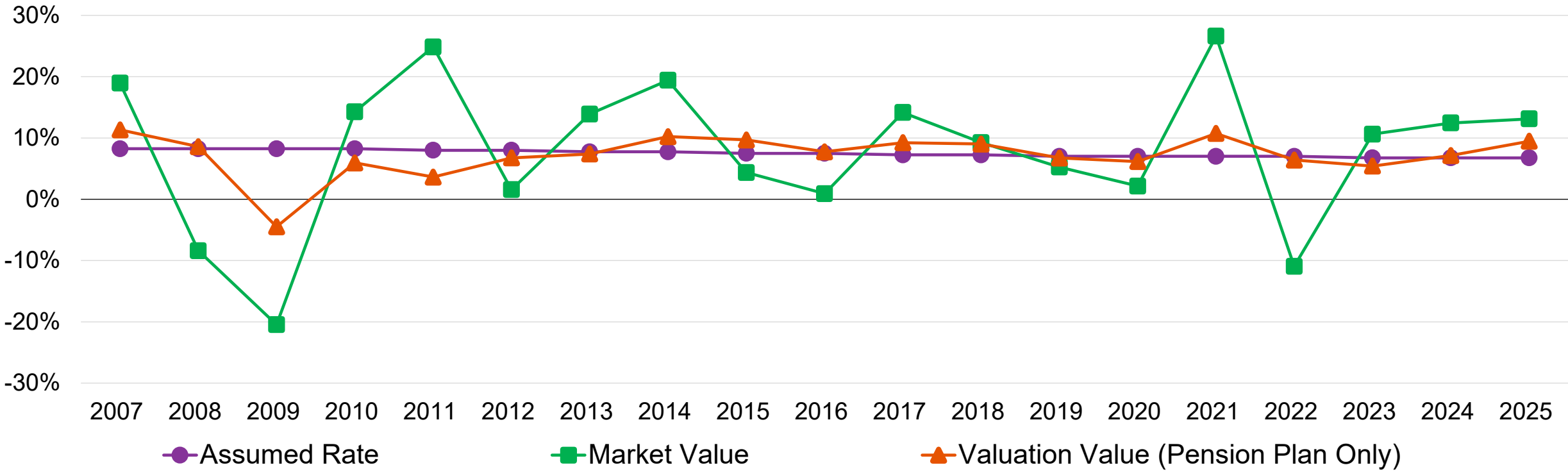
Inactive Members	2025	2024
Count	424	407

Investment Returns

Assumption of 6.75% for year ended June 30, 2025

Market Value: 13.1%
5-year average return of 9.7%

Valuation Value: 9.5%
5-year average return of 7.8%

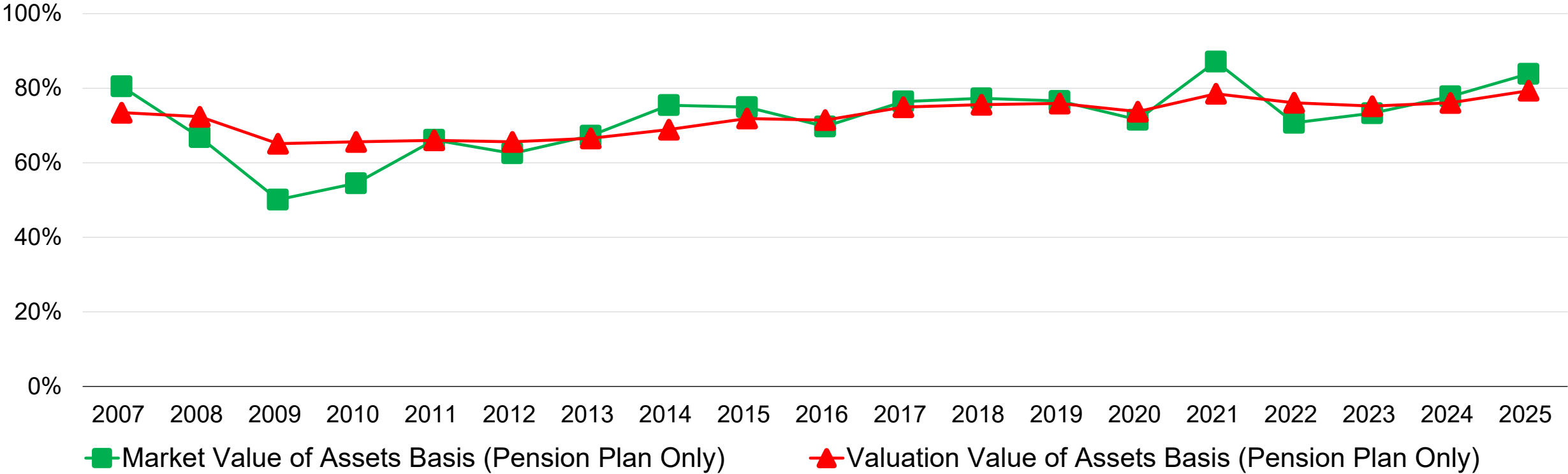


Funded Ratio

Single point-in-time measurement, snapshot of funding progress

Market Basis: 83.9%
Increase from 77.8% in prior year

Valuation Basis: 79.3%
Increase from 76.1% in prior year



Unfunded Actuarial Accrued Liability

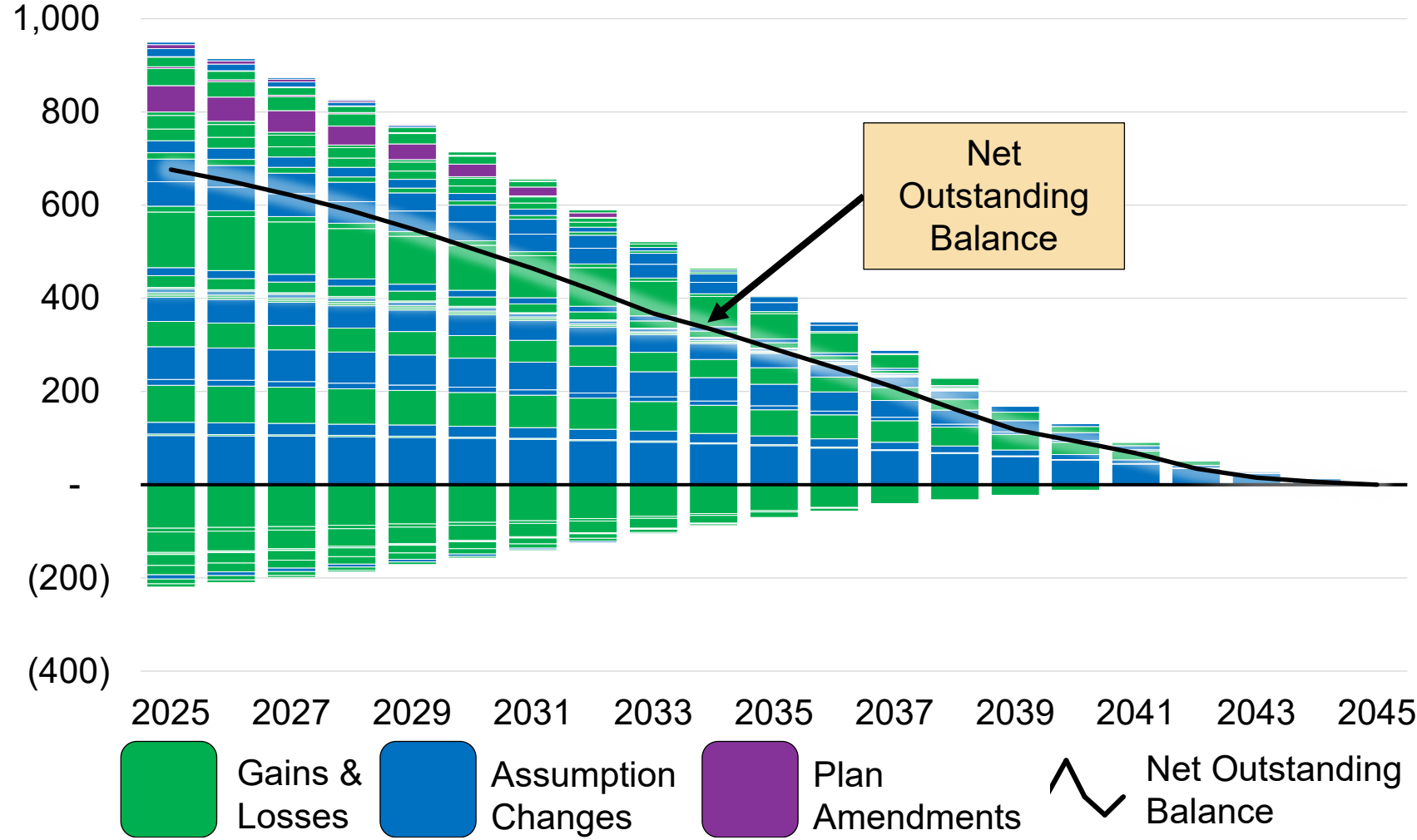
Actuarial accrued liability minus valuation value of assets (\$ in millions)

1. UAAL as of June 30, 2024	\$752
2. Total normal cost	63
3. Expected total contributions	(131)
4. Interest	46
5. Expected UAAL at end of year	\$730
6. Changes due to:	
a. Investment return after asset smoothing	\$(65)
b. One-year delay in implementing prior year rates	1
c. Individual salary experience	7
d. COLA experience for retirees and beneficiaries	1
e. Other demographic experience	2
f. Total changes	\$(54)
7. UAAL as of June 30, 2025	\$676

Projection of UAAL Balances

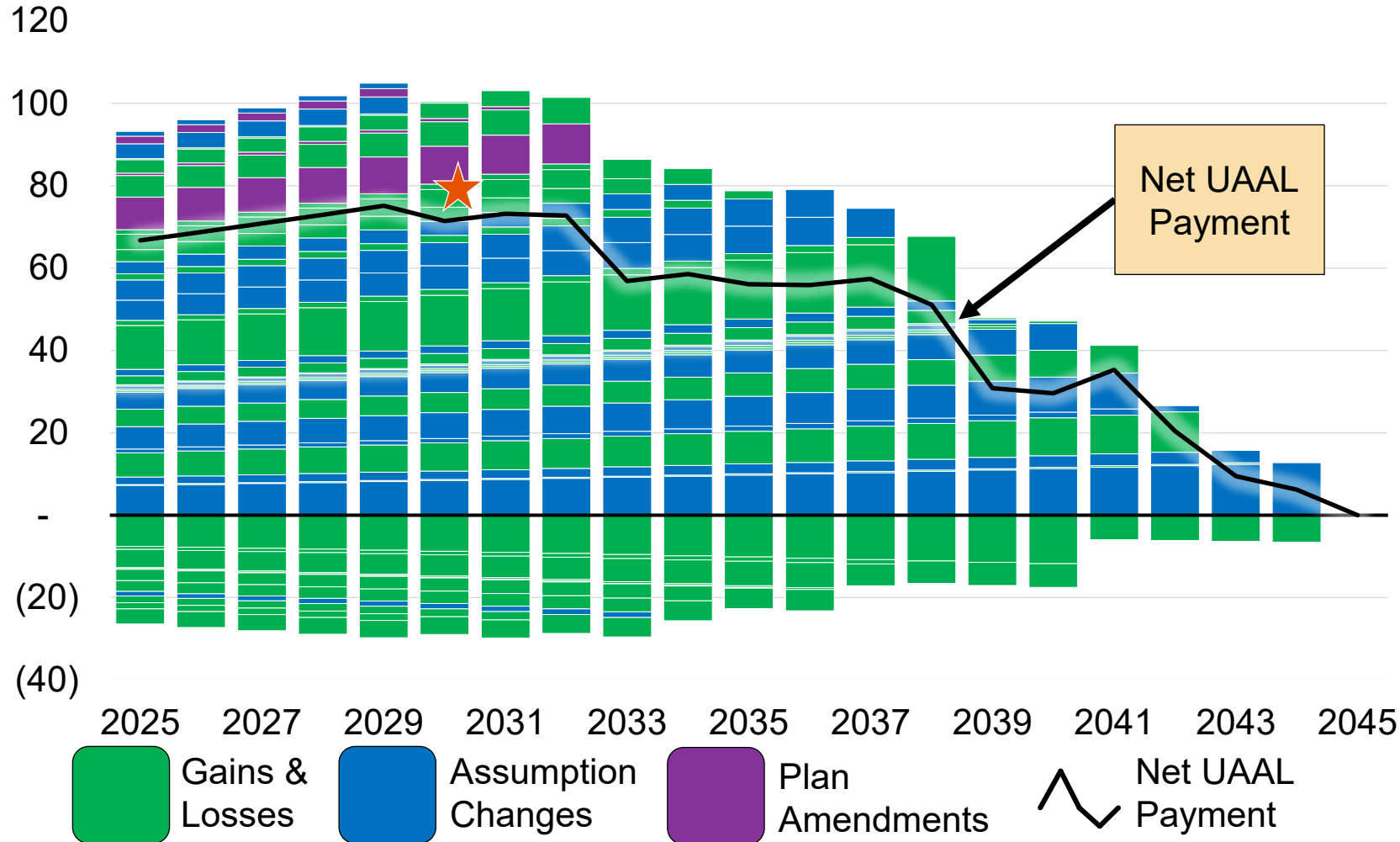
Net outstanding balance of \$676 million in net UAAL

- Amortization layers by source
- Shows when each layer is paid off
- Net outstanding balance at future valuation dates



Projection of UAAL Payments

Annual payments to amortize \$676 million in net UAAL



- Payment on amortization layer by source
- Progression of payments over time
- Net payment at future valuation dates

★ UAAL contributions begin to fluctuate in 2030, could consider incorporating a glide path in actuarial funding policy

Average Employer Contribution Rate

1955/1980 Plan and 2013 Tier combined (\$ in millions)

	Contribution Rate	Estimated Annual Amount
1. Average employer contribution as of June 30, 2024	39.86%	\$114.2
2. Changes due to:		
a. Investment return after asset smoothing	(1.61)%	(4.6)
b. One-year delay in implementing prior year rates	0.03%	0.1
c. Individual salary experience	0.17%	0.5
d. Total payroll growth experience	(0.44)%	(1.3)
e. COLA experience for retirees and beneficiaries	0.01%	0.0
f. Other demographic experience	0.06%	0.2
g. Total change	(1.78)%	\$(5.1)
3. Average employer contribution as of June 30, 2025	38.08%	\$109.1

Member Contribution Rates

\$ in millions

Members only pay normal cost component

- **No change** in 1955/1980 Plan member contribution
- **No change** in 2013 Tier member contribution

	Contribution Rate	Estimated Annual Amount
1955/1980 Plan	8.66%	\$10.3
2013 Tier	10.08%	16.9

Retiree Health Valuation Highlights

Summary of Valuation Results

Health Insurance Benefit (HIB)

Average Employer
Contribution Rate*

5.7%

4.3% prior year

Member
Contribution Rate*

0.55%

0.09% prior year

Funded Ratio on
Valuation Basis

45.5%

51.8% prior year

Unfunded Liability
on Valuation Basis

\$94M

\$65M prior year

Funded Ratio
on Market Basis

48.1%

53.0% prior year

* Not constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan.

Valuation Experience Highlights

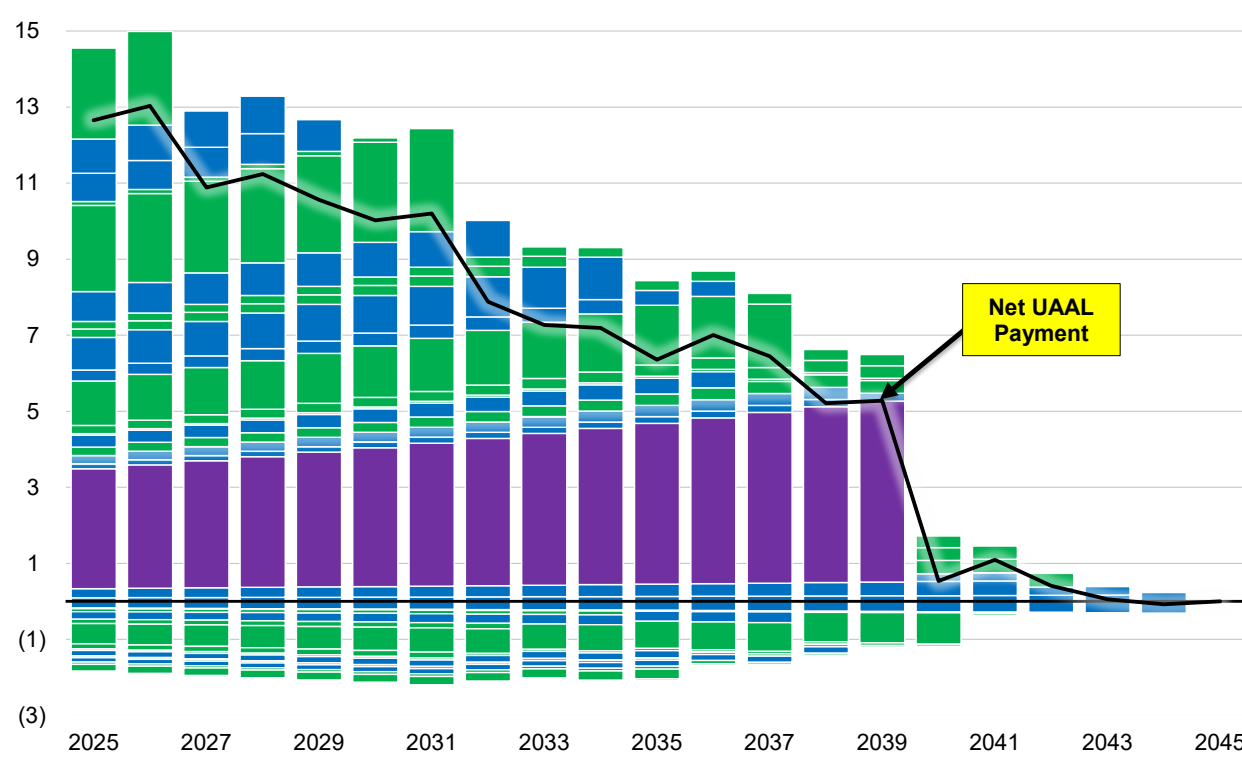
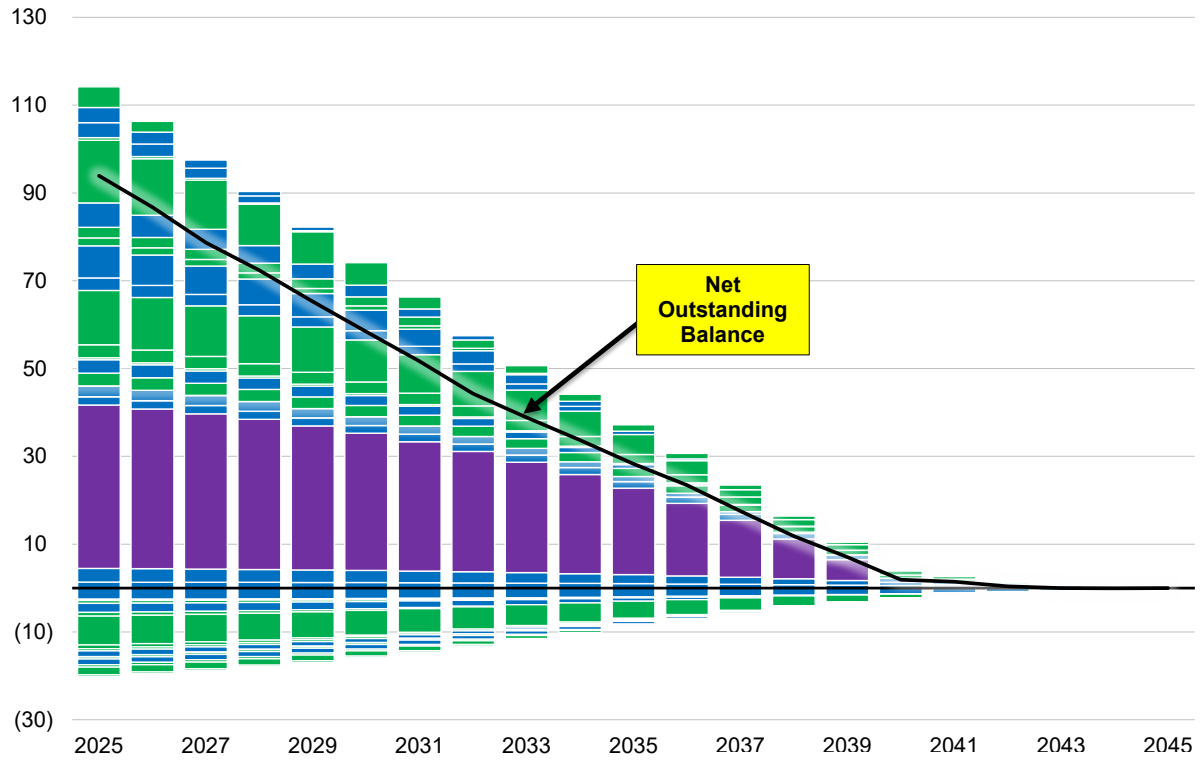
Plan improvement

- For employees who retire or terminate service after July 8, 2025:
 - Maximum subsidy increases to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage (effective January 1, 2026)
 - \$615.58 per month in calendar year 2026
 - Future subsidy increases based on changes to the KSA Low Option premium
 - Limited to increases between 0% and 3%
 - Increase vesting from 75% to 100% for 15 years of 2013 Tier service
- Increase in HIB employee contribution rate
 - Increasing from 0.09% to 1.00% over three years
- Remaining cost of improvement is charged to employer

Projection of UAAL Balances and Payments

Amortization of \$94 million in net UAAL

Projection of Outstanding Balance Projection of Annual Payments



- Gains & Losses
- Assumption Changes
- Plan Improvement

Thank You

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Appendix

The Actuarial Valuation

A plan's funding GPS

A financial check-up serving as roadmap and guide

- Where we are and where we are going

Establishes how far along the plan is

- Funding position – assets, liabilities, and unfunded liability

Determines the next steps towards the ultimate goal

- Employer and employee contribution rates

Every once in a while, the unexpected can cause “rerouting”

- Experience studies with potential assumption changes

Actuarial Valuation Fundamentals

What is the actuarial valuation used for?



Primary

Contribution requirements

Funded status

Analysis of demographic experience

Analysis of financial experience

Basis for pricing plan changes

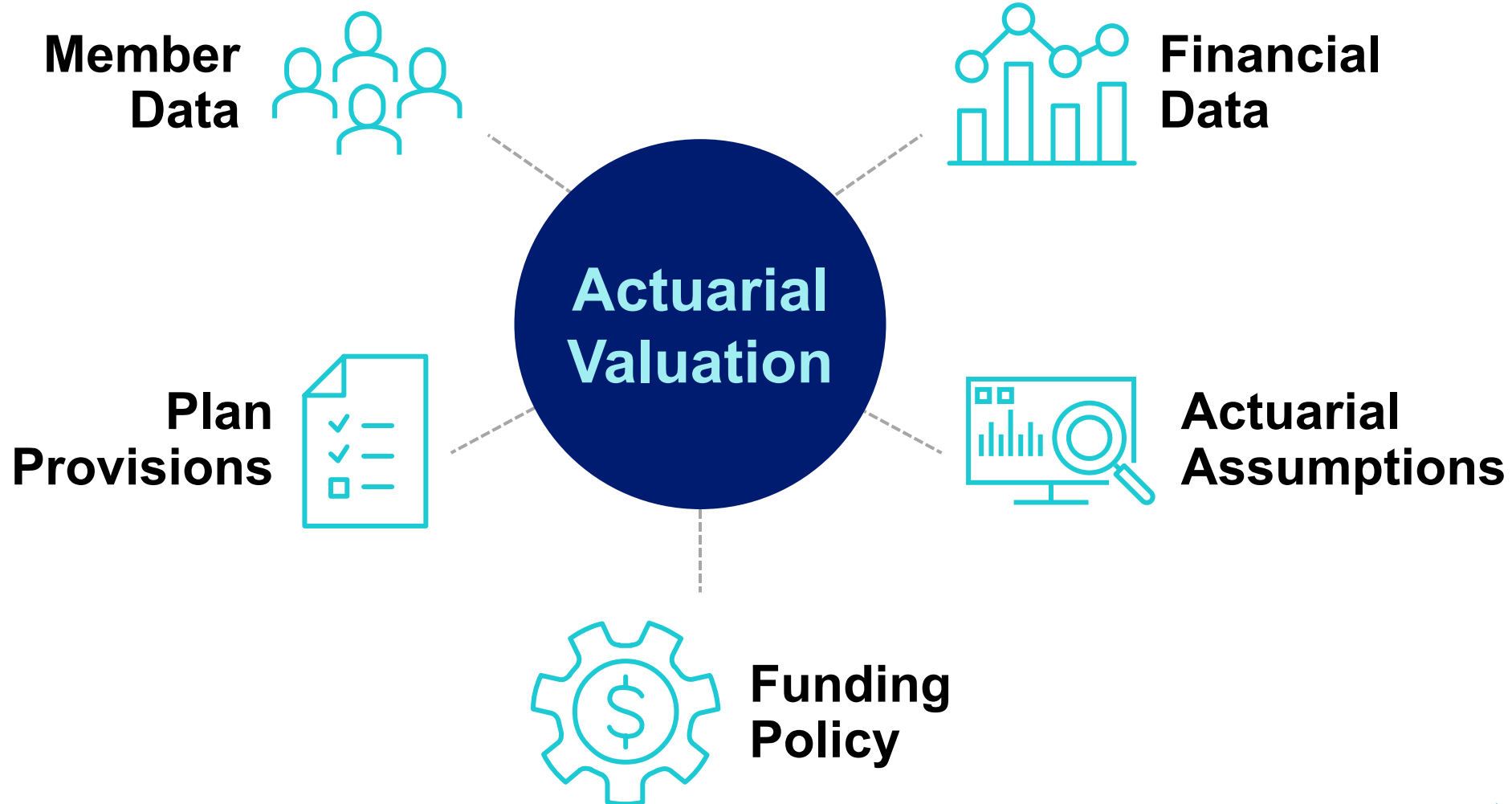


Secondary

Note: Disclosure requirements are provided separately in the GASB 67 (pension) and 74 (retiree health) valuations.

Preparing an Actuarial Valuation

What goes into an actuarial valuation?

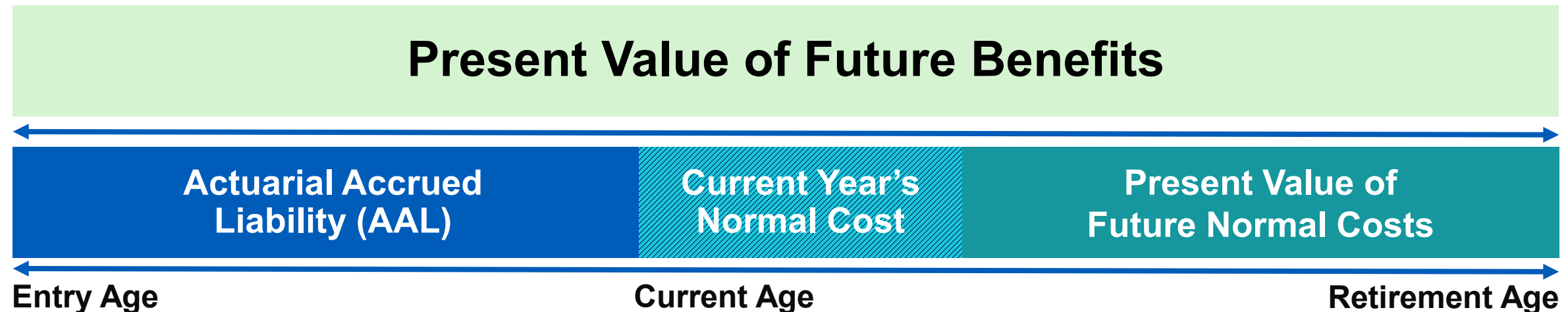


Actuarial Funding Policy

Three core components

Actuarial cost (funding) method allocates present value of member's projected benefits to years of service: past, current and future

- Defines normal cost and actuarial accrued liability (AAL)
- EBMUDERS uses the **entry age method**
 - Provides for most stable contribution rates as a percent of payroll



Actuarial Funding Policy

Three core components

Asset smoothing method assigns a value to assets that manages short term volatility while tracking market value

- Defines the unfunded actuarial accrued liability (UAAL)
- Market value gains and losses recognized over 5 years
- 30% “market value corridor”

Amortization policy sets contributions to systematically pay off UAAL

- Includes structure, periods and pattern of payments
 - Experience gains/losses & assumption changes (since July 1, 2021) are amortized over separate, decreasing 20-year periods
 - Plan amendments are amortized over separate, decreasing 15-year periods

East Bay Municipal Utility District Employees' Retirement System

**Actuarial Valuation and Review of Pension Plan
and Health Insurance Benefit Plan
as of June 30, 2025**

Supplemental Exhibits



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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January 21, 2026

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

Re: June 30, 2025 actuarial valuations – supplemental exhibits

Dear Sophia:

Enclosed please find two exhibits that provide supplemental information to the June 30, 2025 actuarial valuations for the Pension and Health Insurance Benefit (HIB) Plans.

Exhibit A provides a summary of the funding valuation results for both the Pension and HIB Plans. For the HIB Plan, this information is based on our funding valuation report dated January 21, 2026, which reflects only the liabilities associated with the plan's explicit retiree health insurance subsidies. It does not include the accounting liability for the "implicit subsidy" associated with the pooling of the health care premium rate for actives and retirees under age 65. As part of the HIB Plan changes for employees retiring or terminating on or after July 8, 2025, employee and employer contributions to the HIB Plan for the 2013 Tier are calculated based on unlimited payroll, that is, without applying the limit on pensionable compensation used for the Pension Plan. Since the Pension and HIB Plan contribution rates are now based on different payroll measures, we no longer include a combined Pension and HIB Plan contribution rate when preparing Exhibit A.

In Exhibit B, we have included a comparison of the historical Projected Benefit Obligations with the market value of assets for both Plans. We look forward to discussing this information with you and the Board.

Sincerely,

Segal

A handwritten signature in black ink that reads "Andy Yeung".

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

A handwritten signature in black ink that reads "Emily Klare".

Emily Klare, ASA, MAAA, EA
Senior Actuary

A handwritten signature in black ink that reads "Mehdi Riazi".

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

DNA/jl

Summary of Significant Valuation Results for the Funding Valuations

Category	June 30, 2025	June 30, 2024	Change
1. Total membership			
a. Active members	2,001	1,974	1.4%
b. Pensioners and beneficiaries	2,235	2,176	2.7%
2. Valuation salary¹			
a. Pension Plan total projected compensation	\$286,462,625	\$273,428,306	4.8%
b. Pension Plan average projected compensation	143,160	138,515	3.4%
c. HIB Plan total projected compensation	296,015,438 ²	273,428,306	8.3%
d. HIB Plan average projected compensation	147,934	138,515	6.8%
3. Total System assets			
a. Valuation value of Pension Plan assets	\$2,594,678,670	\$2,391,378,364	8.5%
b. Valuation value of HIB Plan assets	78,497,870	69,836,226	12.4%
c. Total valuation value (actuarial value)	\$2,673,176,540	\$2,461,214,590	8.6%
d. Market value of Pension Plan assets	\$2,743,096,000	\$2,445,611,000	12.2%
e. Market value of HIB Plan assets	82,988,000	71,420,000	16.2%
f. Total market value	\$2,826,084,000	\$2,517,031,000	12.3%
4. Unfunded actuarial accrued liability (UAAL) and funding ratio³			
a. Pension Plan UAAL	\$676,158,554	\$752,349,976	-10.1%
b. Pension Plan funded ratio	79.3%	76.1%	3.2%
c. HIB Plan UAAL	\$93,916,985	\$64,920,252	44.7%
d. HIB Plan funded ratio	45.5%	51.8%	-6.3%
e. Pension Plan and HIB Plan UAAL	\$770,075,539	\$817,270,228	-5.8%
f. Pension Plan and HIB Plan funded ratio	77.6%	75.1%	2.5%

Note: The HIB information is based on our HIB funding valuation report which reflects only the liabilities associated with the plan's explicit retiree health insurance subsidies. It does not include the accounting liability for the "implicit subsidy" associated with the pooling of the health care premium rate for actives and retirees under age 65.

¹ Projected payroll.

² Not constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan.

³ Based on valuation value of assets.

Summary of Significant Valuation Results

Category	June 30, 2025	June 30, 2024	Change
5. Projected benefit obligation (PBO) and funded ratio⁴			
a. Pension Plan PBO	\$3,190,869,000	\$3,067,277,000	4.0%
b. Pension Plan funded ratio	86.0%	79.7%	6.3%
c. HIB Plan PBO	\$189,950,000	\$142,381,000	33.4%
d. HIB Plan funded ratio	43.7%	50.2%	-6.5%
e. Pension Plan and HIB Plan PBO	\$3,380,819,000	\$3,209,658,000	5.3%
f. Pension Plan and HIB Plan funded ratio	83.6%	78.4%	5.2%

Budget Items ⁵	FY 2026–2027 1955/1980 Plan	FY 2026–2027 2013 Tier	FY 2026–2027 Combined ⁶	FY 2025–2026 1955/1980 Plan	FY 2025–2026 2013 Tier	FY 2025–2026 Combined ⁵	Difference 1955/1980 Plan	Difference 2013 Tier	Difference Combined ⁵
A. Pension Plan									
1. Total normal cost	28.17%	20.21%	23.50%	28.24%	20.16%	23.50%	-0.07%	0.05%	0.00%
2. Employee contributions	8.66% ⁷	10.08%	9.49%	8.66% ⁶	10.08%	9.49%	0.00%	0.00%	0.00%
3. Employer normal cost (A1 – A2)	19.51%	10.13%	14.01%	19.58%	10.08%	14.01%	-0.07%	0.05%	0.00%
4. UAAL (paid by employer)	24.07%	24.07%	24.07%	25.85%	25.85%	25.85%	-1.78%	-1.78%	-1.78%
5. Total employer contribution (A3 + A4)	43.58%	34.20%	38.08%	45.43%	35.93%	39.86%	-1.85%	-1.73%	-1.78%
B. HIB Plan									
1. Total normal cost	1.89%	1.84%	1.86%	0.97%	0.76%	0.84%	0.92%	1.08%	1.02%
2. Employee contributions	0.55% ⁸	0.55% ⁸	0.55% ⁸	0.09%	0.09%	0.09%	0.46%	0.46%	0.46%
3. Employer normal cost (B1 – B2)	1.34%	1.29%	1.31%	0.88%	0.67%	0.75%	0.46%	0.62%	0.56%
4. UAAL (paid by employer)	4.42%	4.42%	4.42%	3.55%	3.55%	3.55%	0.87%	0.87%	0.87%
5. Total employer contribution (B3 + B4)	5.76%	5.71%	5.73%	4.43%	4.22%	4.30%	1.33%	1.49%	1.43%

⁴ Based on market value of assets.

⁵ Contribution rates, payable at the end of each pay period, are expressed as a percentage of projected payroll.

⁶ Aggregated based on June 30, 2025 projected annual payroll.

⁷ The rate of 8.66% payable during fiscal years 2025/2026 and 2026/2027 is calculated by taking the total employee rate payable beginning April 18, 2016 (i.e., 8.75%), less the HIB employee contribution rate of 0.09%. (Based on the 2025-2028 Memoranda of Understanding and other special agreements between the District and employee bargaining units, the HIB Plan member rate is scheduled to increase to 0.40% effective January 1, 2026, to 0.70% effective January 1, 2027 and to 1.00% effective January 1, 2028.)

⁸ The 0.55% employee contribution rate for fiscal year 2026/2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

Comparison of Projected Benefit Obligation with the Market Value of Assets
(\$ in thousands)

Actuarial Valuation Date	Projected Benefit Obligation	Market Value of Assets	Funded Ratio
06/30/2002	\$749,113	\$536,449	71.6%
06/30/2003	880,054	545,527	62.0%
06/30/2004	928,434	640,641	69.0%
06/30/2005	999,231	694,590	69.5%
06/30/2006	1,068,966	763,455	71.4%
06/30/2007	1,160,325	911,104	78.5%
06/30/2008	1,289,236	838,614	65.0%
06/30/2009	1,366,207	668,750	48.9%
06/30/2010	1,444,258	769,052	53.2%
06/30/2011	1,498,879	968,239	64.6%
06/30/2012	1,606,973	986,972	61.4%
06/30/2013	1,699,340	1,124,328	66.2%
06/30/2014	1,815,349	1,346,888	74.2%
06/30/2015	1,907,462	1,407,209	73.8%
06/30/2016	2,061,202	1,418,129	68.8%
06/30/2017	2,137,483	1,612,644	75.4%
06/30/2018	2,292,859	1,753,240	76.5%
06/30/2019	2,413,489	1,832,965	75.9%
06/30/2020	2,607,362	1,857,609	71.2%
06/30/2021	2,675,737	2,328,722	87.0%
06/30/2022	2,908,908	2,058,923	70.8%
06/30/2023	3,065,129	2,255,307	73.6%
06/30/2024	3,209,658	2,517,031	78.4%
06/30/2025	3,380,819	2,826,084	83.6%

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East Bay Municipal Utility District Employees' Retirement System

**Pension Plan Actuarial Valuation and Review
as of June 30, 2025**



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January 21, 2026

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

Dear Sophia:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2025 for only the Pension Plan. The Review of Contribution Rates and Funding Status for the Health Insurance Benefit (HIB) Plan is provided in a separate report. This report summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal year 2026/2027.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Retirement Board to assist in administering the Plan. The census information and financial information on which our calculations were based was prepared by the East Bay Municipal Utility District Employees' Retirement System (EBMUDERS). That assistance is gratefully acknowledged.

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

Ms. Sophia Skoda
January 21, 2026

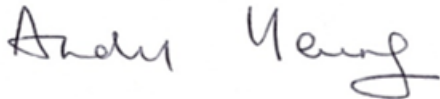
The actuarial calculations were directed under the supervision of Emily Klare, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Retirement Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

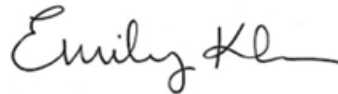
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

DNA/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present a Pension Plan valuation of the East Bay Municipal Utility District Employees' Retirement System ("EBMUDERS" or "the System" or "the Plan") as of June 30, 2025. The valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits.

The contribution requirements presented in this report are based on:

- The benefit provisions of the Plan, as administered by the Retirement Board;
- The characteristics of covered active members, inactive members, and retired members and beneficiaries as of June 30, 2025, provided by EBMUDERS;
- The assets of the Plan as of June 30, 2025, provided by EBMUDERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Retirement Board for the June 30, 2025 valuation;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc. adopted by the Retirement Board for the June 30, 2025 valuation; and
- The funding policy adopted by the Retirement Board.

Certain disclosure information required by Governmental Accounting Standards Board (GASB) Statements No. 67 and 68 as of June 30, 2025 for the Plan and the employer, respectively, are provided in separate reports.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the System's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have applied the funding policy last reviewed and adopted by the Retirement Board on September 22, 2022. Details of the funding policy are provided in *Section 4, Exhibit 1* starting on page 65.

Section 1: Actuarial Valuation Summary

The rates calculated in this report may be adopted by the Retirement Board for the fiscal year that extends from July 1, 2026 through June 30, 2027.

Valuation highlights

Funding measures

1. The funded ratio (the ratio of valuation value of assets to the actuarial accrued liability) increased from 76.1% to 79.3%. This ratio is one measure of funding status, and its history is a measure of funding progress. Using the market value of assets, the funded ratio increased from 77.8% to 83.9%. These measurements are not necessarily appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for, or the amount of, future contributions. A history of the Plan's funded ratios is provided in *Section 2, Subsection G* on pages 34 and 35.

In addition to the type of funded ratios noted above, Section 33 of the Employees' Retirement System Ordinance ("Ordinance") references a funded ratio based on the ratio of the market value of assets to the projected benefit obligation (PBO) for purposes of determining post-retirement cost-of-living adjustments (COLA).¹ As noted in the plan provisions section of this report (*Section 4, Exhibit 2*), the basic minimum COLA benefit is the lesser of 3% and the actual change in the cost-of-living index. Any excess of the actual change in the cost-of-living index over 3% is accumulated in individual retiree COLA banks, and withdrawals from the bank are made in years when the index increases less than 3%. However, increases of up to 5% are granted in years when the Retirement Board determines that the System is more than 85% funded on a PBO basis. In those years when the System is more than 85% funded and the cost-of-living index exceeds 5%, any excess cost-of-living over 5% is accumulated in the COLA bank. Furthermore, effective October 1, 2000, in those years when the system is more than 85% funded on a PBO basis and the cost-of-living is less than 4%, withdrawals from the bank are made to allow cost-of-living increases up to 4%.

For the June 30, 2025 Pension Plan and HIB Plan valuations, we note that the funded ratio on the PBO (and market value) basis is 83.6% for both plans combined, as shown in the Supplemental Exhibits report dated January 21, 2026. Even though the funded ratio would be expected to exceed 85% at some point in the future, we would find the long-term COLA assumption of 2.75% per year to be reasonable for this valuation.

2. The unfunded actuarial accrued liability (the difference between the actuarial accrued liability and the valuation value of assets) decreased from \$752.3 million to \$676.2 million. The decrease in unfunded actuarial accrued liability (UAAL) is primarily due to contributions made at the actuarially determined contribution rate and an investment return on the valuation value (i.e., after asset smoothing) greater than the assumed rate of 6.75% used in the June 30, 2024 valuation, partially offset by higher than

¹ The COLA assumption used in this valuation is 2.75% per year. (For those members with COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted.) The 2.75% assumption is based on the general price inflation assumption of 2.50% plus a margin of 0.25% for adverse deviation.

Section 1: Actuarial Valuation Summary

expected salary increases for continuing actives. A reconciliation of the System's UAAL from the prior year is provided in *Section 2, Subsection E* on page 28.

A schedule of the current UAAL amortization balances and payments may be found in *Section 3, Exhibit G* starting on page 53. A graphical projection of the UAAL amortization balances and payments is provided in *Section 3, Exhibit H* starting on page 55.

Actuarial experience

3. The net actuarial experience gain of \$53.9 million, or 1.65% of the actuarial accrued liability, is due to an investment gain of \$64.8 million (1.98% of the AAL), partially offset by a contribution experience loss of \$1.3 million (or 0.04% of the AAL) and a net experience loss from sources other than investments and contributions of \$9.6 million (0.29% of the AAL), prior to reflection of assumption and methodology changes, if applicable. The loss from sources other than investment and contribution experience was primarily due to higher than expected salary increases for continuing actives.
4. The rate of return on the market value of assets was 13.12% for the year ending June 30, 2025. The return on the valuation value of assets was 9.47%² for the same period after recognizing a portion of this year's investment gain and a portion of prior years' investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 6.75% used in the June 30, 2024 valuation. This actuarial investment gain (after asset smoothing) decreased the average employer contribution rate by 1.61% of payroll.

Contributions

5. The aggregate employer rate (if paid at the end of each pay period) calculated in this valuation has decreased from 39.86% to 38.08% of payroll. This decrease is primarily due to an investment return on the valuation value (i.e., after asset smoothing) greater than the 6.75% used in the June 30, 2024 valuation and higher than expected growth in the total payroll used to amortize the prior year's UAAL contribution amounts, partially offset by higher than expected salary increases for continuing actives. A complete reconciliation of the System's aggregate employer rate is provided in *Section 2, Subsection F* on page 31.
6. The member contribution rate for the 1955/1980 Plan remained at 8.66% for the Pension Plan, since that rate is set based on bargaining unit contract negotiations in 2013. The member contribution rate for the 2013 Tier remained at 10.08% for the Pension Plan, because the total normal cost rate of 20.21% for this tier, as determined in this 2025 valuation, was within 1% of payroll of the total normal cost rate threshold of 20.16% as determined in the 2024 valuation. (We note that since the initial CalPEPRA valuation, the change in the total normal cost rate for the 2013 Tier has exceeded the 1% of payroll threshold twice, in 2020 and 2024.)

² The rate of return on the valuation value of assets was 9.47% for the Pension Plan and 8.88% for the HIB Plan. The rate of return for the two plans may vary due to such factors as a difference in timing for when contributions and benefit payments are actually made compared to when they are assumed to be made.

Section 1: Actuarial Valuation Summary

7. The aggregate member rate calculated in this valuation has remained level at 9.49% of payroll. A complete reconciliation of the System's aggregate member rate is provided in *Section 2, Subsection F* on page 32.
8. In determining the contribution rates for the 2013 Tier members, we have continued the approach of using current and projected payroll for those members assuming they will be constrained by the cap on pensionable compensation as imposed by PEPRRA on the Pension Plan.
9. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and the principal balance. The funding policy adopted by the Retirement Board meets this standard.

Future expectations

10. The total unrecognized net investment gain as of June 30, 2025 is \$152.9 million as compared to an unrecognized net investment gain of \$55.8 million in the previous valuation. This net deferred gain of \$152.9 million will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years as shown in *Section 2, Subsection B* on page 21.

The net deferred gain of \$152.9 million represent about 5.4% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$152.9 million net market gain is expected to have an impact on the System's future funded ratio and contribution rate requirements. This potential impact may be illustrated as follows:

- a. If the Pension Plan portion of the net deferred gain was recognized immediately in the valuation value of assets, the funded percentage would increase from 79.3% to 83.9%.
For comparison purposes, if the Pension Plan portion of the net deferred gain in the June 30, 2024 valuation had been recognized immediately, the funded percentage would have increased from 76.1% to 77.8%.
- b. If the Pension Plan portion of the net deferred gain was recognized immediately in the valuation value of assets, the average employer contribution rate would decrease from 38.08% to about 34.4% of payroll.
For comparison purposes, if the Pension Plan portion of the net deferred gain in the June 30, 2024 valuation had been recognized immediately, the average employer contribution rate would have decreased from 40.20% to about 38.8% of payroll.

Section 1: Actuarial Valuation Summary

Risk

11. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2025. The Plan's funded status does not reflect short-term economic fluctuations, but rather is based on the market values on the last day of the plan year. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.
12. Because the actuarial valuation results are dependent on a given set of assumptions, there is a risk that emerging results may differ significantly as actual experience proves to be different from the assumptions. This potential divergence may have a significant impact on the future financial condition of the plan. We prepared a standalone Risk Assessment report for the Pension Plan dated April 29, 2021 by using membership and financial information as provided in the actuarial valuation as of June 30, 2020. That report includes various deterministic projections of future results under different investment return scenarios based on the assumptions adopted in the quadrennial experience study for the June 30, 2020 valuation.

Based on our discussion with EBMUDERS, we will perform a stand-alone risk assessment report in early 2026. In the meantime, we have also included a brief discussion of some risks that may affect the Plan in *Section 2, Subsection I*, beginning on page 37. This discussion of risk is included to satisfy the disclosure required by the Actuarial Standards of Practice No. 51 (ASOP 51).

13. The risk assessment in *Section 2, Subsection I* includes the disclosure of a "Low-Default-Risk Obligation Measure" (LDROM). This disclosure, along with commentary on the significance of the LDROM, is a requirement under Actuarial Standard of Practice No. 4 (ASOP 4) for all pension funding actuarial valuation reports and can be found on page 40.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Average Employer and Member Contributions Calculated as of June 30

Employer and Member Contributions	2025 Contribution Rate	2025 Annual Amount ³	2024 Contribution Rate	2024 Annual Amount ³
Employer contribution				
• 1955/1980 Plan	43.58%	\$51,631,166	45.43%	\$53,822,943
• 2013 Tier	34.20%	57,451,956	35.93%	60,358,151
• Combined	38.08%	\$109,083,122	39.86%	\$114,181,094
Member contribution				
• 1955/1980 Plan	8.66% ⁴	\$10,259,887	8.66% ⁴	\$10,259,887
• 2013 Tier	10.08%	16,933,208	10.08%	16,933,208
• Combined	9.49%	\$27,193,095	9.49%	\$27,193,095

Note: Contributions are payable at the end of each pay period.

³ Estimated based on June 30, 2025 projected annual compensation of \$286,462,625 (that is, \$118,474,450 for the 1955/1980 Plan and \$167,988,175 for the 2013 Tier).

⁴ The rate of 8.66% payable during the fiscal years 2025/2026 and 2026/2027 is calculated by taking the total employee rate payable beginning April 18, 2016 (i.e., 8.75%), less the HIB employee contribution rate of 0.09%. (Based on the 2025-2028 Memoranda of Understanding (MOUs) and other special agreements between the District and employee bargaining units, the HIB Plan member rate is scheduled to increase to 0.40% effective January 1, 2026, to 0.70% effective January 1, 2027 and to 1.00% effective January 1, 2028.)

Section 1: Actuarial Valuation Summary

Valuation Results as of June 30

Line Description	2025	2024
Actuarial accrued liability		
• Total actuarial accrued liability	\$3,270,837,224	\$3,143,728,340
– Retired members and beneficiaries	2,173,833,194	2,081,323,619
– Inactive members	68,399,872	63,313,175
– Active members	1,028,604,158	999,091,546
• Normal cost for plan year beginning June 30 ⁵	67,324,663	65,051,880
Assets		
• Market value of Pension Plan and HIB Plan assets	\$2,826,084,000	\$2,517,031,000
• Actuarial value of Pension Plan and HIB Plan assets	2,673,176,540	2,461,214,590
• Actuarial value of assets as a percentage of market value of assets	94.6%	97.8%
• Market value of Pension Plan assets (MVA) ⁶	\$2,743,096,000	\$2,445,611,000
• Valuation value of Pension Plan assets (VVA) ⁶	2,594,678,670	2,391,378,364
Funded status		
• Unfunded actuarial accrued liability on market value of assets	\$527,741,224	\$698,117,340
• Funded percentage on MVA basis	83.9%	77.8%
• Unfunded actuarial accrued liability on valuation value of assets	\$676,158,554	\$752,349,976
• Funded percentage on VVA basis	79.3%	76.1%
Key assumptions		
• Net investment return	6.75%	6.75%
• Inflation rate	2.50%	2.50%
• Real across-the-board increase	0.50%	0.50%
• Payroll growth	3.00%	3.00%
• Cost-of-living adjustments	2.75%	2.75%
• Amortization period ⁷	20 years	20 years

⁵ Adjusted with interest to middle of the year assuming contributions would be paid at the end of each pay period.

⁶ Net of HIB Plan assets.

⁷ Changes in UAAL as a result of gains or losses for each valuation are amortized over separate 20-year periods. Details on the funding policy are provided in *Section 4, Exhibit 1*.

Section 1: Actuarial Valuation Summary

Demographic Data as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number of members	2,001	1,974	1.4%
• Average age	46.8	46.9	-0.1
• Average service	10.8	10.9	-0.1
• Total projected compensation	\$286,462,625	\$273,428,306	4.8%
• Average projected compensation	\$143,160	\$138,515	3.4%
Retired members and beneficiaries			
• Number of members	2,235	2,176	2.7%
– Service retired	1,799	1,753	2.6%
– Disability retired	51	51	0.0%
– Beneficiaries	385	372	3.5%
• Average age	72.0	71.7	0.3
• Average monthly benefit	\$6,107	\$5,930	3.0%
Inactive members			
• Number of members ⁸	424	407	4.2%
• Average age	48.1	48.0	0.1
Total members	4,660	4,557	2.3%

⁸ Includes inactive members due a refund of member contributions.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the System. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if applicable). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the System. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If EBMUDERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The System should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the System upon delivery and review. The System should notify Segal immediately of any questions or concerns about the final content.

Section 2: Actuarial Valuation Results

A. Member information

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups. More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B, and C.*

Member Population

As of June 30	Active Members	Inactive Members ⁹	Retired Members and Beneficiaries (Pay Status)	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Pay Status to Actives
2016	1,789	248	1,630	1,878	1.05	0.91
2017	1,802	267	1,713	1,980	1.10	0.95
2018	1,828	284	1,779	2,063	1.13	0.97
2019	1,847	303	1,844	2,147	1.16	1.00
2020	1,903	312	1,905	2,217	1.17	1.00
2021	1,896	327	1,977	2,304	1.22	1.04
2022	1,895	360	2,048	2,408	1.27	1.08
2023	1,955	381	2,117	2,498	1.28	1.08
2024	1,974	407	2,176	2,583	1.31	1.10
2025	2,001	424	2,235	2,659	1.33	1.12

⁹ Includes inactive members due a refund of member contributions.

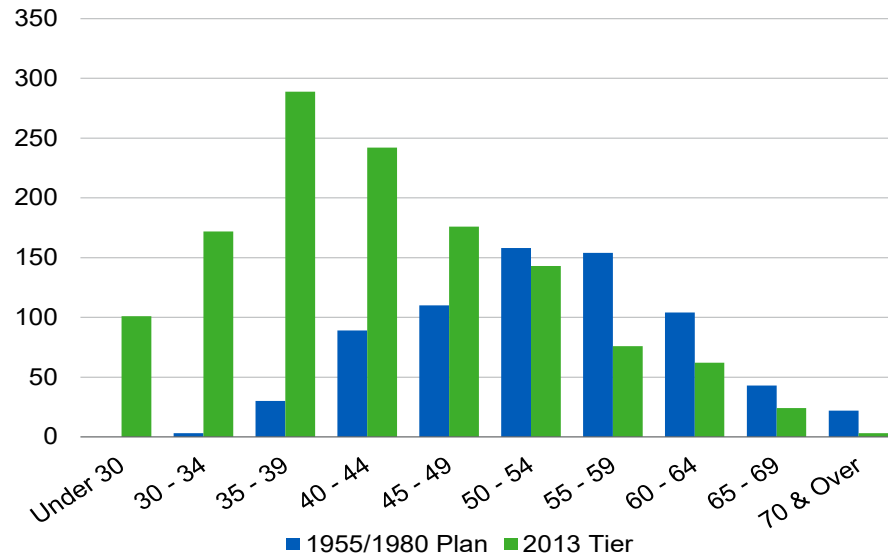
Section 2: Actuarial Valuation Results

Active members

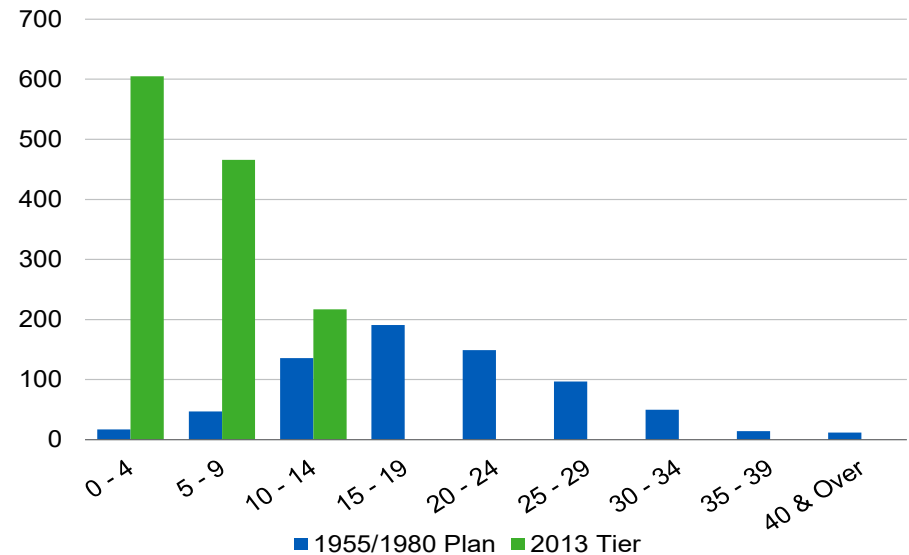
Demographic Data	As of June 30, 2025	As of June 30, 2024	Change
Active members	2,001	1,974	1.4%
Average age ¹⁰	46.8	46.9	-0.1
Average years of service	10.8	10.9	-0.1
Average projected compensation	\$143,160	\$138,515	3.4%

Distribution of Active Members as of June 30, 2025

Actives by Age



Actives by Years of Service



Inactive members

Demographic Data	As of June 30, 2025	As of June 30, 2024	Change
Inactive members ¹¹	424	407	4.2%

¹⁰ Among the active members, there were none with unknown age information.

¹¹ Includes inactive members due a refund of member contributions.

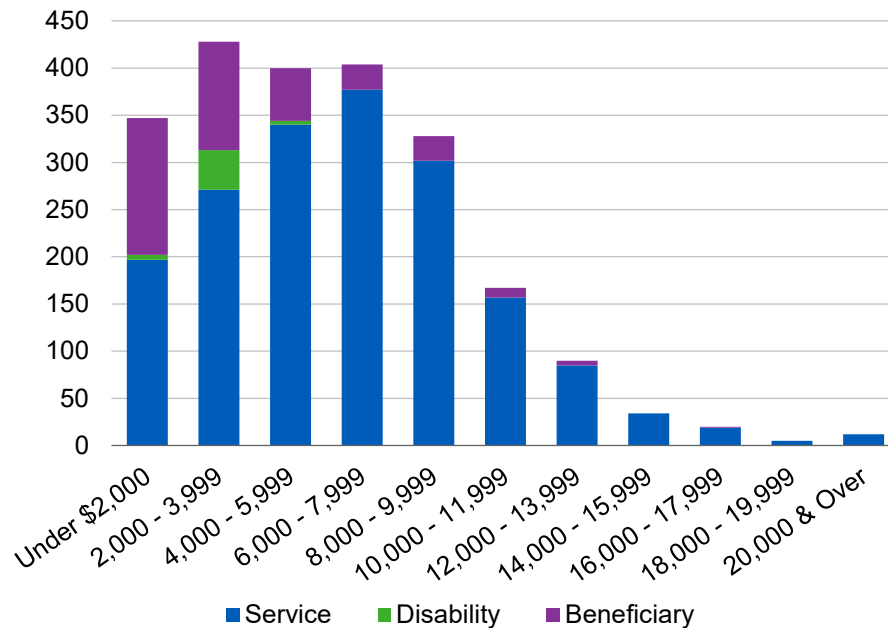
Section 2: Actuarial Valuation Results

Retired members and beneficiaries

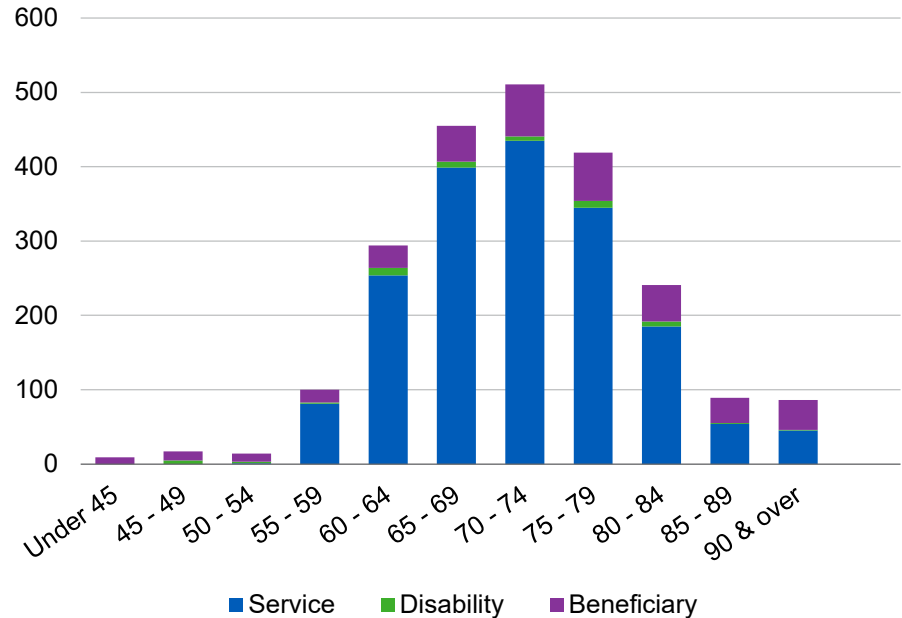
Demographic Data	As of June 30, 2025	As of June 30, 2024	Change
Retired members	1,850	1,804	2.5%
Beneficiaries	385	372	3.5%
Average age	72.0	71.7	0.3
Average monthly amount	\$6,107	\$5,930	3.0%
Total monthly amount	\$13,649,257	\$12,903,119	5.8%

Distribution of Retired Members and Beneficiaries as of June 30, 2025

By Type and Monthly Amount



By Type and Age



Section 2: Actuarial Valuation Results

Historical plan population

The chart below demonstrates the progression of the active population over the last ten years. The chart also shows the growth among the retired population over the same time period.

Member Data Statistics

Active Members versus Retired Members and Beneficiaries (Pay Status)

As of June 30	Active Count	Active Average Age	Active Average Service	Pay Status Count	Pay Status Average Age	Pay Status Monthly Amount
2016	1,789	48.5	13.3	1,630	70.1	\$4,499
2017	1,802	48.0	12.8	1,713	70.1	4,649
2018	1,828	47.8	12.4	1,779	70.2	4,841
2019	1,847	47.6	12.0	1,844	70.3	5,024
2020	1,903	47.3	11.7	1,905	70.6	5,211
2021	1,896	47.4	11.6	1,977	70.8	5,376
2022	1,895	47.2	11.4	2,048	71.0	5,592
2023	1,955	47.1	11.0	2,117	71.4	5,752
2024	1,974	46.9	10.9	2,176	71.7	5,930
2025	2,001	46.8	10.8	2,235	72.0	6,107

Section 2: Actuarial Valuation Results

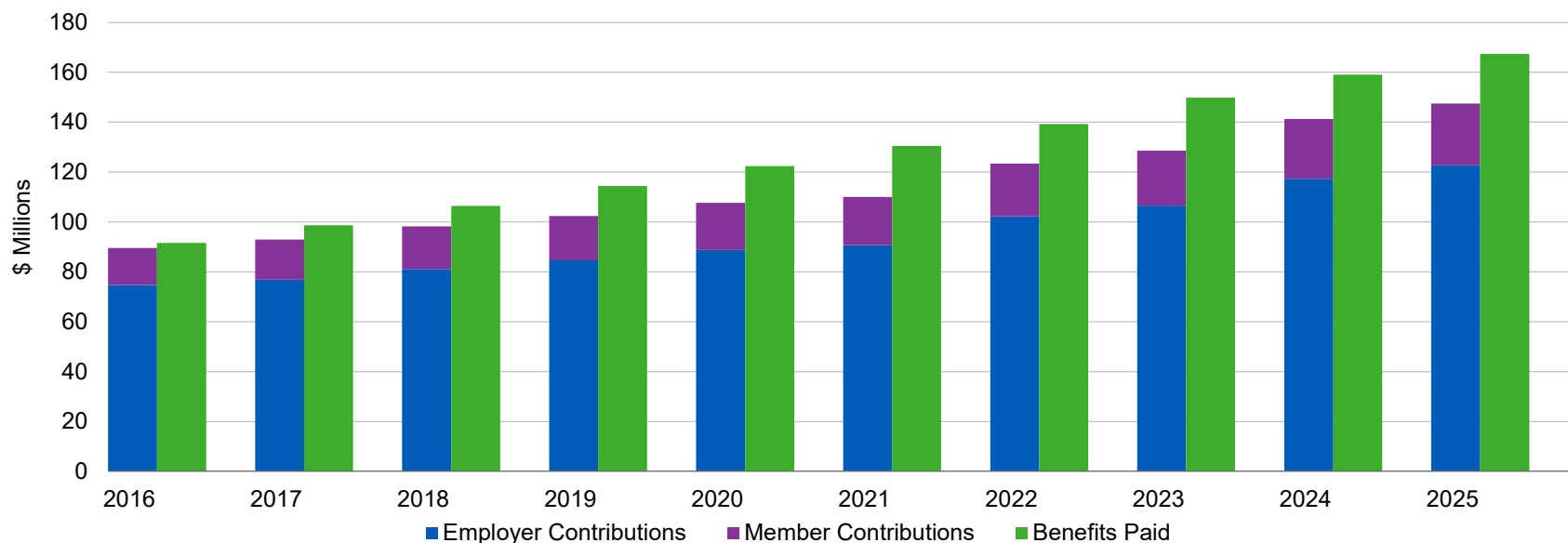
B. Financial information

Pension plan funding anticipates that, over the long term, both contributions and investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments. Pension plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E and F*.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the valuation asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Comparison of Contributions Made with Benefits for Years Ended June 30



Section 2: Actuarial Valuation Results

Determination of Actuarial Value and Valuation Value of Assets for Year Ended June 30, 2025

Step	Actual Return	Expected Return	Investment Gain/(Loss)	Percent Deferred	Amount
1. Market value of assets					
a. Pension Plan					\$2,743,096,000
b. HIB Plan					82,988,000
c. Total					\$2,826,084,000
2. Calculation of deferred return					
a. Year ended June 30, 2021	\$491,625,000	\$129,314,710	\$362,310,290	0%	\$0
b. Year ended June 30, 2022	(253,930,000)	162,455,125	(416,385,125)	20	(83,277,025)
c. Year ended June 30, 2023	217,559,000	138,262,646	79,296,354	40	31,718,542
d. Year ended June 30, 2024	279,545,000	151,631,764	127,913,236	60	76,747,942
e. Year ended June 30, 2025	328,878,000	169,230,499	159,647,501	80	127,718,001
f. Total deferred return¹²					\$152,907,460
3. Preliminary actuarial value of assets: 1c – 2f					\$2,673,176,540
4. Adjustment to be within 30% corridor of market value					0
5. Final actuarial value of assets: 3 + 4					\$2,673,176,540
6. Ratio of actuarial to market value of assets: 5 ÷ 1c					94.6%
7. Valuation value of Pension Plan assets: 1a ÷ 1c × 5					\$2,594,678,670

¹² The total deferred return as of June 30, 2025 is recognized in each of the next four years as follows:

a. Amount recognized on June 30, 2026	\$ (9,905,607)
b. Amount recognized on June 30, 2027	73,371,418
c. Amount recognized on June 30, 2028	57,512,147
d. Amount recognized on June 30, 2029	<u>31,929,500</u>
e. Total unrecognized return as of June 30, 2025	\$152,907,460

(may not total exactly due to rounding)

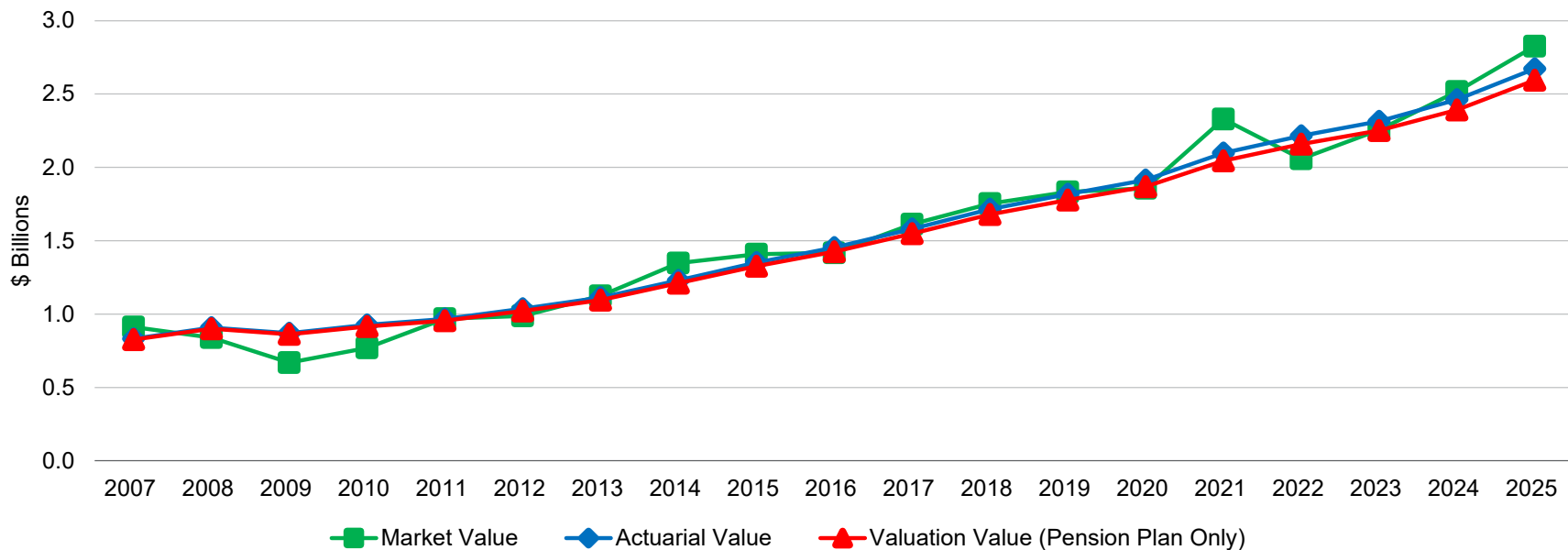
Section 2: Actuarial Valuation Results

Asset history

The market value, actuarial value and valuation value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The valuation value of assets is generally the actuarial value, excluding HIB Plan assets.

The valuation value of assets is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

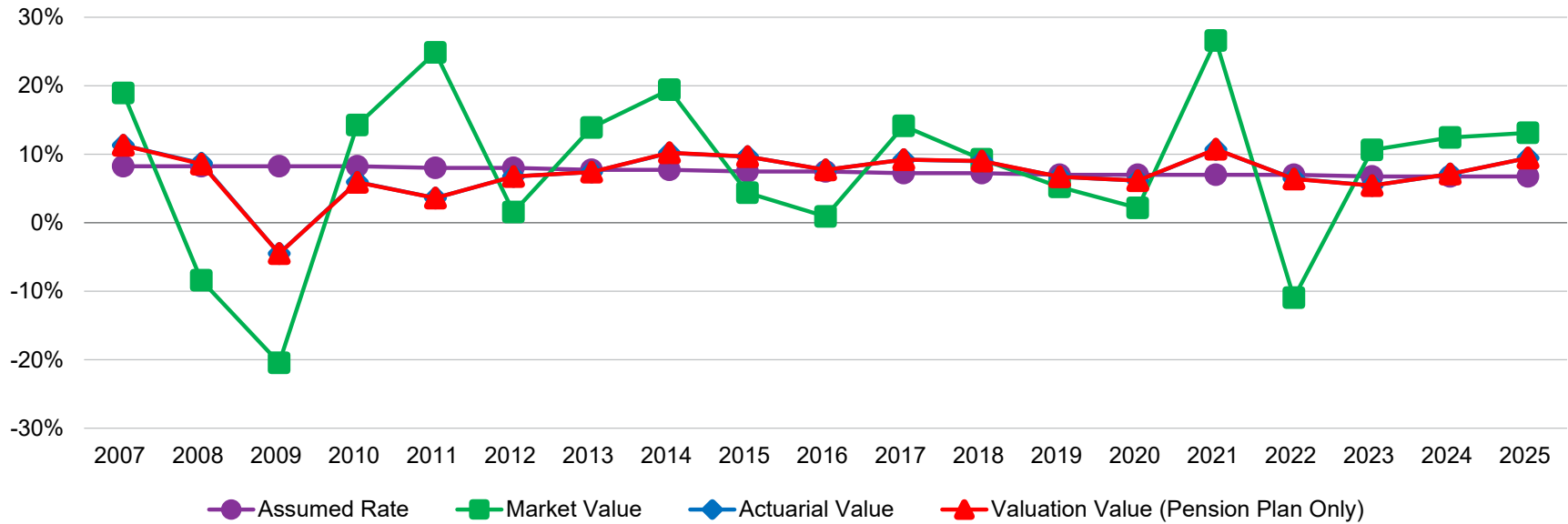
Market Value, Actuarial Value, and Valuation Value (Pension Plan Only) of Assets as of June 30



Section 2: Actuarial Valuation Results

Historical investment returns

Market, Actuarial and Valuation Rates of Return for Years Ended June 30



Legend	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Market rate	18.95%	(8.40)%	(20.47)%	14.27%	24.85%	1.57%	13.91%	19.41%	4.37%	0.92%	14.15%	9.25%	5.25%	2.16%	26.61%	(10.94)%	10.62%	12.44%	13.12%	
Actuarial rate	11.31%	8.69%	(4.47)%	5.96%	3.62%	6.76%	7.39%	10.19%	9.67%	7.74%	9.22%	9.00%	6.74%	6.16%	10.71%	6.43%	5.42%	7.14%	9.46%	
Valuation rate	11.33%	8.59%	(4.49)%	5.93%	3.62%	6.75%	7.40%	10.22%	9.68%	7.74%	9.23%	9.01%	6.74%	6.16%	10.74%	6.41%	5.42%	7.15%	9.47%	
Assumed rate	8.25%	8.25%	8.25%	8.25%	8.00%	8.00%	7.75%	7.75%	7.50%	7.50%	7.25%	7.25%	7.00%	7.00%	7.00%	7.00%	7.00%	6.75%	6.75%	6.75%

Average Rates of Return	Market Value	Actuarial Value	Valuation Value
Most recent five-year geometric average return	9.67%	7.81%	7.82%
Most recent 10-year geometric average return	7.94%	7.79%	7.79%
Most recent 15-year geometric average return	9.43%	7.69%	7.70%

Section 2: Actuarial Valuation Results

C. Actuarial experience

To calculate any actuarially determined contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the actuarially determined contribution will decrease from the previous year. On the other hand, the actuarially determined contribution will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years. There are no changes in actuarial assumptions reflected in this valuation.

The actuarial experience for the year can be found below and a discussion of the major components can be found on the following pages.

Actuarial Experience for Year Ended June 30, 2025

Source	Amount
1. Net gain from investments ¹³	\$(64,812,909)
2. Net loss from contributions	1,269,349
3. Net loss from other experience ¹⁴	9,586,903
4. Net experience gain	\$(53,956,657)

¹³ Details on next page.

¹⁴ See *Subsection E* for further details. Does not include the effect of plan, method or assumption changes, if any.

Section 2: Actuarial Valuation Results

Investment experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy.

For valuation purposes, the assumed rate of return on the valuation value of assets is 6.75% based on the June 30, 2024 valuation. The actual rate of return on a valuation basis for the 2024–2025 plan year was 9.47% after recognizing a portion of this year's investment gain and a portion of prior years' investment gains and losses. Since the actual return for the year was more than the assumed return, the Plan experienced an actuarial gain during the year ended June 30, 2025 with regard to its investments.

Investment Experience for Year Ended June 30, 2025

Line Description	Valuation Value (Pension Plan Assets)	Actuarial Value (Pension and HIB Plan Assets)	Market Value (Pension and HIB Plan Assets)
1. Net investment income	\$225,482,306	\$231,786,950	\$328,878,000
2. Average value of assets	2,380,287,364	2,451,302,090	2,507,118,500
3. Rate of return: $1 \div 2$	9.47%	9.46%	13.12%
4. Assumed rate of return	6.75%	6.75%	6.75%
5. Expected investment income: 2×4	\$160,669,397	\$165,462,891	\$169,230,499
6. Investment gain/(loss): $1 - 5$	\$64,812,909	\$66,324,059	\$159,647,501

Section 2: Actuarial Valuation Results

Contributions

In last year's valuation report, expected contributions for the year ended June 30, 2025 were based on the contribution rates from the June 30, 2024 valuation. However, due to the anticipated one-year delay in implementing the higher contribution rates calculated in that valuation, actual contributions for fiscal year 2024/2025 were based on the contribution rates from the June 30, 2023 valuation. This anticipated delay resulted in a contribution loss of \$1.3 million for the year, when adjusted for timing.

Other experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- Mortality experience (more or fewer than expected deaths)
- The extent of turnover among members
- Retirement experience (earlier or later than projected)
- The number of disability retirements (more or fewer than projected)
- Salary increases (greater or smaller than projected), and
- Cost-of-living adjustments (COLAs; higher or lower than anticipated)

The net loss from this other experience for the year ended June 30, 2025 amounted to \$9.6 million, which is 0.29% of the actuarial accrued liability. See *Section 2, Subsection E* for a detailed development of the unfunded actuarial accrued liability.

Section 2: Actuarial Valuation Results

D. Other changes impacting the actuarial accrued liability

Actuarial assumptions and methods

There were no changes in actuarial assumption or methods since the prior valuation.

Details on actuarial assumptions and methods are in *Section 4, Exhibit 1*.

Plan provisions

There were no changes in plan provisions since the prior valuation.

A summary of plan provisions is in *Section 4, Exhibit 2*.

Section 2: Actuarial Valuation Results

E. Unfunded actuarial accrued liability

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2025

Line Description	Amount
1. Unfunded actuarial accrued liability at beginning of year	\$752,349,976
2. Total normal cost at beginning of year	62,955,107
3. Expected employer and member contributions at beginning of year	(131,356,409)
4. Interest to end of year	46,166,537
5. Expected unfunded actuarial accrued liability at end of year	\$730,115,211
6. Changes due to:	
a. Investment return greater than expected, after asset smoothing	\$(64,812,909)
b. Anticipated one-year delay in implementing the higher contribution rates calculated in the prior valuation	1,269,349
c. Individual salary increases greater than expected	7,021,341
d. Higher than expected COLA increases for current retirees and beneficiaries	465,734
e. Other losses on demographic experience	2,099,828
f. Total changes	\$(53,956,657)
7. Unfunded actuarial accrued liability at end of year: 5 + 6f	\$676,158,554

Note: The “net loss from other experience” of \$9,586,903 from *Subsection C* is equal to the sum of items 6c, 6d and 6e.

Section 2: Actuarial Valuation Results

F. Recommended contribution

The recommended contribution is equal to the employer normal cost payment and a payment on the unfunded actuarial accrued liability. As of June 30, 2025, the average recommended employer contribution is 38.08% of payroll.

The Board sets the funding policy used to calculate the recommended contribution based on layered 20-year¹⁵ amortization periods as a level percentage of payroll. See *Section 4, Exhibit 1* for further details on the funding policy. Based on this policy, there is no negative amortization¹⁶ and each amortization layer is fully funded in 20 years. As shown in the projection of UAAL balances in *Section 3, Exhibit H*, before taking into consideration the future recognition of the deferred investment gains and losses, the UAAL of the Plan is expected to be fully amortized by 2045, assuming all assumptions are realized and contributions are made in accordance with the funding policy.

The current funding policy is intended to fully fund the cost of the benefits and to allocate the cost of benefits reasonably and equitably over time while minimizing the volatility of employer contributions. The recommended contribution is expected to remain level as a percent of payroll, except when any current amortization layer is fully amortized and assuming there are no future actuarial gains or losses. Furthermore, the funded ratio is expected to increase as the UAAL is methodically funded by employer contributions.

The recommended contribution under the funding policy is a “Reasonable Actuarially Determined Contribution” as required under Actuarial Standard of Practice No. 4 Measuring Pension Obligations and Determining Pension Plan Costs or Contributions.

¹⁵ Changes in UAAL as a result of actuarial gains or losses or as a result of changes in actuarial assumptions or methods (on or after July 1, 2021) for each valuation are amortized over separate 20-year periods. Changes in UAAL as a result of plan changes are amortized over separate 15-year periods.

¹⁶ Negative amortization means that the amortization payment towards the UAAL is less than the interest on the UAAL and therefore the outstanding balance of the UAAL would increase.

Section 2: Actuarial Valuation Results

Average Recommended Employer Contribution Calculated as of June 30

Line Description	2025 Amount	2025 % of Projected Compensation	2024 Amount	2024 % of Projected Compensation
1. Total normal cost	\$67,324,663	23.50%	\$65,051,880	23.79%
2. Expected member normal cost contributions	27,193,095	9.49%	25,816,672	9.44%
3. Employer normal cost: 1 – 2	\$40,131,568	14.01%	\$39,235,208	14.35%
4. Actuarial accrued liability	3,270,837,224		3,143,728,340	
5. Valuation value of assets	2,594,678,670		2,391,378,364	
6. Unfunded actuarial accrued liability: 4 – 5	\$676,158,554		\$752,349,976	
7. Payment on UAAL	68,951,554	24.07%	70,681,217	25.85%
8. Average recommended employer contribution: 3 + 7	\$109,083,122	38.08%	\$109,916,425	40.20%
9. Projected payroll	\$286,462,625		\$273,428,306	

Note: Contributions are assumed to be paid at the end of each pay period.

Section 2: Actuarial Valuation Results

Reconciliation of average recommended employer contribution rate

Reconciliation from June 30, 2024 to June 30, 2025

Item	Contribution Rate	Estimated Annual Dollar Amount ¹⁷
1. Average recommended employer contribution as of June 30, 2024	39.86%	\$114,181,094
2. Changes due to:		
a. Investment return greater than expected, after asset smoothing	(1.61)%	(4,612,048)
b. Anticipated one-year delay in implementing the higher contribution rates calculated in the prior valuation	0.03%	85,939
c. Individual salary increases greater than expected	0.17%	486,986
d. Amortizing prior year's UAAL over a larger than expected total payroll	(0.44)%	(1,260,436)
e. Higher than expected COLA increases for current retirees and beneficiaries	0.01%	28,646
f. Change in member demographics and other net experience losses	0.06%	172,941
g. Total change	(1.78)%	\$(5,097,972)
3. Average recommended employer contribution as of June 30, 2025: 1 + 2g	38.08%	\$109,083,122

¹⁷ Based on June 30, 2025 projected compensation of \$286,462,625.

Section 2: Actuarial Valuation Results

Reconciliation of average recommended member contribution rate

Reconciliation from June 30, 2024 to June 30, 2025

Item	Contribution Rate	Estimated Annual Dollar Amount ¹⁸
1. Average recommended member contribution as of June 30, 2024	9.49%	\$27,193,095
2. Changes due to:		
a. Change in member demographics	0.00%	0
b. Total change	0.00%	\$0
3. Average recommended member contribution as of June 30, 2025: 1 + 2b	9.49%	\$27,193,095

¹⁸ Based on June 30, 2025 projected compensation of \$286,462,625.

Section 2: Actuarial Valuation Results

Recommended employer contribution rate

Recommended Employer Contribution Calculated as of June 30

(% of Payroll; Payable at End of Each Pay Period)

Employer and Member Contributions	2025 Contribution Rate	2025 Estimated Annual Amount ¹⁹	2024 Contribution Rate	2024 Estimated Annual Amount ¹⁹
1955/1980 Plan				
Total normal cost	28.17%	\$33,374,253	28.24%	\$33,457,185
Expected employee contributions	-8.66%	-10,259,887	-8.66%	-10,259,887
Employer normal cost	19.51%	\$23,114,366	19.58%	\$23,197,298
UAAL	24.07%	28,516,800	25.85%	30,625,645
Total employer contribution	43.58%	\$51,631,166	45.43%	\$53,822,943
2013 Tier				
Total normal cost	20.21%	\$33,950,410	20.16%	\$33,866,416
Expected employee contributions	-10.08%	-16,933,208	-10.08%	-16,933,208
Employer normal cost	10.13%	\$17,017,202	10.08%	\$16,933,208
UAAL	24.07%	40,434,754	25.85%	43,424,943
Total employer contribution	34.20%	\$57,451,956	35.93%	\$60,358,151
Combined				
Total normal cost	23.50%	\$67,324,663	23.50%	\$67,323,601
Expected employee contributions	-9.49%	-27,193,095	-9.49%	-27,193,095
Employer normal cost	14.01%	\$40,131,568	14.01%	\$40,130,506
UAAL	24.07%	68,951,554	25.85%	74,050,588
Total employer contribution	38.08%	\$109,083,122	39.86%	\$114,181,094

¹⁹ Amounts are based on the following June 30, 2025 projected annual payroll:

Projected Annual Payroll

Plan	Amount
1955/1980 Plan	\$118,474,450
2013 Tier	167,988,175
Combined	\$286,462,625

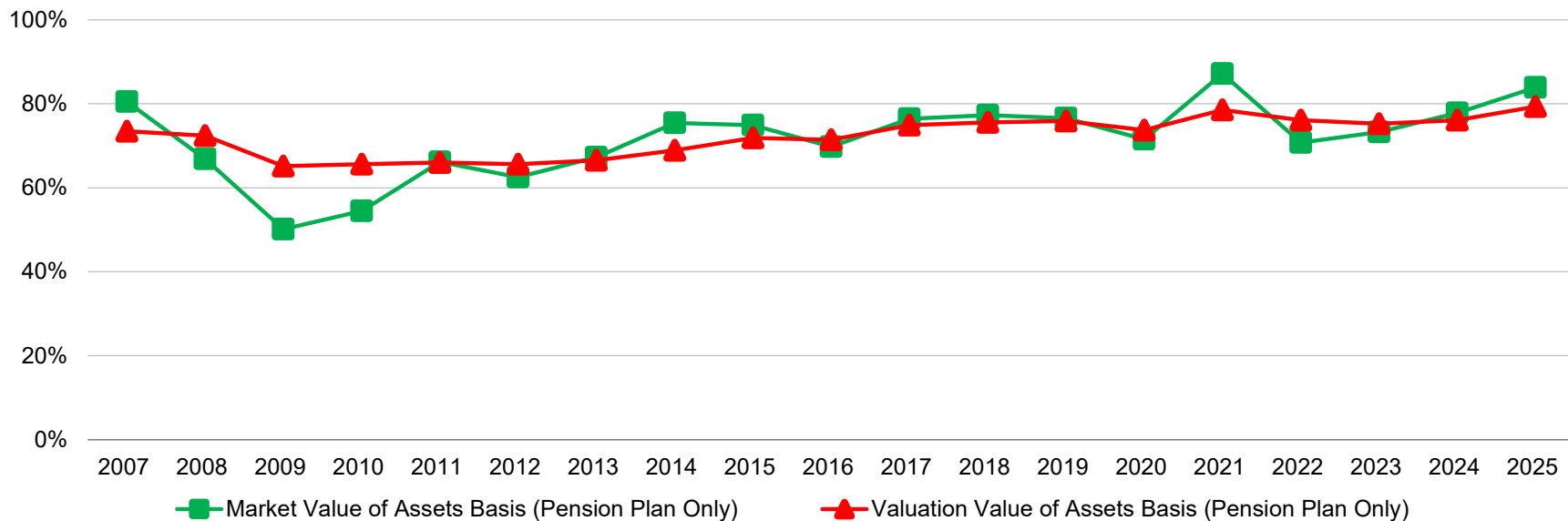
Section 2: Actuarial Valuation Results

G. Funded status

A commonly reported piece of information regarding the Plan's financial status is the funded ratio. These ratios compare the market and valuation value of assets to the actuarial accrued liability of the Plan. Higher ratios indicate a relatively well-funded plan while lower ratios may indicate recent changes to actuarial assumptions, funding of the plan below actuarial requirements, poor asset performance, or a variety of other causes.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the market or valuation value of assets is used.

Funded Ratio as of June 30



Section 2: Actuarial Valuation Results

Schedule of Funding Progress (Dollars in Thousands)

As of June 30	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a) ÷ (b)	Projected Compensation (c)	UAAL as a % of Projected Compensation [(b) – (a)] ÷ (c)
2016	\$1,425,785	\$1,995,863	\$570,078	71.4%	\$183,971	309.9%
2017	1,549,213	2,068,015	518,802	74.9	184,859	280.6
2018	1,678,417	2,220,977	542,560	75.6	202,995	267.3
2019	1,777,065	2,340,773	563,708	75.9	212,351	265.5
2020	1,868,917	2,535,238	666,321	73.7	224,412	296.9
2021	2,045,503	2,605,614	560,111	78.5	224,392	249.6
2022	2,158,463	2,835,771	677,308	76.1	241,538	280.4
2023	2,251,691	2,994,429	742,738	75.2	262,273	283.2
2024	2,391,378	3,143,728	752,350	76.1	273,428	275.2
2025	2,594,679	3,270,837	676,158	79.3	286,463	236.0

Section 2: Actuarial Valuation Results

H. Actuarial balance sheet

An overview of the Plan's funding is given by an actuarial balance sheet. In this approach, first the amount and timing of all future payments that will be made by the Plan for current members is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the "liability" of the Plan.

Second, this liability is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet as of June 30

Line Description	2025	2024
Liabilities		
Present value of benefits for retired members and beneficiaries	\$2,173,833,194	\$2,081,323,619
Present value of benefits for inactive members	68,399,872	63,313,175
Present value of benefits for active members	1,614,877,189	1,562,679,932
Total liabilities	\$3,857,110,255	\$3,707,316,726
Current and future assets		
Total valuation value of assets	\$2,594,678,670	\$2,391,378,364
Present value of future contributions by members	263,876,461	249,278,982
Present value of future employer contributions for:		
• Entry age normal cost	322,396,570	314,309,404
• Unfunded actuarial accrued liability	676,158,554	752,349,976
Total of current and future assets	\$3,857,110,255	\$3,707,316,726

Section 2: Actuarial Valuation Results

I. Risk

Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the Plan.

This report does not contain a detailed analysis of the potential range of future measurements but does include a concise discussion of some of the primary risks that may affect the Plan's future financial condition. In early 2026, we are scheduled to prepare a stand-alone Risk Assessment report for the Pension Plan by using membership and financial information as provided in this actuarial valuation as of June 30, 2025. That report will include various deterministic projections of future results under different investment return scenarios based on the assumptions adopted for the June 30, 2025 valuation. The report will also include stochastic projections of how changes in price inflation may impact the COLA benefit paid after the Plan is more than 85% funded on a PBO basis.

This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the Plan's financial health, as well as a discussion of historical trends and maturity measures:

Risk assessments

- **Asset/Liability Mismatch Risk** (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

The most significant asset/liability mismatch risk to the Plan is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first is evident in annual valuations; when asset values deviate from assumptions they are typically independent from liability changes. The second can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but has no impact on asset levels. This risk is also discussed below.

- **Investment Risk** (the risk that investment returns will be different than expected)

The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial condition of the Plan, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the valuation value of assets, however investment experience can still have a sizable impact. As discussed in *Section 2, Subsection J*,

Section 2: Actuarial Valuation Results

Volatility Ratios, on page 41, a 1% asset gain or loss (relative to the assumed investment return) translates to about 9.6% of one-year's payroll. Since actuarial gains and losses are amortized over 20 years, there would be a 0.7% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The year-by-year market value rate of return over the last 10 years has ranged from a low of (10.94)% to a high of 26.61%.

- **Longevity Risk** (the risk that mortality experience will be different than expected)

The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the Plan (public experience tables) that are weighted by benefit levels, and by using generational mortality projections. The Board has adopted mortality tables based on this methodology.

- **Other Risks**

In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of other demographic assumptions include retirement, termination and disability assumptions, and will likely vary in significance for different plans.

Some plans also carry significant contribution risk, defined as the potential for actual future contributions deviating from expected future contributions. However, the employer has a proven track-record of making at least the actuarially determined contributions based on the Board's Actuarial Funding Policy, so contribution risk is minimal.

Evaluation of historical trends

Past experience can help demonstrate the sensitivity of key results to the Plan's actual experience. Over the past ten years:

- The funded percentage on the valuation value of assets basis has increased from 71.4% to 79.3%. This is primarily due to contributions made to amortize the UAAL under the Board's actuarial funding policy and average recent years' investment return on a smoothed basis greater than the assumption. For a more detailed history see *Section 2, Subsection G, Funded status* starting on page 34.
- The average geometric investment return on the actuarial value of assets over the last 10 years was 7.79%. This includes a high of 10.71% and a low of 5.42%. The average over the last five years is 7.81%. For more details see *Section 2, Subsection B, Historical investment returns* on page 23.

Section 2: Actuarial Valuation Results

- The primary source of new UAAL was the strengthening of assumptions through multiple assumption changes. For example, the assumption changes in:
 - 2016 included a change in the discount rate from 7.50% to 7.25%, adding \$52.6 million in unfunded liability;
 - 2018 included a change in the discount rate from 7.25% to 7.00%, adding \$12.5 million in unfunded liability;
 - 2020 included the use of amount-weighted mortality tables projected generationally to better reflect future mortality improvement, adding \$104.8 million in unfunded liability;
 - 2022 included a change in the discount rate from 7.00% to 6.75%, adding \$72.1 million in unfunded liability; and
 - 2024 included changes in demographic assumptions and methodology, adding \$25.3 million in unfunded liability.
- The plan's funding policy effectively deals with these unfunded liabilities over time.²⁰ This can be seen most clearly in *Section 3, Exhibit H: Projection of UAAL balances and payments* starting on page 55.

Maturity measures

In the last 10 years the ratio of members in pay status to active participants has increased from 0.91 to 1.12. An increased ratio indicates that the plan has grown in maturity over time. This is to be expected, but is also informative for understanding plan sensitivity to particular risks. For more details see *Section 2, Subsection A, Member information* on page 16.

As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Plan's asset allocation is aligned to meet emerging pension liabilities. Over the past year, benefits paid were \$22.2 million more than contributions received.²¹ Plans with high levels of negative cash flows may have a need for a larger allocation to income generating assets, which can create a drag on investment return. However, the Plan currently has a low level of negative cash flow. For more details on historical cash flows see *Section 2, Subsection B, Financial information* on page 20.

A further discussion of plan maturity measures and how they relate to changes in assets and liabilities is included in *Section 2, Subsection J, Volatility ratios* on page 41.

²⁰ In addition, during the last ten years, the Board had on five occasions elected to continue to carry over the higher employer contribution rates in a previous valuation even though the employer contribution rates would have come down in the absence of such action. The Board made that election for the purpose of accelerating the payment of the UAAL.

²¹ Under the Retirement Board's actuarial funding policy, current assets plus the present value of future (employer and member) contributions will always be equal to the present value of benefits expected to be paid by the System. Based on the understanding that the present value of future contributions includes both the amounts required to pay the ongoing normal cost and any unfunded liabilities, it appears that the minimum contribution limit pursuant to Section 12335 of the Public Utilities Code does not apply.

Section 2: Actuarial Valuation Results

Low-Default-Risk Obligation Measure (LDROM)

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. One of the revisions to ASOP 4 requires the disclosure of a Low-Default-Risk Obligation Measure (LDROM) when performing a funding valuation. The LDROM presented in this report is calculated using the same methodology and assumptions used to determine the AAL used for funding, except for the discount rate. The LDROM is required to be calculated using “a discount rate...derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.”

The LDROM is a calculation assuming a plan’s assets are invested in an all-bond portfolio, generally lowering expected long-term investment returns. The discount rate selected and used for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index Rate, published at the end of each week. The last published rate in June of the measurement period, by The Bond Buyer, is 5.20% for use effective June 30, 2025. This is the rate used to determine the discount rate for valuing reported public pension plan liabilities in accordance with Governmental Accounting Standards when plan assets are projected to be insufficient to make projected benefit payments, and the 20-year period reasonably approximates the duration of plan liabilities. The LDROM is not used to determine a plan’s funded status or actuarially determined contribution rates. The plan’s expected return on assets, currently 6.75%, is used for these calculations.

As of June 30, 2025, the LDROM for the Plan is \$3.971 billion.²² The difference between the Plan’s AAL of \$3.271 billion and the LDROM can be thought of as the increase in the AAL if the entire portfolio were invested in low-default-risk securities. Alternatively, this difference could also be viewed as representing the expected savings from investing in the Plan’s diversified portfolio compared to investing only in low-default-risk securities.

ASOP 4 requires commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of member benefits. In general, if plan assets were invested exclusively in low-default-risk securities, the funded status would be lower and the actuarially determined contribution would be higher. While investing in a portfolio with low-default-risk securities may be more likely to reduce investment volatility and the volatility of employer contributions, it also may be more likely to result in higher employer contributions or lower benefits.

²² For comparison purposes, as of June 30, 2024, the LDROM was \$4.560 billion based on a discount rate of 3.93%, while the Plan’s actuarial accrued liability was \$3.144 billion.

Section 2: Actuarial Valuation Results

J. Volatility ratios

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total projected compensation, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measurement since it is based on the current level of assets.

The current AVR is about 9.6. This means that a 1% asset gain or loss (relative to the assumed investment return) translates to about 9.6% of one-year's payroll. Since actuarial gains and losses are amortized over 20 years, there would be a 0.7% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the actuarial accrued liability divided by total projected compensation, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the actuarial accrued liability due to actual experience or to changes in actuarial assumptions. The current total Plan LVR is about 11.4. This is about 19% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long term.

Section 2: Actuarial Valuation Results

Volatility Ratios

Asset Volatility Ratio (AVR) versus Liability Volatility Ratio (LVR)

As of June 30	Asset Volatility Ratio	Liability Volatility Ratio
2016	7.6	10.8
2017	8.6	11.2
2018	8.5	10.9
2019	8.4	11.0
2020	8.1	11.3
2021	10.1	11.6
2022	8.3	11.7
2023	8.4	11.4
2024	8.9	11.5
2025	9.6	11.4

Section 3: Supplemental Information

Exhibit A: Table of plan demographics

Total Plan – Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number	2,001	1,974	1.4%
• Average age	46.8	46.9	-0.1
• Average years of service	10.8	10.9	-0.1
• Total projected compensation	\$286,462,625	\$273,428,306	4.8%
• Average projected compensation	\$143,160	\$138,515	3.4%
• Account balances	\$281,115,878	\$263,198,027	6.8%
• Total active vested members	1,380	1,367	1.0%
Inactive members²³			
• Number	424	407	4.2%
• Average age	48.1	48.0	0.1
Retired members			
• Number	1,799	1,753	2.6%
• Average age	71.8	71.4	0.4
• Average monthly benefit	\$6,729	\$6,531	3.0%
Disabled members			
• Number	51	51	0.0%
• Average age	69.0	68.0	1.0
• Average monthly benefit	\$2,780	\$2,699	3.0%
Beneficiaries			
• Number	385	372	3.5%
• Average age	73.5	73.9	-0.4
• Average monthly benefit	\$3,640	\$3,538	2.9%

²³ Includes inactive members due a refund of member contributions.

Section 3: Supplemental Information

1955/1980 Plan — Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number	713	778	-8.4%
• Average age	53.8	53.6	0.2
• Average years of service	20.0	19.5	0.5
• Total projected compensation	\$118,474,450	\$122,880,363	-3.6%
• Average projected compensation	\$166,163	\$157,944	5.2%
• Account balances	\$194,223,396	\$193,280,838	0.5%
• Total active vested members	697	756	-7.8%
Inactive members²⁴			
• Number	196	204	-3.9%
• Average age	53.8	53.2	0.6
Retired members			
• Number	1,779	1,742	2.1%
• Average age	71.8	71.4	0.4
• Average monthly benefit	\$6,789	\$6,564	3.4%
Disabled members			
• Number	51	51	0.0%
• Average age	69.0	68.0	1.0
• Average monthly benefit	\$2,780	\$2,699	3.0%
Beneficiaries			
• Number	385	372	3.5%
• Average age	73.5	73.9	-0.4
• Average monthly benefit	\$3,640	\$3,538	2.9%

²⁴ Includes inactive members due a refund of member contributions.

Section 3: Supplemental Information

2013 Tier — Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number	1,288	1,196	7.7%
• Average age	42.9	42.5	0.4
• Average years of service	5.7	5.3	0.4
• Total projected compensation	\$167,988,175	\$150,547,943	11.6%
• Average projected compensation	\$130,426	\$125,876	3.6%
• Account balances	\$86,892,482	\$69,917,190	24.3%
• Total active vested members	683	611	11.8%
Inactive members²⁵			
• Number	228	203	12.3%
• Average age	43.1	42.8	0.3
Retired members			
• Number	20	11	81.8%
• Average age	66.7	68.3	-1.6
• Average monthly benefit	\$1,453	\$1,345	8.0%
Disabled members			
• Number	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
• Number	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit	N/A	N/A	N/A

²⁵ Includes inactive members due a refund of member contributions.

Section 3: Supplemental Information

Exhibit B: Distribution of active members

Total Plan

Active Counts & Average Projected Compensation by Age and Years of Service as of June 30, 2025

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	16	16	—	—	—	—	—	—	—	—
	\$104,605	\$104,605	—	—	—	—	—	—	—	—
25-29	85	77	8	—	—	—	—	—	—	—
	\$117,060	\$115,918	\$128,056	—	—	—	—	—	—	—
30-34	175	111	48	15	1	—	—	—	—	—
	\$130,581	\$124,426	\$139,929	\$143,946	\$164,549	—	—	—	—	—
35-39	319	140	125	51	3	—	—	—	—	—
	\$133,555	\$123,322	\$136,877	\$151,700	\$164,247	—	—	—	—	—
40-44	331	103	112	74	35	7	—	—	—	—
	\$140,887	\$121,966	\$136,222	\$155,355	\$168,496	\$202,965	—	—	—	—
45-49	286	66	72	73	42	27	6	—	—	—
	\$149,776	\$126,540	\$138,135	\$151,431	\$170,543	\$188,191	\$206,704	—	—	—
50-54	301	56	71	59	33	42	32	8	—	—
	\$149,970	\$134,898	\$140,013	\$149,838	\$157,138	\$166,252	\$169,565	\$151,384	—	—
55-59	230	28	40	34	39	40	30	16	3	—
	\$156,234	\$135,718	\$144,872	\$144,953	\$159,272	\$169,951	\$165,213	\$186,291	\$154,618	—
60-64	166	17	29	32	28	19	19	15	6	1
	\$151,461	\$119,100	\$132,125	\$144,572	\$171,113	\$162,054	\$175,474	\$150,894	\$166,046	\$196,065
65-69	67	7	6	15	8	9	4	8	5	5
	\$148,991	\$129,792	\$131,498	\$130,393	\$169,604	\$155,888	\$155,096	\$159,257	\$158,683	\$176,255
70 and over	25	1	2	—	2	5	6	3	—	6
	\$148,547	\$123,536	\$120,942	—	\$155,099	\$128,908	\$159,630	\$148,509	—	\$165,036
Total	2,001	622	513	353	191	149	97	50	14	12
	\$143,160	\$123,796	\$137,722	\$149,568	\$165,303	\$170,531	\$170,463	\$163,494	\$160,967	\$172,296

Section 3: Supplemental Information

1955/1980 Plan

Active Counts & Average Projected Compensation by Age and Years of Service as of June 30, 2025

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25-29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30-34	3	—	1	1	1	—	—	—	—	—
	\$154,918	—	\$135,455	\$164,750	\$164,549	—	—	—	—	—
35-39	30	1	6	20	3	—	—	—	—	—
	\$156,839	\$159,894	\$145,075	\$159,104	\$164,247	—	—	—	—	—
40-44	89	3	9	35	35	7	—	—	—	—
	\$168,341	\$155,444	\$144,332	\$168,541	\$168,496	\$202,965	—	—	—	—
45-49	110	4	10	21	42	27	6	—	—	—
	\$173,255	\$144,538	\$142,722	\$169,926	\$170,543	\$188,191	\$206,704	—	—	—
50-54	158	5	10	28	33	42	32	8	—	—
	\$164,609	\$220,537	\$164,373	\$159,160	\$157,138	\$166,252	\$169,565	\$151,384	—	—
55-59	154	3	6	17	39	40	30	16	3	—
	\$166,595	\$177,478	\$198,737	\$148,250	\$159,272	\$169,951	\$165,213	\$186,291	\$154,618	—
60-64	104	—	4	12	28	19	19	15	6	1
	\$165,989	—	\$148,068	\$167,550	\$171,113	\$162,054	\$175,474	\$150,894	\$166,046	\$196,065
65-69	43	1	1	2	8	9	4	8	5	5
	\$162,541	\$249,885	\$122,636	\$143,901	\$169,604	\$155,888	\$155,096	\$159,257	\$158,683	\$176,255
70 and over	22	—	—	—	2	5	6	3	—	6
	\$152,193	—	—	—	\$155,099	\$128,908	\$159,630	\$148,509	—	\$165,036
Total	713	17	47	136	191	149	97	50	14	12
	\$166,163	\$181,728	\$154,961	\$162,422	\$165,303	\$170,531	\$170,463	\$163,494	\$160,967	\$172,296

Section 3: Supplemental Information

2013 Tier

Active Counts & Average Projected Compensation by Age and Years of Service as of June 30, 2025

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	16	16	—	—	—	—	—	—	—	—
	\$104,605	\$104,605	—	—	—	—	—	—	—	—
25-29	85	77	8	—	—	—	—	—	—	—
	\$117,060	\$115,918	\$128,056	—	—	—	—	—	—	—
30-34	172	111	47	14	—	—	—	—	—	—
	\$130,156	\$124,426	\$140,025	\$142,460	—	—	—	—	—	—
35-39	289	139	119	31	—	—	—	—	—	—
	\$131,138	\$123,059	\$136,463	\$146,923	—	—	—	—	—	—
40-44	242	100	103	39	—	—	—	—	—	—
	\$130,791	\$120,962	\$135,513	\$143,520	—	—	—	—	—	—
45-49	176	62	62	52	—	—	—	—	—	—
	\$135,102	\$125,378	\$137,395	\$143,962	—	—	—	—	—	—
50-54	143	51	61	31	—	—	—	—	—	—
	\$133,795	\$126,502	\$136,019	\$141,418	—	—	—	—	—	—
55-59	76	25	34	17	—	—	—	—	—	—
	\$135,240	\$130,707	\$135,366	\$141,656	—	—	—	—	—	—
60-64	62	17	25	20	—	—	—	—	—	—
	\$127,093	\$119,100	\$129,574	\$130,785	—	—	—	—	—	—
65-69	24	6	5	13	—	—	—	—	—	—
	\$124,713	\$109,776	\$133,271	\$128,315	—	—	—	—	—	—
70 and over	3	1	2	—	—	—	—	—	—	—
	\$121,807	\$123,536	\$120,942	—	—	—	—	—	—	—
Total	1,288	605	466	217	—	—	—	—	—	—
	\$130,426	\$122,168	\$135,983	\$141,513	—	—	—	—	—	—

Section 3: Supplemental Information

Exhibit C: Reconciliation of member data

Line Description	Active Members	Inactive Members ²⁶	Retired Members	Disabled Members	Beneficiaries	Total
Number as of June 30, 2024	1,974	407	1,753	51	372	4,557
New members	132	0	0	0	27	159
Terminations with vested rights	-33	33	0	0	0	0
Contribution refunds	-3	-8	0	0	0	-11
Retirements	-67	-14	81	0	0	0
New disabilities	0	0	0	0	0	0
Return to work	0	0	0	0	0	0
Died with or without beneficiary	-2	-1	-35	0	-15	-53
Data adjustments	0	7 ²⁷	0	0	1	8
Number as of June 30, 2025	2,001	424	1,799	51	385	4,660

²⁶ Includes inactive members due a refund of member contributions.

²⁷ These 7 members were hired and terminated during fiscal year 2024/2025.

Section 3: Supplemental Information

Exhibit D: Summary of income and expenses on a market value basis for all Pension Plan and HIB Plan assets

Line Description	Year Ended June 30, 2025	Year Ended June 30, 2024
Contribution income		
• Employer contributions	\$122,754,000	\$117,342,000
• Member contributions	24,737,000	23,877,000
– Net contribution income	\$147,491,000	\$141,219,000
Investment income		
• Interest, dividends and other income	\$42,550,000	\$44,490,000
• Asset appreciation	298,940,000	247,042,000
• Less investment and administrative fees	(12,612,000)	(11,987,000)
– Net investment income	\$328,878,000	\$279,545,000
Total income available for benefits	\$476,369,000	\$420,764,000
Less benefit payments		
• Benefits paid	\$(166,830,000)	\$(157,771,000)
• Refund of contributions	(486,000)	(1,269,000)
– Net benefit payments	\$(167,316,000)	\$(159,040,000)
Change in market value of assets	\$309,053,000	\$261,724,000
Net assets at market value at the beginning of the year	\$2,517,031,000	\$2,255,307,000
Net assets at market value at the end of the year	\$2,826,084,000	\$2,517,031,000

Note: Results may be slightly off due to rounding.

Section 3: Supplemental Information

Exhibit E: Summary statement of plan assets

Line Description	Year Ended June 30, 2025	Year Ended June 30, 2024
Cash equivalents	\$33,957,000	\$28,791,000
Accounts receivable		
• Brokers, securities sold	\$4,027,000	\$2,068,000
• Employer and member contributions	6,095,000	5,584,000
• Interest, dividends and recoverable taxes	5,887,000	5,115,000
– Total accounts receivable	\$16,009,000	\$12,767,000
Investments		
• Equities	\$1,982,608,000	\$1,824,973,000
• Fixed income investments	751,248,000	533,117,000
• Real estate	53,323,000	118,857,000
• Securities lending collateral	134,426,000	106,561,000
• Capital assets	7,339,000	4,240,000
• Prepaid expenses	0	598,000
– Total investments at market value	\$2,928,944,000	\$2,588,346,000
Total assets	\$2,978,910,000	\$2,629,904,000
Accounts payable		
• Accounts payable and accrued expenses	\$(3,845,000)	\$(2,772,000)
• Payables to brokers, securities purchased	(14,555,000)	(3,540,000)
• Securities lending collateral	(134,426,000)	(106,561,000)
– Total accounts payable	\$(152,826,000)	\$(112,873,000)
Net assets at market value	\$2,826,084,000	\$2,517,031,000
Net assets at actuarial value	\$2,673,176,540	\$2,461,214,590
Net assets at valuation value (Pension Plan only)	\$2,594,678,670	\$2,391,378,364

Note: Results may be slightly off due to rounding.

Section 3: Supplemental Information

Exhibit F: Development of the Plan through June 30, 2025 for all Pension Plan and HIB Plan assets

Year Ended June 30	Employer Contributions	Member Contributions	Net Investment Return ²⁸	Benefit Payments	Market Value of Assets at Year-End	Actuarial Value of Assets at Year-End	Actuarial Value as a Percent of Market Value
2016	\$74,672,000	\$14,925,000	\$12,894,000	\$91,571,000	\$1,418,129,000	\$1,452,786,717	102.4%
2017	76,860,000	16,018,000	200,254,000	98,617,000	1,612,644,000	1,580,665,009	98.0%
2018	81,096,000	17,079,000	148,798,000	106,377,000	1,753,240,000	1,714,363,843	97.8%
2019	84,551,000	17,865,000	91,744,000	114,435,000	1,832,965,000	1,817,562,986	99.2%
2020	88,734,000	18,885,000	39,376,000	122,351,000	1,857,609,000	1,914,278,036	103.1%
2021	90,624,000	19,336,000	491,625,000	130,472,000	2,328,722,000	2,097,712,454	90.1%
2022	102,285,000	21,127,000	(253,930,000)	139,281,000	2,058,923,000	2,216,123,725	107.6%
2023	106,523,000	22,088,000	217,559,000	149,786,000	2,255,307,000	2,314,460,062	102.6%
2024	117,342,000	23,877,000	279,545,000	159,040,000	2,517,031,000	2,461,214,590	97.8%
2025	122,754,000	24,737,000	328,878,000	167,316,000	2,826,084,000	2,673,176,540	94.6%

²⁸ On a market value basis, net of investment and administrative expenses.

Section 3: Supplemental Information

Exhibit G: Table of amortization bases

Base Type	Date Established: June 30	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ²⁹
Experience Gain	2000	\$(10,871,830)	30	\$(6,775,191)	5	\$(1,453,643)
Change in Assumptions	2000	8,629,891	30	5,378,045	5	1,153,880
Plan Amendments	2000	13,607,265	30	8,479,883	5	1,819,391
3.5% Retiree COLA Assumption	2000	27,057,441	30	16,861,872	5	3,617,778
Experience Loss	2001	2,292,281	30	1,617,330	6	294,215
Experience Loss	2002	26,232,251	30	20,375,148	7	3,232,098
Plan Amendments	2002	5,111,914	30	3,970,530	7	629,843
Experience Loss	2003	43,692,270	30	36,602,172	8	5,167,938
Plan Amendments	2003	67,138,578	30	56,243,759	8	7,941,175
Experience Loss	2004	32,731,232	30	29,115,168	9	3,716,634
New Assumption / Domestic Partners	2004	(9,812,646)	30	(8,728,571)	9	(1,114,227)
Experience Loss	2005	26,910,233	30	25,106,784	10	2,933,530
Remove Limit Pension Base	2005	27,315,928	30	25,369,463	10	2,964,222
Experience Loss	2006	14,160,133	30	13,719,872	11	1,481,963
Experience Gain	2007	(3,098,126)	30	(3,092,024)	12	(311,298)
Experience Gain	2008	(7,800,585)	30	(7,964,584)	13	(752,529)
Change in Assumptions	2008	51,413,374	30	52,494,289	13	4,959,889
Experience Loss	2009	114,894,458	30	119,317,975	14	10,642,019
Experience Loss	2010	3,039,098	30	3,194,164	15	270,277
Change in Assumptions	2010	8,098,499	30	8,511,714	15	720,227
Experience Loss	2011	4,428,038	30	4,693,141	16	378,389
Experience Gain	2012	(15,668,764)	20	(10,449,375)	7	(1,657,578)

²⁹ Calculated as a level percentage of payroll, payable at the beginning of the year.

Section 3: Supplemental Information

Base Type	Date Established: June 30	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ³⁰
Change in Assumptions	2012	\$53,400,521	25	\$48,497,514	12	\$4,882,618
Experience Loss	2013	10,858,322	20	7,835,114	8	1,106,256
Experience Gain	2014	(26,406,581)	20	(20,297,088)	9	(2,590,981)
Change in Assumptions	2014	18,421,049	25	17,517,352	14	1,562,380
Experience Gain	2015	(28,955,525)	20	(23,473,696)	10	(2,742,717)
Experience Gain	2016	(1,408,751)	20	(1,192,613)	11	(128,821)
Change in Assumptions	2016	52,595,760	25	51,570,620	16	4,157,932
Experience Gain	2017	(50,022,788)	20	(43,901,201)	12	(4,419,872)
Experience Loss	2018	14,053,082	20	12,698,207	13	1,199,782
Change in Assumptions	2018	12,484,391	25	12,450,275	18	921,442
Experience Loss	2019	26,728,885	20	24,780,968	14	2,210,225
Experience Loss	2020	5,281,313	20	4,998,848	15	422,982
Change in Assumptions	2020	104,813,640	25	105,547,714	20	7,257,147
Experience Gain	2021	(97,336,901)	20	(93,649,842)	16	(7,550,611)
Experience Loss	2022	56,034,517	20	54,592,405	17	4,210,022
Change in Assumptions	2022	72,119,593	20	70,263,512	17	5,418,537
Experience Loss	2023	80,817,915	20	79,654,433	18	5,895,209
Experience Loss	2024	3,041,236	20	3,023,299	19	215,380
Change in Assumptions	2024	25,307,090	20	25,157,826	19	1,792,242
Experience Gain	2025	(53,956,657)	20	(53,956,657)	20	(3,709,899)
Total				\$676,158,554		\$66,743,446

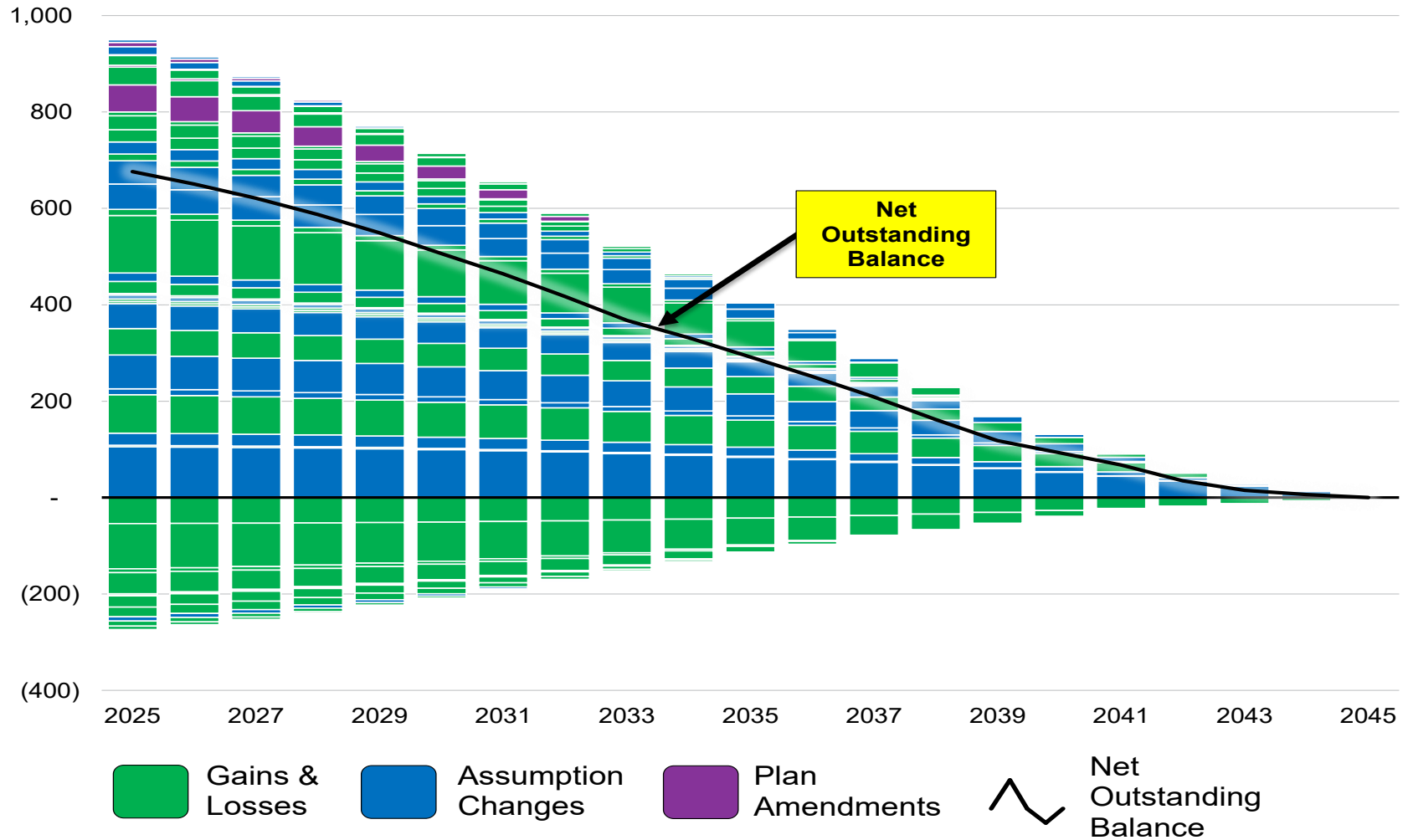
Note: The equivalent single amortization period is about 12 years.

³⁰ Calculated as a level percentage of payroll, payable at the beginning of the year.

Section 3: Supplemental Information

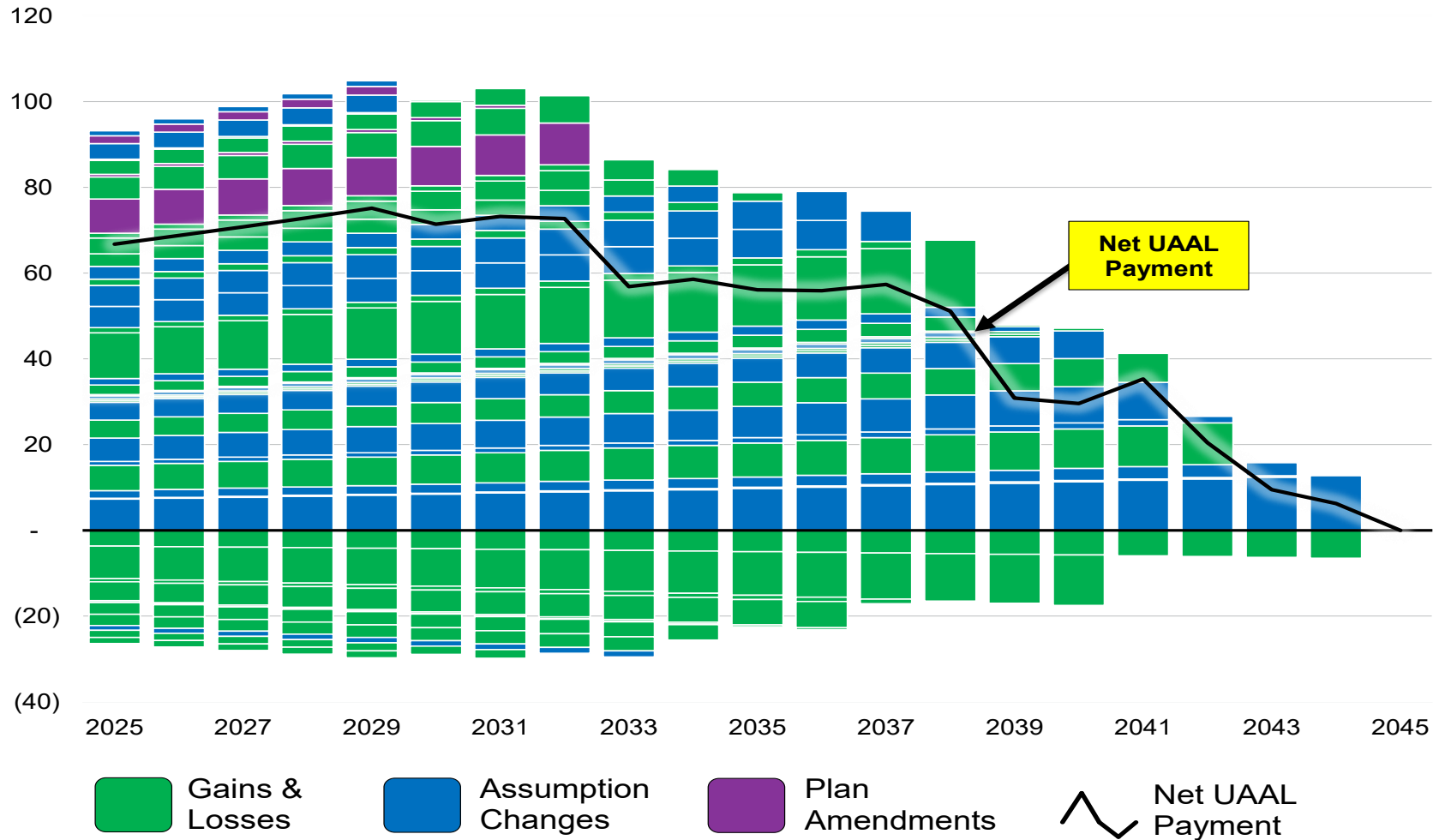
Exhibit H: Projection of UAAL balances and payments

Outstanding Balance of \$676.2 Million in Net UAAL as of June 30, 2025
 (\$ in Millions)



Section 3: Supplemental Information

Annual Payments Required to Amortize \$676.2 Million in Net UAAL as of June 30, 2025
 (\$ in Millions)



Note: Starting in 2030, the contribution rate for the UAAL is expected to become non-level due to the pattern of recognition of the various layers of UAAL payments. We will continue to monitor and, if warranted, bring a proposal to the Board for consideration to levelize such UAAL payments.

Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial assumptions, methods and models

Rationale for assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2020 through June 30, 2024 Actuarial Experience Study report dated November 13, 2024. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both tiers. These assumptions were adopted by the Board.

Net investment return

6.75%; net of administrative and investment expenses.

Based on the Actuarial Experience Study referenced above, expected administrative and investment expenses represent about 0.15% of the beginning of year actuarial value of assets.

Employee contribution crediting rate

6.75%, compounded semi-annually.

Inflation

Increase of 2.50% per year.

Cost-of-Living Adjustment (COLA)

Retiree COLA increases of 2.75% per year. For members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3.00% per year.

Payroll growth

Inflation of 2.50% per year plus real “across-the-board” salary increase of 0.50% per year. The payroll growth assumption is used to amortize the unfunded actuarial accrued liability as a level percentage of payroll.

Section 4: Actuarial Valuation Basis

Increase in Internal Revenue Code Section 401(a)(17) compensation limit

Increase of 2.50% per year from the valuation date.

Increase in California Government Code Section 7522.10 compensation limit

Increase of 2.50% per year from the valuation date.

Salary increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across-the-board” salary increase of 0.50% per year, plus
- Merit and promotion increase based on time from hire:

Merit and Promotion Increases (%)

Time from Hire (Years)	1955/1980 Plan	2013 Tier
Less than 1	6.25	6.50
1–2	6.00	6.25
2–3	5.00	5.25
3–4	3.75	4.25
4–5	2.50	2.75
5–6	1.50	1.75
6–7	1.25	1.25
7–8	1.25	1.25
8–9	1.25	1.25
9–10	1.25	1.25
10–11	1.00	1.00
11–12	1.00	1.00
12 and over	0.75	0.75

Section 4: Actuarial Valuation Basis

Post-retirement mortality rates

The Pub-2010 mortality tables and adjustments as shown below reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Healthy

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiary

Not in pay status at the valuation

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

In pay status at the valuation

Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Section 4: Actuarial Valuation Basis

Pre-retirement mortality rates

Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Pre-Retirement Mortality Rates (%) – Before Generational Projection from 2010

Age	Male	Female
20	0.04	0.01
25	0.02	0.01
30	0.03	0.01
35	0.04	0.02
40	0.06	0.03
45	0.09	0.05
50	0.13	0.08
55	0.19	0.11
60	0.28	0.17
65	0.41	0.27

Section 4: Actuarial Valuation Basis

Disability

Disability Incidence Rates (%)

Age	Rate
25	0.000
30	0.006
35	0.016
40	0.080
45	0.126
50	0.136
55	0.146
60	0.156
65	0.166
70	0.170

Disabilities rates are applicable after eight years of service.

Section 4: Actuarial Valuation Basis

Termination

Termination Rates (%)

Years of Service	1955/1980 Plan	2013 Tier
Less than 1	11.30	8.00
1–2	6.00	4.00
2–3	6.00	3.75
3–4	3.00	3.25
4–5	3.00	3.00
5–6	2.50	2.70
6–7	2.50	2.60
7–8	2.50	2.50
8–9	2.50	2.30
9–10	1.80	2.20
10–11	1.80	2.10
11–12	1.80	2.00
12–13	1.80	1.90
13–14	1.80	1.80
14–15	1.60	1.70
15 and over	1.60	1.60

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is assumed).

Section 4: Actuarial Valuation Basis

Retirement rates

Retirement Rates (%)

Age	1955/1980 Plan: Unreduced Pension ³¹	1955/1980 Plan: Reduced Pension	2013 Tier
52	0.00	0.00	2.00
53	0.00	0.00	2.00
54	50.00	7.00	2.00
55	16.00	7.00	3.00
56	16.00	7.00	3.00
57	16.00	8.00	4.00
58	16.00	8.00	4.00
59	16.00	8.00	6.00
60	16.00	10.00	6.00
61	16.00	10.00	6.00
62	20.00	N/A ³²	10.00
63	20.00	N/A	10.00
64	20.00	N/A	10.00
65	20.00	N/A	20.00
66	24.00	N/A	20.00
67	24.00	N/A	20.00
68	24.00	N/A	20.00
69	24.00	N/A	20.00
70	40.00	N/A	35.00
71	40.00	N/A	35.00
72	40.00	N/A	35.00
73	40.00	N/A	35.00
74	40.00	N/A	35.00
75 and over	100.00	N/A	100.00

³¹ For example, a 1955/1980 Plan member age 54 with 30 or more years of service would receive the full 2.60% per year of service accrual.

³² For ages 62 and over, all 1955/1980 Plan members who are eligible for retirement receive the full 2.60% per year of service accrual.

Section 4: Actuarial Valuation Basis

Retirement age for inactive members

For current and future inactive vested members, the retirement age assumption is 59.

1955/1980 Plan non-reciprocal members who are currently terminated with less than five years of service and are not vested are assumed to retire at age 65 if they decide to leave their contributions on deposit.

Reciprocity

15% of members who terminate with a vested benefit are assumed to enter a reciprocal system. For reciprocals, 3.75% compensation increases are assumed per annum.

Future benefit accruals

1.0 year of service per year of employment, plus 0.040 years of additional service to anticipate conversion of unused sick leave for each year of employment. As directed by EBMUDERS, this assumption has been applied to active members in the 1955/1980 Plan and the 2013 Tier.

Unknown data for members

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Percent married/domestic partnership

For all active and inactive members, 85% of male members and 65% of female members are assumed to be married or with domestic partner at pre-retirement death or retirement.

Age and gender of spouse/domestic partner

For all active and inactive members, male members are assumed to have a female spouse who is 2 years younger than the member and female members are assumed to have a male spouse who is 3 years older than the member.

Since birth dates for non-spouse/non-domestic partner contingent beneficiaries are not provided by EBMUDERS, the age differences noted above also apply to assumed contingent beneficiaries of retired members who chose an optional form of payment at retirement.

Section 4: Actuarial Valuation Basis

Form of payment

At retirement, members with spouses or domestic partners are assumed to elect the following form of payment (single members are assumed to elect the Unmodified option):

Election Percentage

Form of Payment	Election Percentage
Unmodified or Option 1	55%
Option 2 (100% Continuance)	10%
Option 3 (50% Continuance)	20%
Option 4 (25% Continuance)	15%

Actuarial cost method

Entry age cost method. Entry age is the age at the member's hire date. Normal cost and actuarial accrued liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formula for each individual has always been in effect (i.e., "replacement life within a tier"). The individual normal costs for the 2013 Tier are calculated using salaries that are constrained by the cap on pensionable compensation imposed by PEPRA.

Actuarial value of assets

Market value of assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market returns and the expected returns on the market value, and are recognized over a five-year period. The actuarial value of assets (AVA) is limited by a 30% corridor; the AVA cannot be less than 70% of MVA, nor greater than 130% of MVA.

Valuation value of assets

The proportion of the actuarial value of assets allocated to the Pension Plan, based on the proportion of the MVA attributable to the Pension Plan.

Section 4: Actuarial Valuation Basis

Amortization policy

Prior to July 1, 2011, the UAAL from plan amendments, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year periods.

On or after July 1, 2011, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over separate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses are amortized over separate decreasing 20-year periods.

On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods.

Employer contributions

The recommended employer contributions are provided in *Section 2, Subsection F* and consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 3.00% (i.e., 2.50% inflation plus 0.50% across-the-board salary increase).

The amortization policy is described above.

Section 4: Actuarial Valuation Basis

Member contributions

The member contribution rates are provided in *Section 2, Subsection F*. Accumulation for all members includes crediting of interest at the assumed investment earnings rate.

1955/1980 Plan Members

Employee contribution rates for 1955/1980 Plan members are prescribed in the Ordinance. Effective April 17, 2006, the rate of member retirement contributions is 6.83%, and 6.74% of that rate is allocated to pay pension benefits. The rest, or 0.09%, is used to pay HIB benefits. The Board of Directors may adjust the employee rates solely pursuant to the terms of a negotiated collective bargaining agreement or memorandum of understanding (MOU) with employee bargaining units.

Based on bargaining unit contract negotiations in 2013, members are contracted to pay the following employee rates (as a percentage of pay) beginning April 22, 2013:

	Member Rate		
Effective Date	(a) Total	(b) HIB Plan ³³	(c) = (a) – (b) Pension Plan
April 17, 2006 ³⁴	6.83% ³⁴	0.09%	6.74%
April 22, 2013	7.33%	0.09%	7.24%
April 21, 2014	7.83%	0.09%	7.74%
April 20, 2015	8.33%	0.09%	8.24%
April 18, 2016	8.75%	0.09%	8.66%

2013 Tier Members

Pursuant to Section 7522.30(a) of the California Government Code, 2013 Tier members are required to contribute at least 50% of the Normal Cost rate. In addition, Section 7522.30(c) requires that the initial employee contribution rate be rounded to the nearest quarter of 1 percent, unless a greater contribution rate has been agreed to pursuant to Section 7522.30(e). In preparing the initial Normal Cost rates, we assumed that exactly 50% of the Normal Cost would be paid by the new members and we took into account only the requirements of Section 7522.30(c), but not requirements of Section 7522.30(e). In particular, the total Normal Cost rate of

³³ Based on the 2025-2028 MOUs and other special agreements between the District and employee bargaining units, the HIB Plan member rate is scheduled to increase to 0.40% effective January 1, 2026, to 0.70% effective January 1, 2027, and to 1.00% effective January 1, 2028. We understand the member contributions associated with the HIB Plan will be paid by the District if the member contributions are cashed out by the member.

³⁴ Pursuant to the Ordinance.

Section 4: Actuarial Valuation Basis

17.56% was determined in the first CalPEPRA valuation, and this total rate has been used through the June 30, 2019 valuation to determine the 50% of the Normal Cost (rounded to one quarter of 1 percent) paid by the employees, or 8.75%.

Pursuant to Section 7522.30(d), each year we have compared the total Normal Cost rates between the current valuation and the initial CalPEPRA valuation since a rate increase (or decrease) of less than 1% of payroll would result in no change to the members' rate. Effective with the June 30, 2020 valuation, the total Normal Cost rate was determined to be 18.81%, which is a change of more than 1% of payroll compared to the rate of 17.56% that was determined in the first CalPEPRA valuation. This was the first time since the first CalPEPRA valuation that the change in the total Normal Cost rate has exceeded the 1% of payroll threshold. Consequently, the member contribution rate for 2013 Tier members was increased to 9.41%, which is 50% of the total Normal Cost rate.

For the June 30, 2024 valuation, the 2013 Tier member contribution rate increased to 10.08% for the Pension Plan, because the total Normal Cost rate for this tier of 20.16% had exceeded 1% of payroll of the new 18.81% threshold noted above.

As stated in our Actuarial Experience Study Report dated November 12, 2020, once the 1% threshold has been exceeded, an adjustment to the members' rate is required, as was the case in the June 30, 2020 valuation. Upon consulting with the Retirement System, the final member contribution rate determined in that valuation was calculated without the quarter of 1 percent rounding based on the Retirement System's direction that the rounding does not apply after the initial calculation. However, the rate paid by the employee was rounded to the nearest one/one hundredth of one percent (two decimals) consistent with the rounding methods used throughout the June 30, 2020 valuation report to ensure that the employees would pay at least 50% of the Normal Cost. This practice has been followed for the adjustment in the June 30, 2024 valuation.

Internal Revenue Code Section 415

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active members could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of \$160,000 indexed for inflation. That limit is \$280,000 for 2025. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Section 4: Actuarial Valuation Basis

Benefits for members in the non-CalPEPRA plan in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

Models

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

Justification for change in actuarial assumptions, methods or models

There have been no changes in actuarial assumptions since the last valuation.

Section 4: Actuarial Valuation Basis

Exhibit 2: Summary of plan provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so they can both be sure the proper provisions are valued.

Plan year

July 1 through June 30

Census date

June 30

Membership eligibility

Membership Tier	Plan Provision
1955/1980 Plan	All employees who first become members before January 1, 2013.
2013 Tier	All employees who first become members on or after January 1, 2013.

Final compensation and service for benefit determination

Final Compensation and Service	Plan Provision
Final average compensation	
1955/1980 Plan	Highest two consecutive years of compensation earnable (FAS2).
2013 Tier	Highest thirty-six consecutive months of pensionable compensation (FAS3).
Compensation limit	
1955/1980 Plan	IRC Section 401(a)(17) compensation limit applies to all employees who began membership in EBMUDERS on or after January 1, 1996.
2013 Tier	\$155,081 for 2025

Section 4: Actuarial Valuation Basis

Final Compensation and Service	Plan Provision
Service	
All members	Years of service (Yrs) are generally based on a member's employment during a period of time in which retirement contributions are deducted from their compensation.

Normal retirement benefits

Eligibility for unreduced benefits

Tier	Age and Service Requirement
1955/1980 Plan	Age 65; Age 62 with 5 years of service; Age 59 with 20 years of service; Age 54 with 30 years of service; Other combinations of age and service between ages 54 and 59.
2013 Tier	Age 67 with 5 years of service

Section 4: Actuarial Valuation Basis

Unreduced benefit formula

Tier	Benefit formula
1955/1980 Plan	
1955 Formula	2.42% (2.82% if member is credited with District Service on or after January 1, 2004) times Final Compensation per year of service including all service extension credit.
1955/80 Formula	<ul style="list-style-type: none"> • 2.42% (2.82% if member is credited with District Service on or after January 1, 2004) times Final Compensation per year of service up to August 1, 1980 including all service extension credit, plus • 2.20% (2.60% if member is credited with District Service on or after January 1, 2004) times Final Compensation per year of service after August 1, 1980. <p>Applies to members who elected to convert to the 1980 Formula in 1980.</p>
1955/90 Formula	<ul style="list-style-type: none"> • 2.42% (2.82% if member is credited with District Service on or after January 1, 2004) times Final Compensation per year of service up to January 1, 2000 including all service extension credit, plus • 2.20% (2.60% if member is credited with District Service on or after January 1, 2004) times Final Compensation per year of service after January 1, 2000. <p>Applies to members who elected to convert to the 1980 Formula in 1989.</p>
1980 Formula	<ul style="list-style-type: none"> • 2.20% (2.60% if member is credited with District Service on or after January 1, 2004) times Final Compensation per year of service including all service extension credit. <p>Applies to all members hired on or after January 1, 1980.</p>
Service Extension Credit	<ul style="list-style-type: none"> • 2.42% (2.82% if member is credited with District Service on or after January 1, 2004) for members with any service under the 1955 Formula times Final Compensation per year of Service Extension Credit., or • 2.20% (2.60% if member is credited with District Service on or after January 1, 2004) for members with service only under the 1980 Formula times Final Compensation per year of Service Extension Credit. <p>Service extension credit is the number of unused sick leave days credited to a member at the time of retirement converted on a 260-day basis. The number of such days is then doubled for the benefit calculation and for service retirements to meet the early retirement provision of the Ordinance.</p>
2013 Tier	$2.50\% \times \text{FAS3} \times \text{Yrs}$

Section 4: Actuarial Valuation Basis

Eligibility for early/reduced benefits

Tier	Age and Service Requirement
1955/1980 Plan	Age 54 with 5 years of service.
2013 Tier	Age 52 with 5 years of service.

Reductions to benefit formula for early retirement

Tier and Retirement Age	Reduction to benefit formula
1955/1980 Plan	Reduced by 3% per year under the age of eligibility for an unreduced benefit, based on service at retirement, for retirements before age 63 (before age 62 commencing November 1, 2000). Effective July 1, 1999, Service Extension Credit is included in the years of service calculation of service for determining eligibility for unreduced retirement.
2013 Tier	
Age 52	$1.00\% \times \text{FAS3} \times \text{Yrs}$
Age 55	$1.30\% \times \text{FAS3} \times \text{Yrs}$
Age 60	$1.80\% \times \text{FAS3} \times \text{Yrs}$
Age 62	$2.00\% \times \text{FAS3} \times \text{Yrs}$
Age 65	$2.30\% \times \text{FAS3} \times \text{Yrs}$

Disability benefits

Provision by Tier	Disability Benefit Plan Provision
Eligibility	
All members	Eight years of service (not available for Directors).
Benefit amount	
All members	Greater of: <ul style="list-style-type: none"> • 1.5% times Final Compensation per year of service. • One-third of Final Compensation.

Section 4: Actuarial Valuation Basis

Vesting

Five years of service; must leave contributions on deposit, reciprocal service counts for vesting purposes.

Pre-retirement death benefits

Provision by Vesting	Pre-Retirement Death Benefit Plan Provision
Eligibility	
All members	None.
Vested members	Eligible for retirement.
Benefit amount	
All members	Lump sum payment of accumulated retirement contributions.
Vested members	50% of the unmodified service retirement benefit to eligible surviving spouse/surviving domestic partner plus the lump sum payment of accumulated retirement contributions.

Post-retirement death benefit

50% of the unmodified service retirement benefit to surviving spouse or registered domestic partner (tied to the implementation of the AB 205 legislation).

Post-retirement cost-of-living benefits

Payable July 1 of each year, the basic minimum COLA benefit is the lesser of 3% and the actual change in the cost-of-living index.

Excess of the actual change of cost-of-living index over 3% is accumulated in individual retiree COLA banks.

Withdrawals from the bank are made in years when the index increases less than 3%.

Increases of up to 5% are granted in years when the Retirement Board determines that the System is more than 85% funded on a Projected Benefit Obligation basis. In those years when the System is more than 85% funded and the cost-of-living index exceeds 5%, any excess cost-of-living over 5% is accumulated in the COLA bank.

Effective October 1, 2000, in those years when the system is more than 85% funded on a Projected Benefit Obligation basis and the cost-of-living is less than 4%, withdrawals from the bank are made to allow cost-of-living increases up to 4%.

Section 4: Actuarial Valuation Basis

Member contributions

Provision by Tier	Plan Provision
1955/1980 Plan	Effective April 17, 2006, retirement system members contribute at a rate of 6.83% of pay, as prescribed in the Ordinance. Effective April 22, 2013, members are contracted to pay the employee rates (as a percentage of pay) as shown in the table below, based on bargaining unit contract negotiations in 2013
2013 Tier	Initial member contribution rate is set at 50% of the total 2013 Tier Normal Cost rate, rounded to the nearest quarter of 1%. Once established, the member contribution rate will be adjusted annually to reflect the change in the 2013 Tier Normal Cost rate, but only if the change is more than 1% of payroll. Effective with the June 30, 2024 valuation, the member contribution rate for the Pension Plan is 10.08% of pay.

1955/1980 Plan schedule of member contribution rates

Effective Date	(a) Total	(b) HIB Plan ³⁵	(c) = (a) – (b) Pension Plan
April 17, 2006 ³⁶	6.83% ³⁶	0.09%	6.74%
April 22, 2013	7.33%	0.09%	7.24%
April 21, 2014	7.83%	0.09%	7.74%
April 20, 2015	8.33%	0.09%	8.24%
April 18, 2016	8.75%	0.09%	8.66%

Changes in plan provisions

There have been no changes in plan provisions since the prior valuation.

³⁵ Based on the 2025-2028 MOUs and other special agreements between the District and employee bargaining units, the HIB Plan member rate is scheduled to increase to 0.40% effective January 1, 2026, to 0.70% effective January 1, 2027, and to 1.00% effective January 1, 2028. We understand the member contributions associated with the HIB Plan will be paid by the District if the member contributions are cashed out by the member.

³⁶ Pursuant to the Ordinance.

Appendix A: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Term	Definition
Actuarial accrued liability for actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial accrued liability for retirees and beneficiaries	Actuarial present value of lifetime benefits to existing retirees and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial cost method	A procedure allocating the actuarial present value of future benefits to various time periods; a method used to determine the normal cost and the actuarial accrued liability that are used to determine the actuarially determined contribution.
Actuarial gain or loss	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates. To the extent that actual experience differs from that assumed, actuarial accrued liabilities emerge which may be the same as forecasted or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield actuarial liabilities that are larger than projected.
Actuarially equivalent	Of equal actuarial present value, determined as of a given date and based on a given set of actuarial assumptions.
Actuarial present value	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Appendix A: Definition of Pension Terms

Term	Definition
Actuarial present value of future benefits	The actuarial present value of benefit amounts expected to be paid at various future times under a particular set of actuarial assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The actuarial present value of future benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund of member contributions or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial valuation	The determination, as of a valuation date, of the normal cost, actuarial accrued liability, actuarial value of assets, and related actuarial present values for a plan. An actuarial valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Actuarially Determined Contribution (ADC) and the Net Pension Liability (NPL).
Actuarial value of assets	The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution.
Actuarially determined	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.
Actuarially determined contribution	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The actuarially determined contribution consists of the employer normal cost and the amortization payment.
Amortization method	A method for determining the amortization payment. The most common methods used are level dollar and level percentage of payroll. Under the level dollar method, the amortization payment is one of a stream of payments, all equal, whose actuarial present value is equal to the unfunded actuarial accrued liability. Under the level percentage of pay method, the amortization payment is one of a stream of increasing payments, whose actuarial present value is equal to the unfunded actuarial accrued liability. Under the level percentage of pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization payment	The portion of the pension plan contribution, or actuarially determined contribution, that is intended to pay off the unfunded actuarial accrued liability.

Appendix A: Definition of Pension Terms

Term	Definition
Assumptions or actuarial assumptions	The estimates upon which the cost of the Fund is calculated, including: Investment return — the rate of investment yield that the Fund will earn over the long-term future; Mortality rates — the rate or probability of death at a given age for employees and retirees; life expectancy is based on these rates; Retirement rates — the rate or probability of retirement at a given age or service; Disability rates — the rate or probability of disability retirement at a given age; Withdrawal rates — the rate or probability at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; Salary increase rates — the rates of salary increase due to inflation, real wage growth and merit and promotion increases.
Closed amortization period	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc. See “open amortization period.”
Decrements	Those causes/events due to which a member’s status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined benefit plan	A retirement plan in which benefits are defined by a formula based on the member’s compensation, age and/or years of service.
Defined contribution plan	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan’s earnings are allocated to each account, and each member’s benefits are a direct function of the account balance.
Employer normal cost	The portion of the normal cost to be paid by the employer. This is equal to the normal cost less expected member contributions.
Experience study	A periodic review and analysis of the actual experience of the Plan that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified based on recommendations from the Actuary.
Funded ratio	The ratio of the valuation value of assets to the actuarial accrued liability. Plans sometimes also calculate a market funded ratio, using the market value of assets, rather than the valuation value of assets.
GASB 67 and GASB 68	Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.

Appendix A: Definition of Pension Terms

Term	Definition
Investment return	The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.
Negative amortization	Negative amortization is a result of an increase in the unfunded actuarial accrued liability when the amortization payment is less than the interest accrued on the unfunded actuarial accrued liability.
Net pension liability	The net pension liability is equal to the total pension liability minus the plan fiduciary net position.
Normal cost	The portion of the actuarial present value of future benefits and expenses, if applicable, allocated to a valuation year by the actuarial cost method. Any payment with respect to an unfunded actuarial accrued liability is not part of the normal cost (see “amortization payment”). For pension plan benefits that are provided in part by employee contributions, normal cost refers to the total of member contributions and employer normal cost unless otherwise specifically stated.
Open amortization period	An open amortization period is one which is used to determine the amortization payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in each future year in determining the amortization period.
Plan fiduciary net position	Market value of assets.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Total pension liability	The actuarial accrued liability under the entry age normal cost method and based on the blended discount rate as described in GASB 67 and 68.
Unfunded actuarial accrued liability	The excess of the actuarial accrued liability over the valuation value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability, also called the funding surplus or an overfunded actuarial accrued liability.
Valuation date or actuarial valuation date	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Benefits is determined. The expected benefits to be paid in the future are discounted to this date.
Valuation value of assets	For EBMUDERS, the proportion of the actuarial value of assets allocated to the Pension Plan.

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East Bay Municipal Utility District Employees' Retirement System

Health Insurance Benefit Valuation

Review of Contribution Rates and Funding Status
as of June 30, 2025



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January 21, 2026

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

Dear Sophia:

We are pleased to submit our Health Insurance Benefit (HIB) Valuation as of June 30, 2025 for the prefunded explicit monthly health insurance subsidy. The Governmental Accounting Standards Board (GASB) requires employers, such as EBMUD, that pool health insurance premium rates for actives and retirees under age 65 to also calculate the liability associated with such pooled premiums for retirees under age 65 on an accrual basis. While that liability referred to as the implicit subsidy has to be disclosed, it is not required to be prefunded. The contribution rate developed in this report only includes the prefunding requirement for the level \$450/\$550 benefit for employees who retired or terminated prior to July 8, 2025 and the indexed explicit subsidy of \$615.58 starting in 2026 with annual increases of up to 3.0% for employees retiring or terminating on or after July 8, 2025. The other postemployment benefits (OPEB) obligation required for financial disclosure purposes under GASB Statements No. 74 (plan reporting) and 75 (employer reporting) will be provided in separate reports.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of East Bay Municipal Utility District (EBMUD). The actuarial valuation is based on the plan of benefits verified by EBMUD and reliance on information provided by EBMUD. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.


The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by EBMUD based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of EBMUDERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Sincerely,

Segal



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



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

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Section 1: Actuarial Valuation Summary

Contribution recommendations and funding status

1. On July 8, 2025, EBMUD adopted an improvement to the subsidies for employees retiring or terminating on or after July 8, 2025. Under the improvement, members are provided with an indexed explicit subsidy of \$615.58 starting 2026 with annual increases of up to 3.0%. A more detailed discussion of the improvement is provided on page 30.

As permitted under Actuarial Standard of Practice Number 4, we have reflected the impact of the amendment in this funding valuation as of June 30, 2025.

2. The funded ratio measured on a valuation value of assets basis decreased from 51.8% as of June 30, 2024 to 45.5% as of June 30, 2025. The funded ratio decreased from 53.0% to 48.1% if measured on a market value of assets basis. The Unfunded Actuarial Accrued Liability (UAAL) increased by \$29.00 million, from \$64.92 million as of June 30, 2024 to \$93.92 million as of June 30, 2025, on a valuation value of asset basis. The increase in UAAL was primarily the result of plan provision modifications to the Health Insurance Benefit (HIB) adopted on July 8, 2025, that increased liabilities by \$37.2 million. Details of the plan provision updates are in Section 4, Exhibit 2. Starting with this year's report, Section 2.G. provides the plan's projected UAAL based on the current funding policy.
3. The recommended aggregate employer contribution rate is 5.73% based on the June 30, 2025 valuation. The new rate is 1.43% higher than the 4.30% aggregate rate developed in the June 30, 2024 valuation. The increase in the contribution rate was mainly attributable to the increase in both the normal cost and the amortization of the liability increase resulting from the plan enhancement offset by the increase in employee contributions and the change to the contribution payroll basis for the 2013 Tier employees so that the payment and the projected payroll for those members would not be constrained by the cap on pensionable compensation imposed by PEPRAs on the Pension Plan. Details are in Section 2.E. Starting with this year's report, Section 2.G. provides the projected annual UAAL amortization amounts. Based on the current funding policy, liabilities resulting from plan changes are amortized over a 15-year period.
4. As indicated in Section 2, Subsection B of this report, the total unrecognized investment gain as of June 30, 2025 is \$152.9 million for the assets for the pension and HIB plans (in the previous valuation, this item was a deferred gain of \$55.8 million). This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. This implies that earning the assumed rate of investment return of 6.75% per year (net of expenses) on a market value basis will produce investment gains on the actuarial value of assets after June 30, 2025.

The deferred gains of \$152.9 million represent 5.4% of the market value of assets as of June 30, 2025. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$152.9 million market gains is expected to have an

Section 1: Actuarial Valuation Summary

impact on the System's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the HIB plan portion of the deferred gains were recognized immediately and entirely in the valuation value of assets, the funded percentage would increase from 45.5% to 48.1%.
 - If the HIB plan portion of the deferred gains were recognized immediately and entirely in the valuation value of assets, the aggregate recommended employer rate would decrease from 5.73% to about 5.62% of payroll.
5. This report assumes the HIB subsidy limit for employees who retired or terminated service prior to July 8, 2025 will remain at the current levels of \$450/\$550. Due to the carryover feature and our recommended medical trend assumptions used in the valuation, the maximum HIB subsidy for employees who retire or terminate service on or after July 8, 2025 was assumed to increase by 3.00% annually.
 6. The following tables summarize the contribution rate recommendations for the employer and the employee:

Rate Recommendations for Employer

Plan	June 30, 2025 Total Rate ¹	June 30, 2025 Estimated Annual Amount ²	June 30, 2024 Total Rate ¹	June 30, 2024 Estimated Annual Amount ²
1955/1980 Plan	5.76%	\$6,826,000	4.43%	\$5,248,000
2013 Tier	5.71%	10,140,000	4.22%	7,492,000
Combined	5.73%	\$16,966,000	4.30%	\$12,740,000

Rate Recommendations for Member³

Plan	June 30, 2025 Total Rate ¹	June 30, 2025 Estimated Annual Amount ²	June 30, 2024 Total Rate ¹	June 30, 2024 Estimated Annual Amount ²
1955/1980 Plan	0.55%	\$652,000	0.09%	\$107,000
2013 Tier	0.55%	976,000	0.09%	160,000
Combined	0.55%	\$1,628,000	0.09%	\$267,000

¹ Payable at the end of each pay period.

² Based on June 30, 2025 projected annual payroll not constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan of:

Plan	Amount
1955/1980 Plan	\$118,474,450
2013 Tier	177,540,988
Combined	\$296,015,438

³ The 0.55% employee contribution rate for fiscal year 206/2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

Section 1: Actuarial Valuation Summary

7. The following table compares the valuation value of assets and liabilities for the Health Insurance Benefit as of June 30, 2025 and June 30, 2024:

Category	June 30, 2025	June 30, 2024
1. Valuation Value of Assets	\$78,497,870	\$69,836,226
2. Actuarial Accrued Liabilities:		
a. Current Recipients	100,982,152	100,354,837
b. Future Recipients	71,432,703	34,401,641
c. Total	\$172,414,855	\$134,756,478
3. Liabilities minus Valuation Value of Assets: (2) – (1)	\$93,916,985	\$64,920,252
4. Funding Ratio (1) ÷ (2)	45.53%	51.82%

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast — the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the District to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the East Bay Municipal Utility District Employees' Retirement System (EBMUDERS). Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the valuation date, as provided by the System. For funding purposes, the System uses an "Actuarial Value of Assets" that differs from the market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Section 1: Actuarial Valuation Summary

Input Item	Description
Actuarial assumptions	<p>In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.</p>
Models	<p>Segal valuation results are based on proprietary actuarial modeling software. The valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report may include actuarial results that are shown to the nearest dollar, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, and health care trend, not just the current valuation results.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The System should look to their other advisors for expertise in these areas.
- If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the System upon delivery and review. The System should notify Segal immediately of any questions or concerns about the final content.

Section 2: Actuarial Valuation Results

A. Introduction

Pursuant to Section 36 of the Ordinance, the Retirement Board is authorized to administer a Health Insurance Benefit (HIB) through an IRC Section 401(h) account⁴. The HIB may be used for the payment of sickness, accident, hospitalization, and medical expenses as permitted under the IRC and as authorized by the Retirement Board. In particular, the Retirement Board has authorized the use of the HIB towards the payment of medical insurance premiums.

This report does not provide information required for disclosure under GASB Statements 74 and 75. Such information will be provided in separate reports.

In this valuation, we have used a layered amortization approach to determine the contribution rate to fund the Unfunded Actuarial Accrued Liability (UAAL).

Plan changes, assumption changes and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, through June 30, 2021, plan changes are amortized over separate decreasing 15-year periods; assumption changes from the experience study are amortized over separate decreasing 25-year periods; and experience gains/losses (including year-to-year health assumption changes) are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption changes from the experience study or interim review of the economic assumptions are amortized over 20 years. In addition, the effect of a plan improvement is amortized over 15 years. The above payments would continue to be expressed as a level percent of a growing payroll base.

The cost of the HIB is funded by both employer and employee contributions. The contribution rates for the employer are calculated to provide for the ongoing normal cost, plus any amounts necessary to fund any shortfall between the valuation value of assets and the actuarial accrued liabilities. The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

A summary of the Health Insurance Benefit provisions is found in Section 4, Exhibit 2.

⁴ It is our understanding that the aggregate contributions to the 401(h) account must not exceed 25% of the total contributions to the plan (excluding contributions to fund past service credits) made after the date on which the account is established. While we anticipate the aggregate HIB contributions, since the inception of the 401(h) account, are still lower than the aggregate funding limit, the System may want to establish a procedure to track the limit now that the HIB funding requirements have increased due to the 2025 plan improvement.

Section 2: Actuarial Valuation Results

B. Determination of actuarial value of assets

To minimize volatility in the calculation of the Actuarially Determined Contribution, the Board has approved an asset valuation method that gradually adjusts to market value over a five-year period. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Determination of Actuarial Value of Assets for Year Ended June 30, 2025 (for Pension and HIB plans)

Items	Actual Return	Expected Return	Investment Gain / (Loss)	Percent Deferred	Return
1. Market value of assets					
a. Pension plan					\$2,743,096,000
b. HIB plan					82,988,000
c. Total					\$2,826,084,000
2. Calculation of unrecognized return					
a. Year ended June 30, 2021	\$491,625,000	\$129,314,710	362,310,290	0%	\$0
b. Year ended June 30, 2022	(253,930,000)	162,455,125	(416,385,125)	20%	(83,277,025)
c. Year ended June 30, 2023	217,559,000	138,262,646	79,296,354	40%	31,718,542
d. Year ended June 30, 2024	279,545,000	151,631,764	127,913,236	60%	76,747,942
e. Year ended June 30, 2025	328,878,000	169,230,499	159,647,501	80%	127,718,001
f. Total unrecognized return⁵					\$152,907,460
3. Preliminary actuarial value: (1c) – (2f)					\$2,673,176,540
4. Adjustment to be within 30% corridor of market value					0
5. Final actuarial value of assets for pension and HIB plans: (3) + (4)					\$2,673,176,540
6. Actuarial value as a percentage of market value: (5) ÷ (1c)					94.6%
7. Valuation value of HIB plan assets: (1b) × (5) ÷ (1c)					\$78,497,870

⁵ Deferred return as of June 30, 2025 that will be recognized in each of the next four years (amounts may not total exactly due to rounding):

Category	Amount
(a) Amount recognized on June 30, 2026	(\$9,905,607)
(b) Amount recognized on June 30, 2027	73,371,419
(c) Amount recognized on June 30, 2028	57,512,148
(d) Amount recognized on June 30, 2029	31,929,500
(e) Total unrecognized return as of June 30, 2025	\$152,907,460

Section 2: Actuarial Valuation Results

C. Funding status

The funding of the Health Insurance Benefit comes from the following sources:

1. The valuation value of HIB assets, which equals \$78,497,870 as of June 30, 2025;
2. Contributions from the employer; and
3. Contributions from the employees.

The following table provides the funding status of the Health Insurance Benefit as of June 30, 2025 and June 30, 2024:

Item	June 30, 2025	June 30, 2024
1. Valuation Value of Assets	\$78,497,870	\$69,836,226
2. Actuarial Accrued Liabilities:		
a. Current Recipients	100,982,152	100,354,837
b. Future Recipients	71,432,703	34,401,641
c. Total	\$172,414,855	\$134,756,478
3. Liabilities minus Valuation Value of Assets: (2) – (1)	\$93,916,985	\$64,920,252
4. Funding Ratio (1) ÷ (2)	45.53%	51.82%

The contribution requirements are determined based on the Entry Age Funding Method. The excess of the actuarial accrued liability over assets (Item 3 in the above table) is amortized as a level percentage of payroll for current active members. The employer contribution rates are derived on the following page.

Section 2: Actuarial Valuation Results

D. Recommended contribution

The amount of annual contribution required to fund the HIB is comprised of a net employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the contribution rate of 5.73% of payroll for this year's valuation compared to 4.30% of payroll recommended for last year's valuation. The 4.30% aggregate rate from June 30, 2024 has been restated based on projected June 30, 2025 payrolls, which is why it is slightly lower than the 4.31% aggregate rate shown in the June 30, 2024 valuation.

Recommended Contribution (% of Payroll) Calculated as of June 30

Item	2025 1955/1980 Plan	2025 2013 Tier	2025 Combined ⁶	2024 1955/1980 Plan	2024 2013 Tier	2024 Combined ⁶
1. Total Normal Cost	1.89%	1.84%	1.86%	0.97%	0.76%	0.84%
2. Expected employee contributions	(0.55)%	(0.55)%	(0.55)%	(0.09)%	(0.09)%	(0.09)% ⁷
3. Employer normal cost: (1) – (2)	1.34%	1.29%	1.31%	0.88%	0.67%	0.75%
4. Unfunded actuarial accrued liability	4.42%	4.42%	4.42%	3.55%	3.55%	3.55%
5. Total recommended contribution, end of each pay period	5.76%	5.71%	5.73%	4.43%	4.22%	4.30%

The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028. The 0.55% employee contribution rate shown above for fiscal year 2026-2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

⁶ Based on June 30, 2025 projected annual payroll not constrained by the cap on pensionable compensation imposed by PEPRAs on the Pension Plan of:

Plan	Amount
1955/1980 Plan	\$118,474,450
2013 Tier	177,540,988
Combined	\$296,015,438

⁷ The contribution rates developed in the 2024 valuation are for the District's fiscal year ending June 30, 2026. Due to the plan amendment adopted July 8, 2025, the actual employee contribution rate will be 0.40% from January 1, 2026 to June 30, 2026.

Section 2: Actuarial Valuation Results

E. Reconciliation of recommended employer contribution

The chart below details the changes in the recommended employer contribution from the prior valuation to the current year's valuation.

Item	Contribution Rate
Average Recommended Employer Contribution Rate as of June 30, 2024	4.30%
Effect of actuarial experience during fiscal 2024/2025	
1. Effect of investment gain/loss (after smoothing) ⁸	(0.04)%
2. Effect of higher than expected growth in total payroll to amortize the prior years' UAAL	(0.07)%
3. Effect of plan improvement	2.30%
4. Effect of change in payroll not constrained by the cap on pensionable compensation imposed by PEPPRA on the Pension Plan	(0.28)%
5. Effect of change in employee contributions from 0.09% to 0.55%	(0.46)%
6. Effect of one-year lag in implementing contribution rates ⁹	0.00%
7. Effect of assumption changes ⁶	0.00%
8. Effect of demographic experience, including change to average HIB subsidy paid and HIB subsidy trend assumptions	(0.02)%
Total change	1.43%
Average Recommended Employer Contribution Rate as of June 30, 2025	5.73%

⁸ The rate of return on the valuation value of assets was 8.88% for the OPEB and 9.47% for the Pension plans. The rate return for the two plans could be different due to such factors as the timing of when contributions and benefit payments were actually and assumed to be made.

⁹ The impact of the contribution lag and assumption changes were both less than 0.01% of payroll.

Section 2: Actuarial Valuation Results

F. Table of amortization bases

Type	Date Established	Initial Years	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment ¹⁰
Initial HIB Base	6/30/1997	30	\$15,829,000	\$4,702,083	2	\$2,393,074
Combined Base	6/30/1998	30	(195,000)	(81,945)	3	(28,297)
Combined Base	6/30/1999	30	6,467,754	3,418,137	4	900,904
Combined Base	6/30/2000	30	5,543,694	3,454,761	5	741,232
Combined Base	6/30/2001	30	794,097	560,278	6	101,922
Combined Base	6/30/2002	30	18,413,242	14,301,958	7	2,268,711
Combined Base	6/30/2003	30	6,628,441	5,552,821	8	784,015
Combined Base	6/30/2004	30	1,942,176	1,770,957	9	226,068
Combined Base	6/30/2005	30	8,019,739	7,323,194	10	855,658
Combined Base	6/30/2006	30	(1,769,952)	(1,714,918)	11	(185,238)
Experience Loss	6/30/2007	30	2,878,105	2,872,439	12	289,191
Combined Base	6/30/2008	30	12,125,015	12,379,930	13	1,169,710
Combined Base	6/30/2009	30	(1,240,538)	(1,288,297)	14	(114,904)
Combined Base	6/30/2010	30	463,026	486,653	15	41,179
Combined Base	6/30/2011	30	(60,151)	(63,752)	16	(5,140)
Experience Gain	6/30/2012	20	(1,251,821)	(834,830)	7	(132,429)
Assumption Changes	6/30/2012	25	3,374,832	3,064,969	12	308,574
Experience Gain	6/30/2013	20	(1,155,658)	(833,897)	8	(117,740)
Experience Loss	6/30/2014	20	21,287	16,363	9	2,089
Assumption Changes	6/30/2014	25	2,555,790	2,430,409	14	216,769
Experience Gain	6/30/2015	20	(810,969)	(657,439)	10	(76,817)
Assumption Changes	6/30/2016	25	2,459,846	2,411,901	16	194,462

¹⁰ Beginning of year payment, reflecting level percentage of payroll.

Section 2: Actuarial Valuation Results

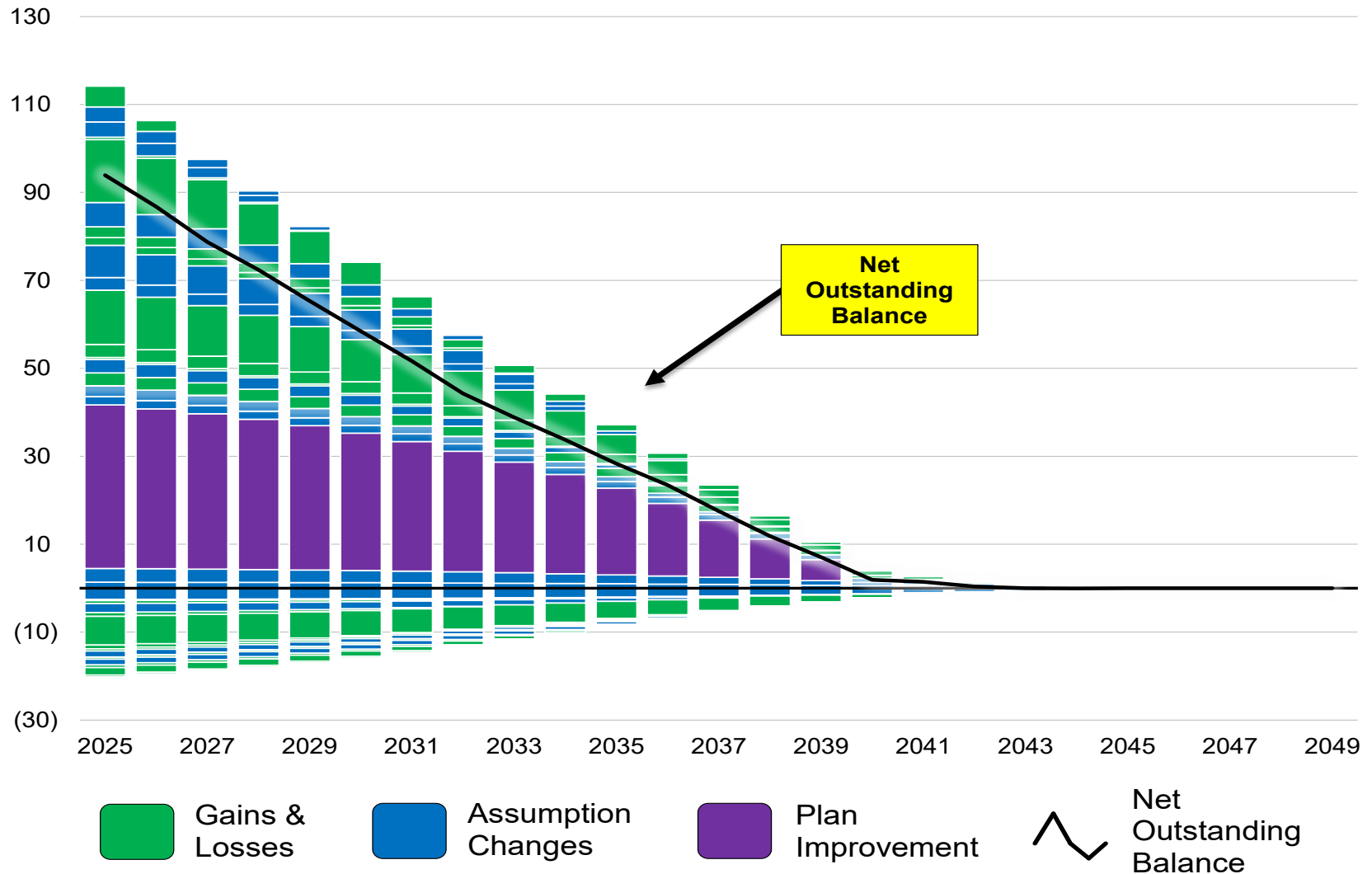
Type	Date Established	Initial Years	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment ¹⁰
Experience Gain	6/30/2016	20	(1,569,600)	(1,328,782)	11	(143,529)
Assumption Changes	6/30/2017	25	(403,768)	(399,939)	17	(30,842)
Experience Gain	6/30/2017	20	(664,072)	(582,806)	12	(58,676)
Experience Gain	6/30/2018	20	(2,295,237)	(2,073,951)	13	(195,956)
Assumption Changes	6/30/2018	25	2,931,560	2,923,547	18	216,371
Experience Gain	6/30/2019	20	(504,689)	(467,910)	14	(41,733)
Assumption Changes	6/30/2020	25	1,899,682	1,912,987	20	131,531
Experience Gain	6/30/2020	20	(542,065)	(513,073)	15	(43,414)
Experience Gain	6/30/2021	20	(6,818,716)	(6,560,426)	16	(528,941)
Assumption Changes	6/30/2022	20	3,202,074	3,119,665	17	240,580
Experience Loss	6/30/2022	20	2,976,293	2,899,695	17	223,617
Experience Loss	6/30/2023	20	1,323	1,303	18	96
Assumption Changes	6/30/2024	20	1,350,349	1,342,384	19	95,631
Experience Gain	6/30/2024	20	(274,382)	(272,763)	19	(19,432)
Plan Improvement	6/30/2025	15	37,211,749	37,211,749	15	3,148,707
Experience Gain	6/30/2025	20	(2,566,470)	(2,566,470)	20	(176,463)
Total				\$93,916,985		\$12,650,540

Note: The equivalent single amortization period is about 9 years.

Section 2: Actuarial Valuation Results

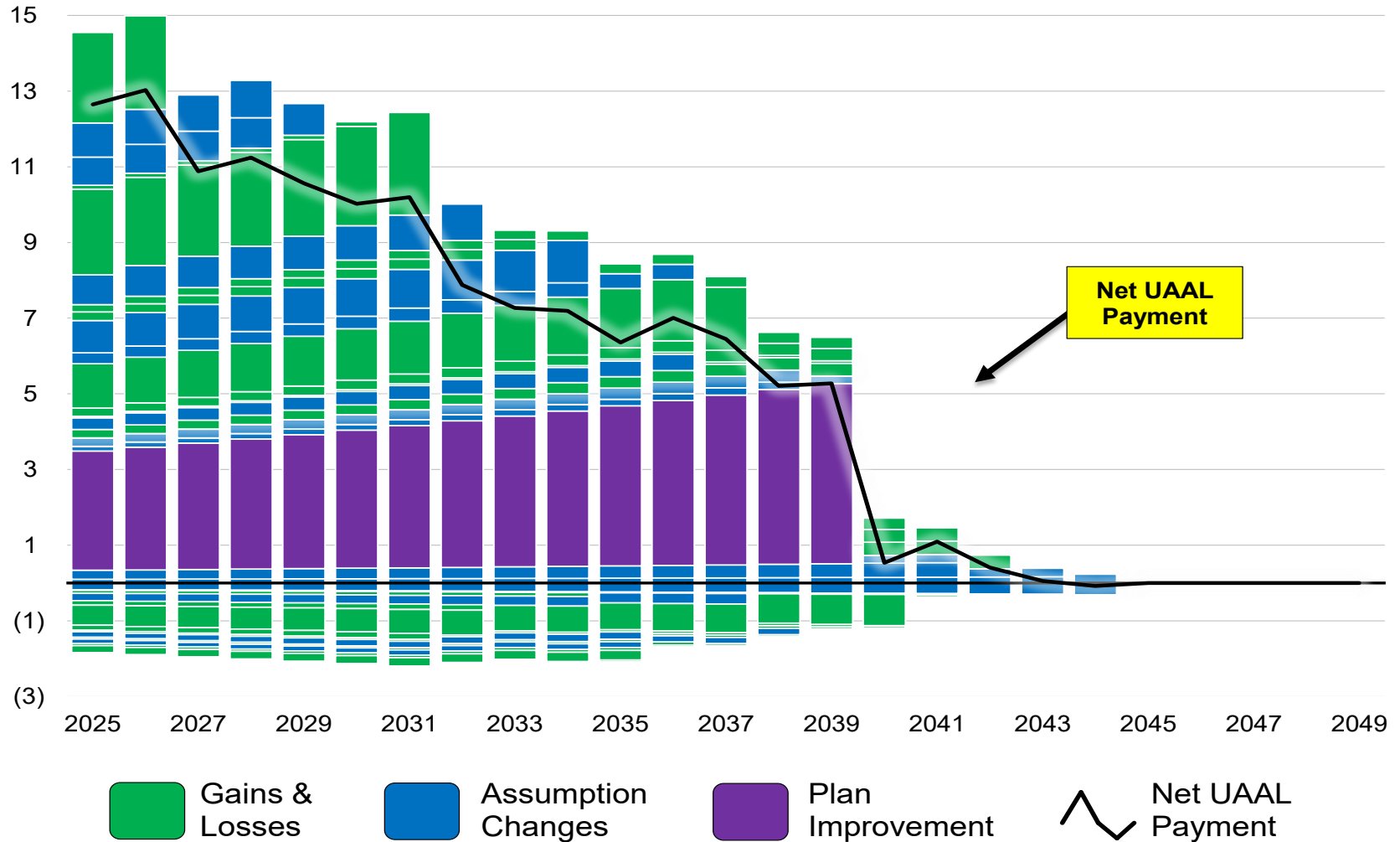
G. Projection of UAAL balances and payments

Outstanding Balance of \$93.9 Million in Net UAAL as of June 30, 2025
 (\$ in Millions)



Section 2: Actuarial Valuation Results

Annual Payments Required to Amortize \$93.9 Million in Net UAAL as of June 30, 2025
 (\$ in Millions)



Section 3: Supplemental Information

Exhibit A: Summary of participant data

Participants	June 30, 2025	June 30, 2024
Retired Members		
• Number	1,733	1,693
• Average age	72.0	71.6
Surviving Spouses		
• Number	224	222
• Average age	79.4	79.1
Eligible for Deferred Benefit		
• Number ¹¹	424	407
• Average age	48.1	48.0
Active Participants		
• Number	2,001	1,974
• Average age	46.8	46.9
• Average years of service	10.8	10.9
• Average expected retirement age	63.5	63.4

¹¹ Includes inactive members due a refund of Pension Plan member contributions.

Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial assumptions and methods

Rationale for assumptions and methods

The information and analysis used in selecting each assumption and method that has a significant effect on this actuarial valuation is shown in the July 1, 2020 through June 30, 2024 Actuarial Experience Study report dated November 13, 2024, the Retiree Health assumptions letter dated January 21, 2026, and the Actuarial Funding Policy review letter dated September 14, 2022. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both tiers.

Economic assumptions

Net investment return

6.75%, net of investment and administrative expenses.

Inflation

2.50% per year

Across the board salary increases

0.50% per year

Payroll growth

Inflation of 2.50% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.

Section 4: Actuarial Valuation Basis

Salary increases

The annual rate of compensation Increase includes inflation at 2.50% per year, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotional increases:

Years of Service	1955/1980 Plan Rates (%)	2013 Tier Rates (%)
Less than 1	6.25	6.50
1–2	6.00	6.25
2–3	5.00	5.25
3–4	3.75	4.25
4–5	2.50	2.75
5–6	1.50	1.75
6–7	1.25	1.25
7–8	1.25	1.25
8–9	1.25	1.25
9–10	1.25	1.25
10–11	1.00	1.00
11–12	1.00	1.00
12–13	0.75	0.75
13–14	0.75	0.75
14–15	0.75	0.75
15 and over	0.75	0.75

Section 4: Actuarial Valuation Basis

Demographic assumptions

Mortality

- **Pre-Retirement:**
 - Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Post-Retirement Healthy Members:**
 - Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Post-Retirement Disabled Members:**
 - Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Beneficiaries:**
 - In pay status at time of valuation: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
 - If not in pay status at time of valuation: same tables as for Post-retirement Healthy Members.

The Pub-2010 mortality tables and adjustments as shown above, with generational projection to the ages of members as of the measurement date, reasonably reflect the mortality experience of the Plan as of the measurement date. The additional generational projection is a provision made to reflect future mortality improvement.

Section 4: Actuarial Valuation Basis

Retirement

Age	1955/1980 Plan Unreduced Pension ¹² Rates (%)	1955/1980 Plan Reduced Pension Rates (%)	2013 Tier Rates (%)
52	0.00	0.00	2.00
53	0.00	0.00	2.00
54	50.00	7.00	2.00
55	16.00	7.00	3.00
56	16.00	7.00	3.00
57	16.00	8.00	4.00
58	16.00	8.00	4.00
59	16.00	8.00	6.00
60	16.00	10.00	6.00
61	16.00	10.00	6.00
62	20.00	N/A ¹³	10.00
63	20.00	N/A	10.00
64	20.00	N/A	10.00
65	20.00	N/A	20.00
66	24.00	N/A	20.00
67	24.00	N/A	20.00
68	24.00	N/A	20.00
69	24.00	N/A	20.00
70	40.00	N/A	35.00
71	40.00	N/A	35.00
72	40.00	N/A	35.00
73	40.00	N/A	35.00
74	40.00	N/A	35.00
75 and over	100.00	N/A	100.00

¹² For example, a 1955/1980 Plan member age 54 with 30 or more years of service would be eligible for an unreduced pension benefit.

¹³ For ages 62 and over, all 1955/1980 Plan members who are eligible for retirement are eligible for an unreduced pension benefit.

Section 4: Actuarial Valuation Basis

Disability Incidence

Disability rates are applicable after eight years of service.

Age	Rate (%)
25	0.000
30	0.006
35	0.016
40	0.080
45	0.126
50	0.136
55	0.146
60	0.156
65	0.166
70	0.170

Section 4: Actuarial Valuation Basis

Termination

Years of Service	1955/1980 Plan Rates (%)	2013 Tier Rates (%)
Less than 1	11.30	8.00
1–2	6.00	4.00
2–3	6.00	3.75
3–4	3.00	3.25
4–5	3.00	3.00
5–6	2.50	2.70
6–7	2.50	2.60
7–8	2.50	2.50
8–9	2.50	2.30
9–10	1.80	2.20
10–11	1.80	2.10
11–12	1.80	2.00
12–13	1.80	1.90
13–14	1.80	1.80
14–15	1.60	1.70
15 and over	1.60	1.60

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is assumed). Vested employees who terminate service prior to retirement are assumed to leave their employee HIB contributions with the plan (no refund of employee HIB contributions was assumed).

Unknown data for participants

Same as those exhibited by members are similar known characteristics. If not specified, members are assumed to be male.

Retirement age for inactive vested participants

59

Section 4: Actuarial Valuation Basis

Percent married/domestic partnership

For all active and inactive vested participants: 75% of male members and 50% of female members are assumed to have a spouse with eligible HIB health care coverage expenses.

For retired participants: Actual data included in census.

Based on past practice this is not necessarily the same as the percent married/domestic partnership assumption used in the pension valuation. Some of those members may not elect HIB spouse/domestic partner coverage upon retirement due to the additional cost to the member.

Age of spouse/domestic partner

For all active and inactive vested participants, male participants are assumed to have a female spouse who is 2 years younger than the participant and female participants are assumed to have a male spouse who is 2 years older than the participant.

Future benefit accruals

1.0 year of service per year.

We have not applied the 0.040 years of additional service for each year of employment, applied in the pension valuation to anticipate conversion of unused sick leave, based on our understanding of the HIB plan provisions.

Actuarial funding policy

Actuarial cost method

Entry Age Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an individual basis where the Entry Age Normal Cost is calculated as the sum of the individual Normal Costs. The individual Normal Costs for the 2013 Tier are calculated using salaries that are not constrained by the cap on Pensionable compensation imposed by PEPRA on the Pension Plan.

Section 4: Actuarial Valuation Basis

Actuarial Value of Assets

Market Value of Assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market returns and the expected returns on the market value, and are recognized over a five-year period. The Actuarial Value of Assets (AVA) is limited by a 30% corridor; the AVA cannot be less than 70% of MVA, nor greater than 130% of MVA.

Valuation Value of Assets

The proportion of the Actuarial Value of Assets allocated to the HIB plan, based on the proportion of the MVA attributable to the HIB plan.

Amortization method

Level percent of payroll

Remaining amortization period

Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, through June 30, 2021, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption changes from the experience study or interim review of the economic assumptions are amortized over 20 years. In addition, the effect of plan improvements are amortized over 15 years.

Member contribution improvements rate

The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028. The 0.55% employee contribution rate used for fiscal year 2026-2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

Section 4: Actuarial Valuation Basis

Retiree health assumptions

Participation

95% of future eligible retirees are assumed to enroll in the HIB plan.

70% of future retirees are assumed to enroll in the EBMUD medical insurance plans.

All current pensioners and beneficiaries with a retiree health insurance cash subsidy were valued.

For deferred vested members, we assume an election equal to 65% of the future retiree election percent.

Average HIB subsidy – Employees who retired or terminated prior to July 8, 2025

The enrollment percent of 70% is used to estimate the proportion of future retirees expected to participate in the EBMUD medical insurance plans (Kaiser, Blue Cross, Sutter Health Plus<65, and UHC Medicare Advantage PPO 65+). The difference between the 95% of all future retirees expected to be provided with an HIB subsidy and 70% (i.e. 25%) is what we used to anticipate future retirees who receive reimbursement for medical expenses through the HIB plan without being enrolled in an EBMUD medical insurance plan. The HIB subsidy may be used to defray any other allowed health benefits (e.g., Medicare Part B premiums, dental costs) in addition to medical premiums.

For current retirees, we have used the HIB on record. For the expected 95% future retirees who received an HIB, we have assumed, based on the greater of the average HIB on record for current retirees at 100% vesting level in either the current or prior year census data, that:

- Retirees at 100% vesting level under age 65 with single HIB coverage will receive an average \$439 monthly benefit as of July 1, 2025,
- Retirees at 100% vesting level under age 65 with spouse HIB coverage will receive an average \$520 monthly benefit as of July 1, 2025,
- Retirees at 100% vesting level age 65 and over with single HIB coverage will receive an average \$441 monthly benefit as of July 1, 2025, and
- Retirees at 100% vesting level age 65 and over with spouse HIB coverage will receive an average \$543 monthly benefit as of July 1, 2025.

The maximum (100% vesting level) monthly HIB subsidy is \$450 for a retiree with single coverage and \$550 for a retiree with spouse/domestic partner coverage.

Section 4: Actuarial Valuation Basis

Average HIB subsidy – Employees who retire or terminate on or after July 8, 2025

Effective January 1, 2026, for employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage (\$615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. A 3.00% annual increase to the maximum subsidy will be assumed in the valuation, which is consistent with the underlying Medicare trend assumptions. The same maximum subsidy will apply regardless of family tier of medical coverage elected.

For the expected 95% future retirees who receive an HIB, we have assumed, based on the greater of the average HIB on record for current retirees at 100% vesting level in either the current or prior year census data, that:

- Retirees at 100% vesting level under age 65, regardless of marital status, will receive the maximum monthly HIB subsidy of \$615.58 as of January 1, 2026.
- Retirees at 100% vesting level age 65 and over with single HIB coverage will receive an average \$571.25 monthly benefit as of January 1, 2026, to increase annually with the assumed medical trend until the maximum HIB subsidy is reached. The \$571.25 assumption is equal to the sum of the 2026 KSA High Option premium of \$364.75 and the assumed 2026 Medicare Part B premium of \$206.50.
- Retirees at 100% vesting level age 65 and over with spouse HIB coverage will receive the maximum monthly HIB subsidy of \$615.58 as of January 1, 2026.

Projected HIB subsidy increase

We have projected the HIB medical benefit to increase with medical trend until it reaches the limits described in the Summary of Plan Provisions. The benefit limits are projected to remain unchanged at the current levels of \$450/\$550. For employees who retire or terminate service before July 8, 2025, the benefit limits are projected to remain unchanged at the current levels of \$450/\$550. For employees who retire or terminate service on or after July 8, 2025, the benefit limit is assumed to increase by 3.0% per year.

Section 4: Actuarial Valuation Basis

Health care cost trend rates

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2025 through June 30, 2026):

Plan	Kaiser HMO Under 65	Anthem Blue Cross PPO Under 65	Sutter Health Plus HMO, Under 65	Kaiser Senior Advantage	UHC Medicare Advantage PPO
Trend rate to be applied to 2025–2026 Fiscal Year premium	4.88%	8.69%	12.79%	7.38%	7.94%

The fiscal year trend rates are based on the following calendar year trend rates:

Approximate Trends for Fiscal Year	Fiscal Year Non-Medicare Trend Rates (%)	Fiscal Year Medicare Trend Rates (%)	Trend Rates Applied to Premium for Calendar Year	Calendar Year Non-Medicare Trend Rates (%)	Calendar Year Medicare Trend Rates (%)
2026–2027	7.375	7.125	2026	7.50	7.25
2027–2028	7.125	6.875	2027	7.25	7.00
2028–2029	6.875	6.625	2028	7.00	6.75
2029–2030	6.625	6.375	2029	6.75	6.50
2030–2031	6.375	6.125	2030	6.50	6.25
2031–2032	6.125	5.875	2031	6.25	6.00
2032–2033	5.875	5.625	2032	6.00	5.75
2033–2034	5.625	5.375	2033	5.75	5.50
2034–2035	5.375	5.125	2034	5.50	5.25
2035–2036	5.125	4.875	2035	5.25	5.00
2036–2037	4.875	4.625	2036	5.00	4.75
2037–2038	4.625	4.500	2037	4.75	4.50
2038 and later	4.500	4.500	2038	4.50	4.50

Section 4: Actuarial Valuation Basis

Medical carrier election

Medical Carrier	Election (%)
Non-Medicare Medical Carrier	
• Kaiser HMO	70
• Anthem Blue Cross PPO	25
• Sutter Health Plus HMO	5
Medicare Medical Carrier	
• Kaiser Senior Advantage HMO (High Option)	65
• UHC Medicare Advantage PPO	35

Assumption changes since prior valuation

The following assumptions were changed since the prior valuation:

- Starting year average HIB subsidy amounts, premiums, and future trend assumptions were updated. These changes had a very minor impact on the valuation results

Per the plan's funding policy, the impact of the year-to-year retiree healthcare assumption changes (such as updates to the average HIB subsidy, Medicare medical election percentage, and future trend assumptions) are amortized as part of the annual experience gain/loss.

Section 4: Actuarial Valuation Basis

Exhibit 2: Summary of plan

This exhibit summarizes the major benefit provisions as included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Normal or unreduced retirement eligibility

- **1955/1980 Plan**
 - Age 65;
 - Age 62 with 5 years of service;
 - Age 59 with 20 years of service;
 - Age 54 with 30 years of service;
 - Other combinations of age and service between ages 54 and 59.
- **2013 Tier**
 - Age 67 with 5 years of service (for unreduced benefit)

Early retirement eligibility

- **1955/1980 Plan**
 - Age 54 with 5 years of service.
- **2013 Tier**
 - Age 52 with 5 years of service.

Covered members

All members with at least 5 years of service.

Section 4: Actuarial Valuation Basis

Benefit formula

For members entering the System prior to July 1, 1996, a monthly allowance of up to \$450 (\$550 for married retirees and retirees with EBMUD domestic partners) is paid to retirees with at least five years of full-time service to reimburse member-paid medical expenses.

For members entering the System after June 30, 1996, the members shall receive the full monthly allowance multiplied by the applicable percentage below based on years of full-time service.

Effective January 1, 1999, retired members who had separated from the District prior to their retirement and who had at least five years of service also become eligible for the post-employment healthcare benefits based on the same vesting schedule.

Years of Full-time Service	Percent of HIB
Less than 5	0%
5–9	25%
10–14	50%
15–19	75%
20 or more	100%

For employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage (\$615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. The same maximum subsidy will apply regardless of family tier of medical coverage elected. In addition, 2013 Tier employees who retire or terminate service after July 8, 2025 are 100% vested after 15 years of service.

Years of Full-time Service	Percent of HIB for 1955/1980 Plan Future Retirees	Percent of HIB for 2013 Tier Future Retirees
Less than 5	0%	0%
5–9	25%	25%
10–14	50%	50%
15–19	75%	100%
20 or more	100%	100%

Section 4: Actuarial Valuation Basis

Surviving spouse benefits

An eligible surviving spouse or domestic partner may receive a Health Insurance Benefit equal to the amount the member was entitled to.

Member contribution rate

The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

Vested employees who terminate service prior to retirement can elect a refund of their HIB employee contributions in lieu of a future HIB benefit. In such cases, the refund of employee contributions is paid by the District, not the Plan.

Employer contribution rate

100% of total cost net of the rate paid by the employee.

Changes in plan provisions

- For employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage (\$615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. The same maximum subsidy will apply regardless of family tier of medical coverage elected.
- For employees who retire or terminate service after July 8, 2025, vesting was updated from 75% to 100% for 2013 Tier retirees with at least 15 years of service.
- The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

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East Bay Municipal Utility District Employees' Retirement System

**Governmental Accounting Standards Board Statement No. 67
Actuarial Valuation for the Pension Plan as of June 30, 2025**



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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Segal



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January 21, 2026

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

Dear Sophia:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GASB 67) Actuarial Valuation as of June 30, 2025 for the Pension Plan of the East Bay Municipal Utility District Employees' Retirement System ("EBMUDERS" or "the Plan"). It contains various information that will need to be disclosed in order to comply with GASB 67. Please refer to EBMUDERS' Actuarial Valuation and Review of Pension Plan Benefits as of June 30, 2025, dated January 21, 2026 for the data, assumptions, and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Retirement Board (the Board), based upon information provided by the staff of the Plan and the Plan's other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Emily Klare, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of EBMUDERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.


Ms. Sophia Skoda
January 21, 2026

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

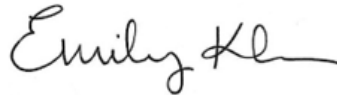
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

DNA/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GASB 67) as of June 30, 2025. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This report is based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of June 30, 2025, provided by EBMUDERS;
- The assets of the Plan as of June 30, 2025, provided by EBMUDERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2025 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2025 funding valuation.

General observations on a GASB 67 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as EBMUDERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as EBMUDERS' actuarial accrued liability (AAL) measure for funding. We note that the same is true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an unfunded actuarial accrued liability (UAAL) on a market value basis.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the Plan is June 30, 2025 and the NPL was measured as of the same date. The TPL was determined based upon the actuarial funding valuation as of June 30, 2025 and the Plan FNP was also valued as of the measurement date.
2. The cost-of-living adjustment (COLA) assumption used in developing the TPL in the valuation is 2.75% per year. (For those members with COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted.) The 2.75% assumption is based on the general price inflation assumption of 2.50% plus a margin of 0.25% for adverse deviation.

Section 33 of the Employees' Retirement System Ordinance ("Ordinance") references a funded ratio based on the ratio of the market value of assets to the projected benefit obligation (PBO) for purposes of determining post-retirement COLA. As noted in the plan provisions section of the June 30, 2025 Pension Plan funding valuation report dated January 21, 2026 (Section 4, Exhibit 2), the basic minimum COLA benefit is the lesser of 3% and the actual change in the cost-of-living index. Any excess of the actual change in the cost-of-living index over 3% is accumulated in individual retiree COLA banks, and withdrawals from the bank are made in years when the index increases less than 3%. However, increases of up to 5% are granted in years when the Retirement Board determines that the System is more than 85% funded on a PBO basis. In those years when the System is more than 85% funded and the cost-of-living index exceeds 5%, any excess cost-of-living over 5% is accumulated in the COLA bank. Furthermore, effective October 1, 2000, in those years when the System is more than 85% funded on a PBO basis and the change in the cost-of-living index is less than 4%, withdrawals from the bank are made to allow cost-of-living increases up to 4%.

For the June 30, 2025 Pension Plan and HIB Plan valuations, we note that the funded ratio on the PBO (and market value) basis is 83.6% for both plans combined, as shown in the Supplemental Exhibits report dated January 21, 2026. Even though the funded ratio would be expected to exceed 85% at some point in the future, we would find the long-term COLA assumption of 2.75% per year to be reasonable for this valuation.

3. The NPL decreased from \$698 million as of June 30, 2024 to \$528 million as of June 30, 2025 primarily due to a return on the market value of assets of 13.24% during fiscal year 2024/2025 that was more than the assumption of 6.75% used in the June 30, 2024 valuation (a gain of \$158 million). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3: Schedule of changes in Net Pension Liability* on page 18.
4. The discount rate used to measure the TPL and NPL as of June 30, 2025 was 6.75%, following the same assumptions used by EBMUDERS in the actuarial funding valuation as of June 30, 2025. The detailed calculations used in the derivation of the 6.75% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Disclosure elements		
Service cost ¹	\$62,955,107	\$60,312,330
Total Pension Liability	3,270,837,224	3,143,728,340
Plan Fiduciary Net Position	2,743,096,000	2,445,611,000
Net Pension Liability	527,741,224	698,117,340
Schedule of contributions		
Actuarially determined contributions	\$110,869,000	\$105,111,000
Actual contributions	110,869,000	105,111,000
Contribution deficiency / (excess)	0	0
Demographic data		
Number of retired members and beneficiaries	2,235	2,176
Number of inactive members ²	424	407
Number of active members	2,001	1,974
Key assumptions		
Investment rate of return	6.75%	6.75%
Inflation rate	2.50%	2.50%
“Across-the-board” salary increase	0.50%	0.50%
Projected salary increases ³	1955/1980 Plan: 9.25% to 3.75% 2013 Tier: 9.50% to 3.75%	1955/1980 Plan: 9.25% to 3.75% 2013 Tier: 9.50% to 3.75%
Cost-of-living adjustments	2.75%	2.75%

¹ The service cost is based on the previous year’s valuation, meaning the service costs as of the June 30, 2025 and June 30, 2024 measurement dates are based on the valuations as of June 30, 2024 and June 30, 2023, respectively. The June 30, 2025 service cost has been calculated using the assumptions shown in the Prior Year column, but the June 30, 2024 service cost has been calculated using the assumptions from the June 30, 2023 valuation. Please refer to the note on the next page for the assumptions used for the June 30, 2024 service cost.

² Includes inactive members due a refund of member contributions.

³ Includes inflation at 2.50% plus “across-the-board” salary increase of 0.50% plus merit and promotion increases that vary based on time from hire.

Section 1: Actuarial Valuation Summary

Note to footnote 1 from prior page

The June 30, 2024 service cost has been calculated using the following assumptions as of June 30, 2023:

- Investment rate of return: 6.75%
- Inflation rate 2.50%
- “Across-the-board” salary increase 0.50%
- Projected salary increases: 1955/1980 Plan: 9.25% to 3.75%
2013 Tier: 9.25% to 3.75%
 - Projected salary increases include inflation at 2.50% plus across-the-board increase of 0.50% plus merit and promotion increases that vary based on time from hire.
- Cost-of-living adjustments 2.75%

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by EBMUDERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	The valuation is based on the fair value of assets as of the measurement date, as provided by EBMUDERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if any). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If EBMUDERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by EBMUDERS upon delivery and review. EBMUDERS should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 67 Information

General information about the Pension Plan

Plan administration

The East Bay Municipal Utility District (the District) Employees' Retirement System (EBMUDERS or the System) was established in 1937 to administer a single-employer, contributory, defined benefit pension plan (the Pension Plan). The System provides retirement, disability, survivorship, and post-employment health insurance benefits⁴ for eligible directors, officers, and employees of the District. The System is administered by a Retirement Board composed of three members appointed by the Board of Directors of the District, two members elected by and from the active membership, and one (nonvoting) member elected by and from the retired membership of the System. Retirement Ordinance No. 40 (Ordinance) assigns the authority to establish Plan benefit provisions to the District's Board of Directors. It should be noted that there are two systems in EBMUDERS (i.e., Water System and Wastewater System).

The System is exempt from the regulations of the Employee Retirement Income Security Act of 1974. The System is also exempt from federal income taxes and California franchise taxes.

The System is an integral part of the District and the District appoints the majority of the Retirement Board of the System and provides for its funding. Accordingly, the System's operations have been reported as a Pension and Other Employee Benefit Trust Fund in the District's basic financial statements.

Plan membership

All regular full-time employees of the District are members of the Plan, in addition to certain job share and intermittent employees. Eligible employees become members on the first day they are physically on the job. At June 30, 2025, Pension Plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	2,235
Inactive members ⁵	424
Active members	2,001
Total	4,660

⁴ The liabilities and expenses associated with providing post-employment health insurance benefits are reportable under GASB Statements 74 and 75. They have not been included in this report.

⁵ Includes inactive members due a refund of member contributions.

Section 2: GASB 67 Information

Benefits provided

EBMUDERS provides service retirement, disability, death and survivor benefits to eligible employees.

There are two tiers in effect currently, the 1955/1980 Plan and the 2013 Tier.

- Employees who became members of the Retirement System prior to January 1, 2013, or who have reciprocal membership are in the 1955/1980 Plan.
- Employees who became members on or after January 1, 2013 are in the 2013 Tier.

Members may receive disability retirement benefits prior to age 65 if the member is determined to be physically or mentally incapacitated, provided the member has eight or more years of continuous full-time employment. The allowance for disability retirement is computed by a formula specified in the Ordinance and is based upon compensation earnable during employment, years of continuous service, and date upon which the retiring individual became a member. There is a guaranteed minimum disability benefit equal to the greater of one-third of terminal compensation (final average salary) or the retirement allowance, based on the disability formula.

Death benefits are payable to the estate or beneficiary of a member who dies before retirement. Survivorship benefits are payable to the spouse/domestic partner of a member who dies after retirement, or who was eligible but had not retired from service, provided the spouse/domestic partner was married to/established domestic partnership with the member at the date of retirement and for at least one year prior to the member's death.

EBMUDERS provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment is capped at 3.0% unless the System is more than 85% funded on a Projected Benefit Obligation (PBO) basis, in which case the cost-of-living adjustment is capped at 5.0%.⁶

1955/1980 Plan member benefits

1955/1980 Plan members may elect voluntary reduced service retirement upon attaining the age of 54 and completing five years of continuous full-time employment. Members may elect voluntary unreduced service retirement upon attaining the age of 62 and completing five years of continuous full-time employment or age 65 without restriction.

Members who continue to work upon attaining the normal retirement age of 65 continue to contribute to the Plan, and at the time they retire, computation of their retirement allowance is based upon their compensation and length of service as of the date of retirement.

⁶ Effective October 1, 2000, when the System is 85% funded on a PBO basis and the cost-of-living is less than 4%, withdrawals from the accumulated COLA bank are made to allow cost-of-living increases up to 4%.

Section 2: GASB 67 Information

Service retirement allowances are computed by formulas specified in the Ordinance and are based on date of employment, length of employment, age at date of retirement, and compensation earned during employment.

2013 Tier member benefits

2013 Tier members may elect voluntary reduced service retirement upon attaining the age of 52 and completing five years of continuous full-time employment. Members may elect voluntary unreduced service retirement upon attaining the age of 67 and completing five years of continuous full-time employment.

Members who continue to work upon attaining the normal retirement age of 67 continue to contribute to the Plan, and at the time they retire, computation of their allowance is based upon their compensation and length of service as of the date of retirement. Service retirement allowances are computed by formulas specified in the Ordinance and are based on length of service, age at retirement, and compensation earned during employment.

Contributions

The East Bay Municipal Utility District contributes to the Pension Plan based upon actuarially determined contribution rates adopted by the Retirement Board. Employer contribution rates are adopted annually based upon recommendations received from EBMUDERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate for fiscal year 2024/2025 (based on contribution rates adopted for the June 30, 2023 valuation) was 40.29% of covered payroll.

All members are required to make contributions to EBMUDERS regardless of the Pension Plan or tier in which they are included. The average member contribution rate for fiscal year 2024/2025 (based on the June 30, 2023 valuation) was 8.90% of covered payroll.

Section 2: GASB 67 Information

Exhibit 1: Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Components of the Net Pension Liability		
Total Pension Liability	\$3,270,837,224	\$3,143,728,340
Plan Fiduciary Net Position	(2,743,096,000)	(2,445,611,000)
Net Pension Liability	\$527,741,224	\$698,117,340
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ⁷	83.87%	77.79%

The NPL for the Plan in this valuation was measured as of June 30, 2025. The Plan FNP was valued as of the measurement date and the TPL was determined based upon the actuarial valuation as of June 30, 2025.

Plan provisions

The plan provisions used in the measurement of the NPL as of June 30, 2025 are the same as those used in EBMUDERS' actuarial funding valuation as of June 30, 2025.

Actuarial assumptions

The TPL as of June 30, 2025 uses the same actuarial assumptions as the actuarial funding valuation as of June 30, 2025. The actuarial assumptions used in that funding valuation were based on the results of an experience study for the period July 1, 2020 through June 30, 2024. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

⁷ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB 67 Information

Assumption Type	Assumption
Investment rate of return	6.75%, net of Pension Plan investment expense, including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Projected salary increases	1955/1980 Plan: 9.25% to 3.75% 2013 Tier: 9.50% to 3.75% The above salary increases vary based on time from hire and include inflation and “across-the-board” salary increase.
Cost-of-living adjustments	2.75% For members who have COLA banks, we assume they receive up to 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Other assumptions	See analysis of actuarial experience during the period July 1, 2020 through June 30, 2024.

Detailed information regarding all actuarial assumptions can be found in the June 30, 2025 Actuarial Valuation and Review of Pension Plan Benefits.

Section 2: GASB 67 Information

Exhibit 2: Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on Pension Plan investments⁸ was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2024, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2024 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2024, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses), are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2025. This information will be subject to change every four years based on the results of an actuarial experience study, or every two years based upon an interim economic actuarial assumptions study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic large cap equity	32.55%	5.80%
Domestic small cap equity	2.45%	6.59%
Developed international large cap equity	18.00%	6.44%
Emerging markets equity	7.00%	8.32%
Core bonds	20.00%	2.27%
High yield bonds	7.50%	4.62%
Bank loans	5.00%	4.43%
Real estate	2.50%	4.54%
Private debt	5.00%	6.63%
Total	100.00%	5.26%

⁸ Note that the investment return assumption for funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes, where it is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.

Section 2: GASB 67 Information

Discount rate

The discount rate used to measure the TPL was 6.75% as of June 30, 2025.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates.⁹ Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2025.

Discount rate sensitivity

The following presents the NPL of EBMUDERS as of June 30, 2025 calculated using the current discount rate of 6.75%, as well as what EBMUDERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

Line Description	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability	\$954,571,987	\$527,741,224	\$175,026,269

⁹ For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Section 2: GASB 67 Information

Exhibit 3: Schedule of changes in Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Total Pension Liability		
Service cost	\$62,955,107	\$60,312,330
Interest	211,134,191	201,159,010
Change of benefit terms	0	0
Differences between expected and actual experience	10,558,586	11,736,760
Changes of assumptions	0	25,307,090
Benefit payments, including refunds of member contributions	(157,539,000)	(149,216,000)
Net change in Total Pension Liability	\$127,108,884	\$149,299,190
Total Pension Liability — beginning	3,143,728,340	2,994,429,150
Total Pension Liability — ending	\$3,270,837,224	\$3,143,728,340
Plan Fiduciary Net Position		
Contributions — employer	\$110,869,000	\$105,111,000
Contributions — member	24,488,000	23,637,000
Net investment income	322,117,000	274,375,000
Benefit payments, including refunds of member contributions	(157,539,000)	(149,216,000)
Administrative expense	(2,450,000)	(2,438,000)
Net change in Plan Fiduciary Net Position	\$297,485,000	\$251,469,000
Plan Fiduciary Net Position — beginning	2,445,611,000	2,194,142,000
Plan Fiduciary Net Position — ending	\$2,743,096,000	\$2,445,611,000
Net Pension Liability — ending	\$527,741,224	\$698,117,340
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.87%	77.79%
Covered payroll ¹⁰	\$275,207,182	\$264,425,972
Plan Net Pension Liability as percentage of covered payroll	191.76%	264.01%

¹⁰ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 67 Information

Exhibit 4: Schedule of employer contributions

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ¹¹	Contributions as a Percentage of Covered Payroll
2016	\$65,218,000	\$65,218,000	\$0	\$174,586,444	37.36%
2017	67,096,000	67,096,000	0	182,031,838	36.86%
2018	71,221,000	71,221,000	0	193,717,364	36.77%
2019	74,033,000	74,033,000	0	203,541,207	36.37%
2020	77,645,000	77,645,000	0	215,109,948	36.10%
2021	79,252,000	79,252,000	0	221,809,447	35.73%
2022	91,393,000	91,393,000	0	233,939,981	39.07%
2023	95,103,000	95,103,000	0	246,230,567	38.62%
2024	105,111,000	105,111,000	0	264,425,972	39.75%
2025	110,869,000	110,869,000	0	275,207,182	40.29%

See accompanying notes to this schedule on the next page.

¹¹ Covered payroll represents payroll on which contributions to the pension plan are based, as reported by EBMUDERS.

Section 2: GASB 67 Information

Methods and assumptions used to establish the actuarially determined contribution for the year ended June 30, 2025

Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (the June 30, 2023 valuation sets the rates for fiscal year 2024/2025).

Actuarial cost method

Entry Age Cost Method

Amortization method

Level percent of payroll

Remaining amortization period

Prior to July 1, 2011, the UAAL from plan changes, assumption changes, and experience gains/losses were amortized over separate decreasing 30-year amortization periods.

On or after July 1, 2011, any new UAAL resulting from plan changes are amortized over separate decreasing 15-year periods; assumption and method changes are amortized over separate decreasing 25-year periods (prior to July 1, 2021); and experience gains/losses are amortized over separate decreasing 20-year periods.

On or after July 1, 2021, assumption and method changes are amortized over separate decreasing 20-year periods.

Asset valuation method

The actuarial value of assets is equal to the market value (or fair value) of assets less unrecognized returns from each of the last five years. The unrecognized return each year is equal to the difference between the actual and expected returns on the market value of assets, recognized over a five-year period. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the market value of assets.

Section 2: GASB 67 Information

Actuarial assumptions

The actuarially determined contribution for the year ended June 30, 2025 is based on the results of the EBMUDERS June 30, 2023 Actuarial Valuation and Review of Pension Plan Benefits. The actuarial assumptions used in that valuation are as follows:

Assumption Type	Assumptions Used in the June 30, 2023 Valuation
Investment rate of return	6.75%, net of Pension Plan administrative and investment expense, including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Projected salary increases	1955/1980 Plan: 9.25% to 3.75% 2013 Tier: 9.25% to 3.75% The above salary increases vary by time from hire and include inflation and “across-the-board” salary increase.
Cost-of-living adjustments	2.75% For members who have COLA banks, we assume they receive up to 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Mortality	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020 Disabled: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020
Other assumptions	Same as those used in the funding actuarial valuation as of June 30, 2023.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of June 30, 2025 (\$ in millions)

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2024	\$2,446	\$135	\$158	\$2	\$322	\$2,743
2025	2,743	132	173	3	183	2,882
2026	2,882	132	180	3	192	3,023
2027	3,023	127	189	3	201	3,159
2028	3,159	123	197	3	210	3,292
2029	3,292	121	206	3	218	3,422
2030	3,422	115	214	3	227	3,547
2031	3,547	115	223	4	235	3,670
2032	3,670	112	231	4	243	3,790
2033	3,790	94	240	4	250	3,890
2055	4,036	17	346	4	260	3,963
2056	3,963	16 ¹²	346	4	255	3,884
2057	3,884	15 ¹²	346	4	249	3,798
2058	3,798	14 ¹²	346	4	244	3,705
2117	2	0 ^{12,13}	1	0 ¹³	0 ¹³	1
2118	1	0 ^{12,13}	0 ¹³	0 ¹³	0 ¹³	1
2119	1	0 ^{12,13}	0 ¹³	0 ¹³	0 ¹³	0 ¹³
2120	0 ¹³	0 ^{12,13}	0 ¹³	0 ¹³	0 ¹³	0 ¹³
2121	0 ¹³	0 ^{12,13}	0 ¹³	0 ¹³	0 ¹³	0 ¹³
2122	0 ¹³	0 ^{12,13}	0 ¹³	0 ¹³	0 ¹³	0 ¹³
2123	0 ¹³	0 ^{12,13}	0 ¹³	0 ¹³	0 ¹³	0 ¹³

¹² Mainly attributable to employer contributions to fund each year's annual administrative expenses.

¹³ Less than \$1 million when rounded.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning July 1, 2024 row are actual amounts, based on the financial statements provided by EBMUDERS.
3. Various years have been omitted from this table.
4. In preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.
5. **Column (a):** None of the Plan FNP amounts shown have been adjusted for the time value of money.
6. **Column (b):** Projected total contributions include member and employer normal cost contributions based on closed group projections for active members as of June 30, 2025; plus employer contributions to the UAAL, plus employer contributions to fund each year's annual administrative expenses reflecting a 20-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.
7. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive and retired members and beneficiaries as of June 30, 2025. The projected benefit payments reflect the cost-of-living increase assumptions used in the June 30, 2025 valuation report. Benefit payments are assumed to occur at the beginning of each month, on average.
8. **Column (d):** Projected administrative expenses are calculated as approximately 0.10% of the beginning Plan FNP. The 0.10% was based on the actual administrative expenses for fiscal year 2024/2025 as a percentage of the Plan FNP as of July 1, 2024. Administrative expenses are assumed to occur halfway through the year, on average.
9. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 6.75% per annum and reflect the assumed timing of cashflows, as noted above.
10. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 6.75% per annum was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2025 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in GASB Statement No. 67. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to the Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.

Appendix B: Definition of Terms

Term	Definition
Contributions	Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	Payroll on which contributions to a pension plan are based.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 67.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.
Defined contribution pensions	Pensions having terms that: <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Appendix B: Definition of Terms

Term	Definition
Discount rate	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which: <ol style="list-style-type: none"> a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 67) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate.
Entry age actuarial cost method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive employees	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement period	The period between the prior and the current measurement dates.
Multiple-employer defined benefit pension plan	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL)	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.
Non-employer contributing entities	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities.
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

Appendix B: Definition of Terms

Term	Definition
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Special funding situations	Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists: <ol style="list-style-type: none"> 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 67.

East Bay Municipal Utility District Employees' Retirement System

**Governmental Accounting Standards Board Statement No. 74
Actuarial Valuation for the Health Insurance Benefit Plan
Measured as of June 30, 2025**



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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January 21, 2026

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

Dear Sophia:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 74 (GASB 74) Actuarial Valuation of Other Postemployment Benefits (OPEB) Measured as of June 30, 2025 for the Health Insurance Benefit (HIB) plan or Other Post Employment Benefits (OPEB) Plan. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of East Bay Municipal Utility District Employees' Retirement System (EBMUDERS). The actuarial valuation is based on the plan of benefits verified by EBMUD and reliance on information provided by EBMUD. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

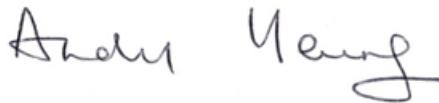
Ms. Sophia Skoda
January 21, 2026

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by EBMUD based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of EBMUDERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Sincerely,

Segal



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



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the EBMUDERS Health Insurance Benefit Plan as of June 30, 2025, required by Governmental Accounting Standards Board (GASB) Statement No. 74, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of the Health Insurance Benefit (HIB), as administered by the Board;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2025, provided by the EBMUDERS;
- The assets of the Plan as of June 30, 2025, provided by EBMUDERS;
- Economic assumptions regarding future salary increases and investment earnings as adopted by the Board for the valuation as of June 30, 2025; and
- Other (health and non-health) actuarial assumptions regarding employee terminations, retirement, death, health care trend and enrollment, etc. that the Board has adopted for the June 30, 2025 valuation.

General observations on GASB 74 actuarial valuation

1. The GASB rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB funding purposes. Employers and plans still develop and adopt funding policies under current practices.
2. When measuring the Total OPEB Liability, GASB uses the same actuarial cost method (Entry Age) for benefits that are being funded on an actuarial basis¹ and the same expected return on Plan assets as EBMUDERS uses for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on the same basis as EBMUDERS Actuarial Accrued Liability (AAL) measure for funding with the exception discussed below on the “implicit subsidy”. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting again with the exception discussed below on the “implicit subsidy”.

¹ The plan's explicit subsidies have been funded on an actuarial basis.

Section 1: Actuarial Valuation Summary

- a. Pursuant to Paragraph 46 of GASB Statement No. 74, projected benefit payments should be based on claims costs or age-adjusted premiums approximating claims costs. In effect, GASB requires employers, such as EBMUD, that pool health insurance premium rates for actives and retirees under age 65 to calculate on an accrual basis the liability associated with such pooled premiums for retirees under age 65. That liability, referred to as the implicit subsidy, is included in this valuation in addition to the liability for the plan's explicit subsidies.
 - b. Pursuant to Paragraph 48 of the GASB Statement No. 74 and based on our understanding of subsequent guidance provided in Implementation Guide No. 2017-2, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, OPEB plans that are not being fully funded on an actuarial basis (such as the implicit subsidy component of the HIB for EBMUDERS that are being paid on a pay-as-you go basis) are required to go through a cross-over test in determining the discount rate that would be used in the valuation.
3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the fair value of assets. The NOL reflects all investment gains and losses as of the measurement date. This is different from the Unfunded Actuarial Accrued Liability (UAAL) calculated on a valuation value of assets basis in the funding valuation that reflects investment gains and losses over a five-year period.

Highlights of the valuation

1. On July 8, 2025, EBMUD adopted an improvement to the subsidies for employees retiring or terminating on or after July 8, 2025. Under the improvement, members are provided with an indexed explicit subsidy of \$615.58 starting 2026 with annual increases of up to 3.0%. A more detailed discussion of the improvement is provided on page 14. While our reading of the requirements of GASB 74 might appear to suggest that the financial disclosure of the impact of the improvement would not be required to be made until the next measurement date after the improvement, upon consulting with EBMUD we understand that including this impact as of the current measurement date as of June 30, 2025 would nonetheless be reasonable as it provides more timely disclosure of the impact of the improvement.
2. The NOL has increased by \$18.7 million, from \$118.5 million as of June 30, 2024 to \$137.2 million as of June 30, 2025. The increase in NOL was primarily the result of plan provision modifications to the Health Insurance Benefit (HIB) effective January 1, 2026, that increased liabilities by \$47.4 million². The increase due to the plan change was partially offset by the impact of assumption changes, which lowered the NOL by \$18.2 million. The most significant assumption change was the change in the discount rate from 5.58% to 6.32%. The increase to the blended discount rate was primarily due to the increase in the 20-year municipal bond rate from 3.93% to 5.20% and the favorable investment returns during FYE25, which extended the cross-over date. Details of the plan provision updates are in Section 2, Exhibit D.

² This is higher than the impact measured in the funding valuation as of June 30, 2025 due to the use of a lower discount rate in the financial reporting valuation of 5.58%.

Section 1: Actuarial Valuation Summary

3. The NOL measured as of June 30, 2025 was determined from the actuarial valuation as of June 30, 2025. The NOL measured as of June 30, 2024 was determined from the actuarial valuation as of June 30, 2024.
4. Following the method outlined in the Implementation Guide, we have calculated a discount rate of 6.32% instead of the 6.75% used in the June 30, 2025 funding valuation.
5. The discount rates used to determine the TOL and NOL as of June 30, 2025 and 2024 were 6.32% and 5.58%, respectively. The detailed calculations in the derivation of the “cross-over date” to determine the discount rate of 6.32% used in the calculation of the TOL and NOL as of June 30, 2025 can be found in Appendix A. Various other information that is required to be disclosed can be found throughout Section 2.
6. The discount rate used in the valuation for financial disclosure purposes as of June 30, 2025 is a blend of the assumed investment return on Plan assets (e.g. 6.75% for the June 30, 2025 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 5.20% as of June 30, 2025³). Because EBMUDERS is not prefunding the implicit subsidy, Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make benefit payments through June 30, 2064 (the projected beginning balance at July 1, 2064 is less than the projected benefit payments for the 2064/2065 year, before including projected contributions for the year). Projected benefit payments are discounted by the Plan investment return assumption of 6.75% until June 30, 2064. Benefit payments after June 30, 2064 are then discounted by the 20-year municipal bond rate of 5.20%. The 6.32% discount rate used in this valuation is the blended discount rate reflecting benefits discounted by the Plan investment return assumption rate and the bond rate.

³ The comparable rate was 3.93% in the last valuation as of June 30, 2024.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Disclosure elements for fiscal year ending June 30,		
• Service Cost ⁴	\$5,304,421	\$5,864,684
• Total OPEB Liability	220,176,082	189,880,139
• Plan Fiduciary Net Position (Assets)	82,988,000	71,420,000
• Net OPEB Liability	137,188,082	118,460,139
Schedule of contributions for fiscal year ending June 30,		
• Actuarially Determined Contributions	\$11,885,000	\$12,231,000
• Actual contributions	11,885,000	12,231,000
• Contribution deficiency / (excess)	0	0
Demographic data as of June 30,		
• Number of retired members and beneficiaries receiving a health subsidy	1,957	1,915
• Number of vested terminated members ⁵	424	407
• Number of active members	2,001	1,974
Key assumptions as of June 30,		
• Discount rate	6.32%	5.58%
• Health care premium trend rates:		
– Non-Medicare medical plans	Actual premium increases for 2025-2026, then 7.375% graded down to 4.50% over 12 years.	Actual premium increases for 2024-2025, then 7.125% graded down to 4.50% over 11 years.
– Medicare medical plans	Actual premium increases for 2025-2026, then 7.125% graded down to 4.50% over 11 years	Actual premium increases for 2024-2025, then 6.875% graded down to 4.50% over 10 years
• Health Insurance Benefit (HIB) subsidy increase	0.00% for \$450/\$550 benefit 3.00% for indexed benefit	0.00% for \$450/\$550 benefit

⁴ The service cost is based on the previous year's valuation, meaning the June 30, 2025 value is based on the valuation results as of June 30, 2024, whereas the June 30, 2024 value is based on the June 30, 2023 valuation results. As a result, this year's decrease in service cost was due to the liability decrease in last year's valuation, which was primarily due to the change in the discount rate from 5.23% as of June 30, 2023 to 5.58% as of June 30, 2024.

⁵ Includes inactive members due a refund of Pension Plan member contributions.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a tool to measure future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the District to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by East Bay Municipal Utility District Employees' Retirement System (EBMUDERS). Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the fair value of assets as of the valuation date, as provided by the System.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a

Section 1: Actuarial Valuation Summary

Input Item	Description
Models	<p>significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.</p> <p>Segal valuation results are based on proprietary actuarial modeling software. The valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>The blended discount rate used for calculating Total OPEB Liability is based on a model developed by our Actuarial Technology and Systems unit. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The discounting of benefits is part of the model.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

The user of Segal’s actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by the Board. It includes information for compliance with accounting standards and for the plan’s auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan’s future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report may include actuarial results that are shown to the nearest dollar, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, and health care trend, not just the current valuation results.

Section 1: Actuarial Valuation Summary

- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- If the Board is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the System upon delivery and review. The System should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 74 Information

General information about the OPEB plan

Plan administration. The East Bay Municipal Utility District (the District) Employees' Retirement System (EBMUDERS or the System) was established in 1937 to administer a single-employer, contributory, defined benefit OPEB plan (the OPEB Plan). The System provides retirement, disability, survivorship, and post-employment health insurance benefits⁶ for eligible directors, officers, and employees of the District. The System is administered by a Retirement Board composed of three members appointed by the board of directors of the District, two members elected by and from the active membership, and one (nonvoting) member elected by and from the retired membership of the System. Retirement Ordinance No. 40 (Ordinance) assigns the authority to establish Plan benefit provisions to the District's board of directors. It should be noted that there are two systems in EBMUDERS (i.e., Water System and Wastewater System).

The System is exempt from the regulations of the Employee Retirement Income Security Act of 1974. The System is also exempt from federal income taxes and California franchise taxes.

The System is an integral part of the District and the District appoints the majority of the Retirement Board of the System and provides for most of its funding. Accordingly, the System's operations have been reported as a Pension and Other Employee Benefit Trust Fund in the District's basic financial statements.

Plan membership. All regular full-time employees of the District are members of the Plan, in addition to certain job share and intermittent employees. Eligible employees become members on the first day they are physically on the job. At June 30, 2025, OPEB Plan membership consisted of the following:

Membership	Headcount
Retired members or beneficiaries currently receiving benefits	1,957
Vested terminated members entitled to but not yet receiving benefits ⁷	424
Active members	2,001
Total	4,382

⁶ The liabilities and expenses associated with providing retirement, disability and survivorship benefits are reportable under GASB Statements 67 and 68. They have not been included in this report.

⁷ Includes inactive members due a refund of Pension Plan member contributions.

Section 2: GASB 74 Information

Benefits provided. EBMUDERS provides post-employment health insurance benefits to eligible employees.

For the pension plan, there are two tiers in effect currently, the 1955/1980 Plan and the 2013 Tier. Employees who became members of the retirement system prior to January 1, 2013, or who have reciprocal membership are in the 1955/1980 Plan. Employees who became members on or after January 1, 2013 are in the 2013 Tier.

1955/1980 Plan members may elect voluntary service retirement upon attaining the age of 54 and completing 5 years of continuous full-time employment.

2013 Tier members may elect voluntary reduced service retirement upon attaining the age of 52 and completing 5 years of continuous full-time employment.

Members may receive disability retirement benefits prior to age 65 if the member is determined to be physically or mentally incapacitated, provided the member has 8 or more years of continuous full-time employment.

Death benefits are payable to the eligible beneficiary of a member who dies before retirement. Survivorship benefits are payable to the spouse/domestic partner of a member who dies after retirement, or who was eligible but had not retired from service, provided the spouse/domestic partner was married to/established domestic partnership with the member at the date of retirement and for at least one year prior to the member's death.

The District provides post-employment health benefits assistance (administered by the Employees' Retirement System) for employees who retire from the District or their surviving spouses. As of June 30, 2025 there were 1,957 participants receiving these health care benefits. Cash reimbursement of these benefits totaled \$9,777,000 in the year ended June 30, 2025.

Effective July 1, 1996, a 20-year vesting schedule for full benefits was implemented for all new participants with a lesser benefit paid for less than 20 years of service.

Effective January 1, 1999, retired members who had separated from the District prior to their retirement and who had at least 5 years of service also became eligible for the post-employment health benefits based on the same sliding scale. The scale provides for 25% of healthcare benefits for service from 5 through 10 years, 50% of healthcare benefits for service from 10 to 15 years, 75% of healthcare benefits for service from 15 through 20 years, and 100% of healthcare benefits for service of 20 years or more.

Section 2: GASB 74 Information

Effective July 1, 2003, the District reimburses up to \$450 per month (\$550 per month effective July 1, 2004, for members with a spouse or registered domestic partner) for any health, dental, or long-term care insurance premiums paid by the retiree for themselves, current spouse, or domestic partner, or any health, dental, or long-term care insurance premiums paid by the eligible surviving spouse of a retiree. These benefits are paid from a separate post-employment healthcare benefits fund which up until June 17, 2002, was advance funded entirely by the District on an actuarially determined basis without considering the implicit subsidy.

Effective June 18, 2002, a portion of the post-employment healthcare benefit costs is recovered through employee contributions.

Effective January 1, 2026, for employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage (\$615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. The same maximum subsidy will apply regardless of family tier of medical coverage elected. In addition, 2013 Tier employees who retire or terminate service after July 8, 2025 are 100% vested after 15 years of service.

The District contributes to the Plan based upon actuarially determined contribution rates adopted by the Retirement Board. Employer contribution rates are adopted annually based upon recommendations received from EBMUDERS' actuary (Segal) after the completion of the annual actuarial valuation. The average employer contribution rate (not reflecting any estimated implicit subsidies) as of June 30, 2025 for 2024-2025 (based on contribution rates adopted for the June 30, 2023 valuation) was 4.32% of pensionable compensation.

All members are required to make contributions to EBMUDERS regardless of the OPEB Plan or tier in which they are included. The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

Section 2: GASB 74 Information

Exhibit A: Net OPEB Liability

Components of the Total OPEB Liability	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Total OPEB Liability	\$220,176,082	\$189,880,139
Plan Fiduciary Net Position	<u>(82,988,000)</u>	<u>(71,420,000)</u>
Net OPEB Liability	\$137,188,082	\$118,460,139
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	37.69%	37.61%

The Net OPEB Liability (NOL) was measured as of June 30, 2025 and 2024. The Plan Fiduciary Net Position (plan assets) was valued as of the measurement date, while the Total OPEB Liability (TOL) was determined based upon the results of the funding actuarial valuations as of June 30, 2025 and 2024, respectively, with the following exceptions:

- Discount rate has been calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74 and Illustration 2 of Implementation Guide No. 2017-2, Financial Reporting Postemployment Benefit Plans Other Than Pension Plans.
- The implicit subsidy benefit payments are valued based on the age-based costs, which are provided for sample ages in Appendix B. In addition, separate spousal participation assumptions are used to model the implicit subsidies compared to those used to model the explicit subsidies.

Plan Provisions. The plan provisions used in the measurement of the TOL as of June 30, 2025 and 2024 are the same as those used in the EBMUDERS funding valuations as of June 30, 2025 and 2024, respectively.

Actuarial assumptions. The TOL as of June 30, 2025 was measured by an actuarial valuation as of June 30, 2025. The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an experience study (dated November 13, 2024) for the period from July 1, 2020 through June 30, 2024 and the Retiree Health assumptions letter (dated January 21, 2026). These are the same as the assumptions used in the June 30, 2025 funding actuarial valuation for EBMUDERS except the discount rate is calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74, and implicit subsidy benefit payments are valued based on the age-based costs and separate spousal participation assumptions. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Section 2: GASB 74 Information

Assumption Type	Assumption
Inflation	2.50%
Salary increases:	
<ul style="list-style-type: none"> 1955/1980 Plan 	Ranges from 9.25% to 3.75% based on time from hire, including inflation and real “across the board” salary increases
<ul style="list-style-type: none"> 2013 Tier 	Ranges from 9.50% to 3.75% based on time from hire, including inflation and real “across the board” salary increases
Discount rate	6.32%, net of OPEB Plan investment expense, including inflation
Spousal Participation	Explicit HIB spouse subsidies: 75% of males and 50% of females Implicit health plan spouse subsidies: 50% of males and 30% of females
Other assumptions	Same as those used in the June 30, 2025 funding actuarial valuation
Medical cost trend rates	
<ul style="list-style-type: none"> Non-Medicare medical plans 	Actual premium increases for 2025-2026, then 7.375% graded down to 4.50% over 12 years.
<ul style="list-style-type: none"> Medicare medical plans 	Actual premium increases for 2025-2026, then 7.125% graded down to 4.50% over 11 years
<ul style="list-style-type: none"> HIB subsidy increase 	0.00% for \$450/\$550 benefit 3.00% for indexed benefit

Section 2: GASB 74 Information

Exhibit B: Determination of discount rate and investment rates of return

The 6.75% long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2024 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2024, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These returns were used in the derivation of the 6.75% long-term expected investment rate of return assumption for the actuarial valuation as of June 30, 2024. This information is subject to change every four years based on the actuarial experience study, or every two years based on the interim economic actuarial assumptions study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	32.55%	5.80%
Domestic Small Cap Equity	2.45%	6.59%
Developed International Large Cap Equity	18.00%	6.44%
Emerging Market Equity	7.00%	8.32%
Core Bonds	20.00%	2.27%
High Yield Bonds	7.50%	4.62%
Bank Loans	5.00%	4.43%
Real Estate	2.50%	4.54%
Private Debt	5.00%	6.63%
Total	100.00%	5.26%

Municipal Bond Rate. 5.20% and 3.93% based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2025 and June 30, 2024, respectively.

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Discount rate. The discount rates used to measure the Total OPEB Liability were 6.32% as of June 30, 2025 and 5.58% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current and agreed upon contribution rates as specified in the District's bargaining agreements and that employer contributions will be made at rates equal to the actuarially determined contribution rates for the plan's explicit HIB subsidies, excluding the implicit subsidy that will continue to be paid on a pay-as-you go basis. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Only the implicit subsidies for current members were included as employer contributions since the employer is funding the implicit subsidy on a pay-as-you go basis⁸. Based on those assumptions, the OPEB Plan's assets were projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2064. Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (6.75%) was applied to periods of projected benefit payments through June 30, 2064, and the 20-year municipal bond rate (5.20%) was applied to periods after June 30, 2064 to determine the Total OPEB Liability.

⁸ See Appendix A for derivation

Section 2: GASB 74 Information

Exhibit C: Discount rate and trend sensitivity

The following presents the NOL of the Municipality as well as what EBMUDERS's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32%) or 1-percentage-point higher (7.32%) than the current rate. Also, shown is the TOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

Item	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
Net OPEB Liability (Asset)	\$163,864,780	\$137,188,082	\$114,971,435

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates ⁹	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$119,556,366	\$137,188,082	\$159,716,235

⁹ Current trend rates: Actual premium increases for fiscal year 2025-2026, then 7.375% in 2026-2027 graded down to 4.50% over 12 years for Non-Medicare medical plan costs and 7.125% in 2026-2027 graded down to 4.50% over 11 years for Medicare medical plan costs.

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Exhibit D: Schedule of changes in Net OPEB Liability

Components of the Total OPEB Liability	Current	Prior
	June 30, 2025	June 30, 2024
Measurement date	June 30, 2025	June 30, 2024
Total OPEB Liability		
Service cost ¹⁰	\$5,304,421	\$5,864,684
Interest	10,531,397	10,101,343
Change of benefit terms	47,384,823	0
Differences between expected and actual experience	(1,617,767)	290,869
Changes of assumptions	(18,229,717)	(7,223,859)
Benefit payments, including implicit subsidies ¹¹	(13,077,214)	(12,699,226)
Net change in Total OPEB Liability	\$30,295,943	\$(3,666,189)
Total OPEB Liability – beginning	189,880,139	193,546,328
Total OPEB Liability – ending	\$220,176,082	\$189,880,139
Plan Fiduciary Net Position		
Contributions – employer	\$11,885,000	\$12,231,000
Contributions – employee	249,000	240,000
Net investment income	9,298,000	7,676,000
Benefit payments, including implicit subsidies	(13,077,214)	(12,699,226)
Administrative expense	(87,000)	(68,000)
Other ¹²	3,300,214	2,875,226
Net change in Plan Fiduciary Net Position	\$11,568,000	\$10,255,000
Plan Fiduciary Net Position – beginning	71,420,000	61,165,000
Plan Fiduciary Net Position – ending	\$82,988,000	\$71,420,000
Net OPEB Liability		
Net OPEB Liability – ending	\$137,188,082	\$118,460,139
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	37.69%	37.61%
Covered payroll ¹³	\$275,207,182	\$264,425,972
Plan Net OPEB Liability as percentage of covered payroll	49.85%	44.80%

¹⁰ The service cost is based on the previous year's valuation, meaning the June 30, 2025 and June 30, 2024 value is based on valuation results as of June 30, 2024 and June 30, 2023, respectively.

¹¹ Sum of cash benefit payments (\$9,777,000) and estimated implicit subsidy benefit payments (\$3,300,214) for 2025. Sum of cash benefit payments (\$9,824,000) and estimated implicit subsidy benefit payments (\$2,875,226) for 2024.

¹² The total employer contributions for estimated implicit subsidy calculated based on assumptions disclosed in Appendix B.

¹³ Pensionable payroll reported by EBMUDERS.

Section 2: GASB 74 Information

Notes to Schedule:

Benefit changes:

- For employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage (\$615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. The same maximum subsidy will apply regardless of family tier of medical coverage elected.
- For employees who retire or terminate service after July 8, 2025, vesting was updated from 75% to 100% for 2013 Tier retirees with at least 15 years of service.
- The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

Assumption changes:

- The discount rate increased from 5.58% to 6.32%. This change decreased the TOL. The increase to the blended discount rate was primarily due to the increase in the 20-year municipal bond rate from 3.93% to 5.20% and the favorable investment returns during FYE25, which extended the cross-over date.
- The estimated per capita retiree claims costs and associated trend assumptions were updated to reflect 2026 calendar year premiums and updated trend assumptions for 2027 and after. The updated claims and associated trend assumptions had a combined impact of increasing the TOL by \$1.0 million or 0.5%.
- The average HIB for future retirees was updated. This change had a very minor impact.

Section 2: GASB 74 Information

Exhibit E: Schedule of employer contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ¹⁴	Contributions as a Percentage of Covered Payroll
2016	\$9,454,000	\$9,454,000	\$0	\$174,586,444	5.42%
2017	9,764,000	9,764,000	0	182,031,838	5.36%
2018	9,875,000	9,875,000	0	193,717,364	5.10%
2019	10,518,000	10,518,000	0	203,541,207	5.17%
2020	11,089,000	11,089,000	0	215,109,948	5.16%
2021	11,372,000	11,372,000	0	221,809,447	5.13%
2022	10,892,000	10,892,000	0	233,939,981	4.66%
2023	11,420,000	11,420,000	0	246,230,567	4.64%
2024	12,231,000	12,231,000	0	264,425,972	4.63%
2025	11,885,000	11,885,000	0	275,207,182	4.32%

See accompanying notes to this schedule on next page.

¹⁴ These amounts are the pensionable payroll amounts reported by EBMUDERS.

Section 2: GASB 74 Information

Notes to Schedule:

Methods and assumptions used to establish the actuarially determined contribution for the year ending June 30, 2025:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method:

Entry age cost method.

Amortization Method:

Level percent of payroll.

Remaining Amortization Period:

Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, through June 30, 2021, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption changes from the experience study or interim review of the economic assumptions are amortized over 20 years. In addition, the effect of plan provisions updates are amortized over 15 years.

Asset Valuation Method:

Market value (or fair value) of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 30% of the market value.

Section 2: GASB 74 Information

Actuarial Assumptions:

Actuarial Assumptions	June 30, 2023 (for the year ended June 30, 2025 ADC)
Investment rate of return	6.75%
Inflation rate	2.50%
Real “across-the-board” salary increase	0.50%
Projected salary increases	Ranges from 9.25% to 3.75% based on years of service, including inflation (stated above) plus “across-the-board” salary” increases (stated above) plus merit, and promotional increases
Mortality	<p>Healthy: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020</p> <p>Disabled: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2020</p>
Other assumptions	Same as those used in the June 30, 2023 funding actuarial valuation
Medical cost trend rates:	
<ul style="list-style-type: none"> • Non-Medicare medical plans 	Actual premium increases for 2023-2024, then 7.375% graded down to 4.50% over 12 years
<ul style="list-style-type: none"> • Medicare medical plans 	Actual premium increases for 2023-2024, then 6.375% graded down to 4.50% over 8 years

Appendices

Appendix A: Table 1 – Projection of Plan Fiduciary Net Position for use in the calculation of discount rate as of June 30, 2025 (\$ in thousands)

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2025	\$82,988	\$21,489	\$13,754	\$100	\$5,859	\$96,483
2026	96,483	21,619	13,969	101	6,767	110,799
2027	110,799	19,032	14,297	104	7,635	123,066
2028	123,066	19,060	14,588	106	8,454	135,887
2029	135,887	18,004	14,790	107	9,277	148,271
2030	148,271	17,354	15,178	110	10,078	160,415
2031	160,415	17,352	15,505	112	10,887	173,036
2032	173,036	14,833	15,869	115	11,641	183,526
2033	183,526	14,023	16,202	117	12,310	193,540
2034	193,540	13,875	16,665	121	12,966	203,595
2056	179,955	246	27,016	196	11,237	164,226
2057	164,226	0	26,890	195	10,171	147,313
2058	147,313	0	26,753	194	9,034	129,400
2059	129,400	0	26,811	194	7,823	110,218
2060	110,218	0	26,580	192	6,536	89,982
2061	89,982	0	26,381	191	5,177	68,588
2062	68,588	0	26,182	190	3,740	45,955
2063	45,955	0	25,802	187	2,225	22,191
2064	22,191	0	25,496	185	631	0
2065	0	0	25,166	182	0	0
2104	0	0	263	2	0	0
2105	0	0	190	1	0	0
2106	0	0	135	1	0	0
2107	0	0	94	1	0	0
2108	0	0	64	0	0	0

Appendices

Note that in preparing the projections in the table above, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

Notes

1. Amounts are in \$000's and may not total exactly due to rounding.
2. Years 2035-2055 and 2066-2103, have been omitted from this table.
3. Column (b): Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2025); plus employer contributions to the unfunded actuarial accrued liability; plus contributions to fund each year's annual administrative expenses reflecting a 20-year amortization schedule; plus implicit subsidy payments for current plan members as shown on the next page, based on Illustration 2 of Implementation Guide No. 2017-2, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Contributions are assumed to occur halfway through the year, on average.
4. Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74, and are based on the closed group of active, inactive vested, retired participants, and beneficiaries as of June 30, 2025. The projected benefit payments reflect the health care trend assumptions used in the June 30, 2025 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 48 of GASB Statement No. 74, the long-term expected rate of return on Plan investments of 6.75% was applied to periods of projected benefit payments through June 30, 2064, and the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (5.20%) was applied to periods after June 30, 2064, to determine the discount rate of 6.32%. See the following pages for details.
5. Column (d): Projected administrative expenses were calculated by assuming the actual administrative expenses for fiscal year 2024/2025 would increase at the same rate as the projected benefit payments for current members. Administrative expenses are assumed to occur halfway through the year, on average.
6. Column (e): Projected investment earnings are based on the assumed investment rate of return on Plan investments of 6.75% per annum.

Appendices

7. As illustrated in this Appendix, the Plan Fiduciary Net Position was projected to be available to make projected future benefit payments for current Plan members through June 30, 2064. In other words, the projected 'cross-over date' when projected benefits are not covered by projected assets (before reflecting contributions and investment earnings) occurs between June 30, 2064 and June 30, 2065. Therefore, the long-term expected rate of return on Plan investments of 6.75% per annum was applied to periods of projected benefit payments through June 30, 2064. Benefit payments after June 30, 2064 were discounted at 5.20%, the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
8. The blended discount rate used for calculating total OPEB liability is based on a model developed by our Actuarial Technology and Systems unit. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Appendices

Appendix A: Table 2

Projection of contributions – Implicit subsidy only (\$ in thousands)

Year Beginning July 1,	Projected Payroll for Current Plan Members (a)	Projected Payroll for Future Plan Members ¹⁵ (b) = (c) – (a)	Total Projected Payroll ¹⁶ (c)	Total Implicit Subsidy Contributions = Implicit Subsidy Benefit Payments (d)	Implicit Subsidy Contributions Related to Payroll of Future Plan Members ¹⁷ (e) = (b) x 0.65%	Implicit Subsidy Contributions for Current Plan Members ¹⁸ (f) = (d) - (e)
2025	\$296,015	\$0	\$296,015	\$3,260	\$0	\$3,260
2026	291,333	13,563	304,896	3,201	88	3,113
2027	287,227	26,816	314,043	3,257	174	3,082
2028	282,433	41,031	323,464	3,288	267	3,022
2029	277,710	55,458	333,168	3,238	360	2,877
2030	272,378	70,785	343,163	3,376	460	2,916
2031	266,898	86,560	353,458	3,423	563	2,860
2032	261,146	102,916	364,062	3,529	669	2,860
2033	255,691	119,293	374,984	3,578	775	2,802
2034	249,877	136,356	386,233	3,748	886	2,862
2056	72,842	667,220	740,062	3,757	4,337	(580)
2057	63,848	698,416	762,264	3,237	4,540	(1,303)
2058	55,272	729,860	785,132	2,762	4,744	(1,982)
2059	47,333	761,353	808,686	2,549	4,949	(2,400)
2060	40,167	792,780	832,947	2,110	5,153	(3,043)
2061	33,497	824,438	857,935	1,748	5,359	(3,611)
2062	27,480	856,193	883,673	1,466	5,565	(4,099)
2063	22,244	887,940	910,183	1,070	5,772	(4,702)
2064	17,799	919,690	937,489	813	5,978	(5,165)
2065	14,032	951,582	965,614	599	6,185	(5,586)

¹⁵ Future plan members assumed to enter plan at the end of the year.

¹⁶ Initial payroll based on June 30, 2025 funding valuation. Future payrolls are projected with assumed annual 3.00% increase.

¹⁷ Normal cost rate adjusted for timing of implicit subsidy benefit of 2013 Tier members.

¹⁸ Negative values reflect the removal of contributions attributable to the service costs of future plan member implicit subsidies. As shown in Table 3, the overall contributions are never negative. Numbers may not add up due to rounding.

Appendices

Appendix A: Table 3

Projection of contributions and benefit payments – Total (\$ in thousands)

Year Beginning July 1,	Contributions for Current Plan Members Prefunding (a)	Contributions for Current Plan Members Implicit Subsidy (b)	Contributions for Current Plan Members Total Contributions (c) = (a) + (b)	Benefit Payments Cash Subsidy (HIB Subsidy) (d)	Benefit Payments Implicit Subsidy (e) = column (d) from Table 2	Benefit Payments Total Benefit Payments (f) = (d) + (e)
2025	\$18,229	\$3,260	\$21,489	\$10,494	\$3,260	\$13,754
2026	18,506	3,113	21,619	10,768	3,201	13,969
2027	15,950	3,082	19,032	11,040	3,257	14,297
2028	16,038	3,022	19,060	11,300	3,288	14,588
2029	15,127	2,877	18,004	11,552	3,238	14,790
2030	14,438	2,916	17,354	11,802	3,376	15,178
2031	14,492	2,860	17,352	12,082	3,423	15,505
2032	11,973	2,860	14,833	12,340	3,529	15,869
2033	11,221	2,802	14,023	12,624	3,578	16,202
2034	11,013	2,862	13,875	12,917	3,748	16,665
2056	826	(580)	246	23,259	3,757	27,016
2057	1,303	(1,303)	0	23,653	3,237	26,890
2058	1,982	(1,982)	0	23,991	2,762	26,753
2059	2,400	(2,400)	0	24,262	2,549	26,811
2060	3,043	(3,043)	0	24,470	2,110	26,580
2061	3,611	(3,611)	0	24,633	1,748	26,381
2062	4,099	(4,099)	0	24,716	1,466	26,182
2063	4,702	(4,702)	0	24,732	1,070	25,802
2064	5,165	(5,165)	0	24,683	813	25,496
2065	5,586	(5,586)	0	24,567	599	25,166

Appendices

Appendix B: Actuarial assumptions and methods for implicit subsidy calculation

Carrier election and monthly premiums — Participants under age 65:¹⁹

These monthly premiums apply to the 70% of future retirees assumed to enroll in an EBMUDERS medical insurance plan.

2025 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO	\$971.29	\$1,942.58	\$971.29
Anthem Blue Cross PPO	1,079.99	2,159.98	1,079.99
Sutter Health Plus HMO	1,115.80	2,231.60	1,115.80

2026 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO	\$992.72	\$1,985.44	\$992.72
Anthem Blue Cross PPO	1,187.99	2,375.98	1,187.99
Sutter Health Plus HMO	1,328.90	2,657.80	1,328.90

2025-2026 Fiscal Year

Carrier	Election Percentage Rate (%)	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO ²⁰	70	\$982.01	\$1,964.01	\$982.01
Anthem Blue Cross PPO	25	1,133.99	2,267.98	1,133.99
Sutter Health Plus HMO	5	1,222.35	2,444.70	1,222.35

¹⁹ We only use monthly premiums for participants under age 65 to determine the implicit subsidy.

²⁰ For valuation purposes, we assumed 0% of future retirees will enroll in the Kaiser CDHP, Sutter CDHP, and Anthem Blue Cross CDHP plans.

Appendices

Implicit subsidy:

Retiree under age 65 and active health insurance premiums have been underwritten together. Under GASB 74, the health care costs must be valued as if the under age 65 retirees had been underwritten separately from the actives. Any excess of the retiree only per capita costs over the blended active/retiree premiums is the implicit subsidy. The tables below show the annual implicit subsidies for sample ages under different carriers. No implicit subsidy exists for retirees over age 65.

The adjustment of per capita premium medical costs for age and gender and spouse/domestic partner status, are in accordance with Actuarial Standard of Practice (ASOP) No. 6. The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from Segal's claims data warehouse.

Amounts shown in the tables below are for both retirees and spouses, at selected ages:

Kaiser HMO

Annual Blended Active/Retiree Premium: \$11,784

Age	Annual Per Capita Costs Male	Annual Per Capita Costs Female	Annual Implicit Subsidy Rates Male	Annual Implicit Subsidy Rates Female
50	\$14,483	\$15,292	\$2,699	\$3,508
55	16,342	16,601	4,558	4,817
60	18,816	17,996	7,032	6,212
64	22,868	19,537	11,084	7,753

Appendices

Sutter Health Plus HMO

Annual Blended Active/Retiree Premium: \$14,668

Age	Annual Per Capita Costs	Annual Per Capita Costs	Annual Implicit Subsidy Rates	Annual Implicit Subsidy Rates
	Male	Female	Male	Female
50	\$16,193	\$17,098	\$1,525	\$2,430
55	18,272	18,561	3,604	3,893
60	21,038	20,121	6,370	5,453
64	25,568	21,843	10,900	7,175

Anthem Blue Cross PPO

Annual Blended Active/Retiree Premium: \$13,608

Age	Annual Per Capita Costs	Annual Per Capita Costs	Annual Implicit Subsidy Rates	Annual Implicit Subsidy Rates
	Male	Female	Male	Female
50	\$15,206	\$16,056	\$1,598	\$2,448
55	17,159	17,430	3,551	3,822
60	19,756	18,895	6,148	5,287
64	24,010	20,512	10,402	6,904

Appendices

Weighted Average Costs – Use for future retirees

Annual Blended Active/Retiree Premium: \$12,384

Age	Annual Per Capita Costs Male	Annual Per Capita Costs Female	Annual Implicit Subsidy Rates Male	Annual Implicit Subsidy Rates Female
50	\$14,749	\$15,574	\$2,365	\$3,190
55	16,643	16,906	4,259	4,522
60	19,163	18,327	6,779	5,943
64	23,289	19,896	10,905	7,512

Appendices

Appendix C: Definition of terms

Definitions of certain terms as they are used in Statement No. 74. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: <ol style="list-style-type: none"> a. Investment return — the rate of investment yield that the Plan will earn over the long-term future; b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates; c. Retirement rates — the rate or probability of retirement at a given age; d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the actuarial present value of projected benefit payments using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health care cost trend rates:	The rate of change in per capita health costs over time
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position
Plan Fiduciary Net Position:	Fair Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Total OPEB Liability:	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 75.
Valuation date:	The date at which the actuarial valuation is performed

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Via Email

January 21, 2026

Ms. Sophia Skoda
Director of Finance
East Bay Municipal Utility District
375 11th Street
Oakland, CA 94607-4240

**Re: East Bay Municipal Utility District Employees' Retirement System (EBMUDERS)
Proposed Assumptions and Methods for the Health Insurance Benefit (HIB)
June 30, 2025 Actuarial Valuations**

Dear Sophia:

This letter summarizes the actuarial assumptions and methods that we intend to apply in the upcoming June 30, 2025 HIB valuations to determine the separate contribution requirements for funding and financial disclosure purposes. As you may recall, the liability and cost associated with the implicit subsidy (see additional discussions in this letter) are included only in the results required for financial disclosure.

Reflection of plan change in actuarial valuations:

Based on discussions with the District, the June 30, 2025 HIB funding valuation will incorporate the plan change adopted on July 8, 2025. In accordance with the Actuarial Standards of Practice, the actuary may choose to reflect the impact of the plan change even though it was adopted after the June 30, 2025 valuation date. The assumptions related to the new benefit formula are outlined on page 12 of this letter.

While our reading of the requirements of GASB 74 might appear to suggest that the financial disclosure of the impact of the improvement would not be required to be made until the next measurement date after the improvement, upon consulting with EBMUD we understand that including this impact as of the current measurement date of June 30, 2025 would nonetheless be reasonable as it provides more timely disclosure of the improvement.

The assumptions used in the retiree health valuations are reviewed annually. Unless instructed otherwise, we will proceed to use the methods and assumptions outlined in the attached *Recommended Actuarial Assumptions for the June 30, 2025 Retiree Health Valuations*.

The following are our recommended assumptions for the June 30, 2025 HIB valuations:

1. Health care trend assumptions – The detailed health care trend recommended assumptions are outlined in Item 1 of the Attachment.

Setting the trend assumptions begins with selecting the first-year increase, and then selecting a step for grading down the trends over several years, to an ultimate long-term trend. The first-year trend rate is selected for the purpose of projecting the first-year premiums and subsidies to the following year. In developing first-year health care trend assumptions, a mix of health industry expectations and plan specific information is used as follows.

- a. Segal's National Health Care Practice develops trend standards each year. The methodology utilizes data from our annual Segal Health Plan Cost Trend Survey of insurers, pharmacy benefit managers, and managed care organizations. An analysis of historic trend was performed to evaluate the differences in projected trend vs. actual. The methodology looked at variation of actual results and fitted them to the differences between actual and projected trend.
- b. Segal's National Health Care Practice then publishes its internal standards for use by its health actuaries and consultants. These internal standards cover a variety of benefits (e.g. medical, dental, vision) and plan design types (e.g. PPO, HMO). Unlike Segal's annual trend survey, which displays averages of the survey results, the trend standards provide ranges of acceptable assumptions.
- c. For retiree health valuations, without additional information, we would choose a first-year trend in the middle of the range provided in the Segal trend standards. If any additional information from the client or its health consultant is available, Segal may consider that information when setting the first-year trend. For EBMUDERS, our recommended trend rates also incorporate a review of the plan's premium changes over the past six years.
- d. Retiree health care valuations typically project benefit payments far into the future (up to 80 years). Segal's Office of the Chief Actuary provides standards on trends in the years following the first year of projection. The trend for each year is to decrease until it reaches an ultimate trend rate.

Non-Medicare plans:

- 1) For the June 30, 2024 valuation, our recommended first plan year trend rate was 7.25%, graded down each year by 0.25%, until an ultimate rate of 4.50% is reached (after eleven years).

For the June 30, 2025 valuation, we recommend the first plan year trend rate be set at 7.50%, then grading down each year by 0.25%, until an ultimate rate of 4.50% is reached (after twelve years). Based on the new assumptions, the non-Medicare premiums are expected to increase by an average of 5.47% per year over the next twenty years.

Medicare plans:

- 2) For the June 30, 2024 valuation, our recommended first plan year trend rate was 7.00%, graded down each year by 0.25%, until an ultimate rate of 4.50% is reached (after ten years).

For the June 30, 2025 valuation, we recommend the first plan year trend rate be set at 7.25%, then grading down each year by 0.25%, until an ultimate rate of 4.50% is reached (after eleven years). Based on the new assumptions, the

Medicare premiums are expected to increase by an average of 5.32% per year over the next twenty years.

The ultimate trend rate reflected the assumption that increases in health costs would, over the long term, approach overall economic growth, which includes a general price inflation component. Based on guidance from Segal's National Retiree Health Practice, and analysis on long-term costs in the health care market as a whole, we have maintained the ultimate trend rate assumption of 4.50%.

2. Per Capita Health Care Costs – These costs are used to project the premiums for the current active members when they retire. Based on the percentage of retired members, spouses and beneficiaries electing health coverage, and the proportion of members enrolled in each available medical plan, we developed the per capita health premium costs for a member who is covered in fiscal year 2025-2026.

Based on the June 30, 2025 membership data provided to us, we have included in the Attachment the observed election rates among the different medical plans. The election assumptions are shown in Items 2(c) and 2(d) of the Attachment.

3. Discount Rate Assumptions – For the June 30, 2025 funding valuation, we will continue to use the 6.75% discount rate approved by the Board during the June 30, 2024 quadrennial experience study.

Based on prior correspondence with the Retirement Office in January 2009, it is our understanding that the District has elected to fully prefund the explicit HIB subsidies but not prefund the implicit subsidy. To account for the partial prefunding for Governmental Accounting Standards Board (GASB) financial disclosure purposes, we would calculate a weighted average discount rate. Under GASB Statements No. 74 and 75, there is a specific method for calculating the weighted average discount rate. The rate to discount benefit payments financed by Plan assets (i.e. benefits that are prefunded) as of June 30, 2025 is 6.75% based on our recommended discount rate. The rate to discount benefit payments not financed by Plan assets (i.e. benefits that are not prefunded) as of June 30, 2025 is 5.20%. The weights applied to calculate the average discount using the 6.75% and 5.20% rates will not be known until the projected cash flows as of June 30, 2025 have been developed.

4. Other assumptions – The other assumptions and methods will be consistent with those approved by the Board based on our June 30, 2024 quadrennial experience study.

In Item 3(3) of the Attachment, we have outlined the funding methodologies, including the numbers of years that would be used to amortize the Unfunded Actuarial Accrued Liability (UAAL) based on the source of that UAAL.

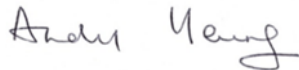
Beginning with the June 30, 2018 valuation for funding, any change in the UAAL due to health assumption changes reviewed annually was amortized over 20 years. The change in the UAAL due to the economic assumption changes will be amortized over 20 years following the new period approved by the Board in September 2022. The change in UAAL resulting from plan provision updates will be amortized over 15 years.

We continue to recommend that all of the demographic assumptions under items 3(7), 3(8), and 3(9) be re-evaluated as part of the quadrennial experience study (rather than annually),

to provide more stability to the actuarial assumptions used to calculate liabilities and set the contribution rates for the health plans. These assumptions, reviewed as part of this year's quadrennial study, include spouse/domestic partner demographic assumptions, and participation percentages.

We look forward to discussing this letter with you. Please let us know if you have any questions.

Sincerely,



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



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

TTT/elf
Enclosure

cc: Cindy Charan
Yenny Coburn
David Glasser
Steven Goodman-Leibof
Robert Hannay
Winsun Hsieh
Lisa Sorani
Melody Wang
Valerie Weekly

1. Health care trend rates

a. Medical trends used for the June 30, 2024 valuation

Trend is to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2024 through June 30, 2025):

Plan	Kaiser HMO Under 65	Anthem Blue Cross PPO Under 65	Sutter Health Plus HMO Under 65	Kaiser Senior Advantage	UHC Medicare Advantage PPO
Trend to be applied to 2024–2025 Fiscal Year premium	5.81%	8.56%	10.50%	9.08%	14.69%

The fiscal year trend rates are based on the following calendar year trend rates:

Approximate Trends for Fiscal Year	Fiscal Year Non-Medicare Trend Rates (%)	Fiscal Year Medicare Trend Rates (%)	Trend Rates Applied to Premium for Calendar Year	Calendar Year Non-Medicare Trend Rates (%)	Calendar Year Medicare Trend Rates (%)
2025–2026	7.125	6.875	2025	7.25	7.00
2026–2027	6.875	6.625	2026	7.00	6.75
2027–2028	6.625	6.375	2027	6.75	6.50
2028–2029	6.375	6.125	2028	6.50	6.25
2029–2030	6.125	5.875	2029	6.25	6.00
2030–2031	5.875	5.625	2030	6.00	5.75
2031–2032	5.625	5.375	2031	5.75	5.50
2032–2033	5.375	5.125	2032	5.50	5.25
2033–2034	5.125	4.875	2033	5.25	5.00
2034–2035	4.875	4.625	2034	5.00	4.75
2035–2036	4.625	4.500	2035	4.75	4.50
2036 and later	4.500	4.500	2036	4.50	4.50

b. Proposed medical trends for the June 30, 2025 valuation

Trend is to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2025 through June 30, 2026):

Plan	Kaiser HMO Under 65	Anthem Blue Cross PPO Under 65	Sutter Health Plus HMO Under 65	Kaiser Senior Advantage	UHC Medicare Advantage PPO
Trend to be applied to 2025–2026 Fiscal Year premium	4.88%	8.69%	12.79%	7.38%	7.94%

The fiscal year trend rates are based on the following calendar year trend rates:

Approximate Trends for Fiscal Year	Fiscal Year Non-Medicare Trend Rates (%)	Fiscal Year Medicare Trend Rates (%)	Trend Rates Applied to Premium for Calendar Year	Calendar Year Non-Medicare Trend Rates (%)	Calendar Year Medicare Trend Rates (%)
2026–2027	7.375	7.125	2026	7.50	7.25
2027–2028	7.125	6.875	2027	7.25	7.00
2028–2029	6.875	6.625	2028	7.00	6.75
2029–2030	6.625	6.375	2029	6.75	6.50
2030–2031	6.375	6.125	2030	6.50	6.25
2031–2032	6.125	5.875	2031	6.25	6.00
2032–2033	5.875	5.625	2032	6.00	5.75
2033–2034	5.625	5.375	2033	5.75	5.50
2034–2035	5.375	5.125	2034	5.50	5.25
2035–2036	5.125	4.875	2035	5.25	5.00
2036–2037	4.875	4.625	2036	5.00	4.75
2037–2038	4.625	4.500	2037	4.75	4.50
2038 and later	4.500	4.500	2038	4.50	4.50

2. Per capita costs and election rates

a. Premiums used in the June 30, 2024 Valuation — Participant under age 65

These premiums apply to the 70% of future retirees assumed to enroll in an EBMUD medical insurance plan, as indicated in Item 3(9) of this attachment.

2024 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO	\$931.22	\$1,862.44	\$931.22
Anthem Blue Cross PPO	981.81	1,963.62	981.81
Sutter Health Plus HMO	977.00	1,954.00	977.00

2025 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO	\$971.29	\$1,942.58	\$971.29
Anthem Blue Cross PPO	1,079.99	2,159.98	1,079.99
Sutter Health Plus HMO	1,115.80	2,231.60	1,115.80

2024-2025 Fiscal Year

Carrier	Election Percentage Rate (%)	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO ¹	70	\$951.26	\$1,902.51	\$951.26
Anthem Blue Cross PPO	25	1,030.90	2,061.80	1,030.90
Sutter Health Plus HMO	5	1,046.40	2,092.80	1,046.40

¹ For valuation purposes, we assumed 0% of future retirees will enroll in the Kaiser CDHP, Sutter CDHP, and Anthem Blue Cross CDHP plans.

b. Premiums used in the June 30, 2024 Valuation — Participant age 65 and older

These premiums apply to the 70% of future retirees assumed to enroll in an EBMUD medical insurance plan, as indicated in Item 3(9) of this attachment.

2024 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser Senior Advantage HMO	\$304.56	\$609.12	\$304.56
UHC Medicare Advantage PPO	412.45	824.90	412.45

2025 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser Senior Advantage HMO	\$339.24	\$678.48	\$339.24
UHC Medicare Advantage PPO	512.45	1,024.90	512.45

2024-2025 Fiscal Year

Carrier	Election Percentage Rate (%)	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser Senior Advantage HMO ²	67	\$321.90	\$643.80	\$321.90
UHC Medicare Advantage PPO	33	462.45	924.90	462.45

² For valuation purposes, we assumed all future Kaiser Medicare retirees will elect the High option.

c. Proposed monthly premiums for the June 30, 2025 Valuation — Participant under age 65

These premiums apply to the 70% of future retirees assumed to enroll in an EBMUD medical insurance plan, as indicated in Item 3(9) of this attachment.

2025 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO	\$971.29	\$1,942.58	\$971.29
Anthem Blue Cross PPO	1,079.99	2,159.98	1,079.99
Sutter Health Plus HMO	1,115.80	2,231.60	1,115.80

2026 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO	\$992.72	\$1,985.44	\$992.72
Anthem Blue Cross PPO	1,187.99	2,375.98	1,187.99
Sutter Health Plus HMO	1,328.90	2,657.80	1,328.90

2025–2026 Fiscal Year

Carrier	Election Percentage Rate (%)	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser HMO ³	70	\$982.01	\$1,964.01	\$982.01
Anthem Blue Cross PPO	25	1,133.99	2,267.98	1,133.99
Sutter Health Plus HMO	5	1,222.35	2,444.70	1,222.35

³ For valuation purposes, we assumed 0% of future retirees will enroll in the Kaiser CDHP, Sutter CDHP, and Anthem Blue Cross CDHP plans.

**d. Proposed monthly premiums for the June 30, 2025 valuation
 — Participant age 65 and older**

These premiums apply to the 70% of future retirees assumed to enroll in an EBMUD medical insurance plan, as indicated in Item 3(9) of this attachment.

2025 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser Senior Advantage HMO	\$339.24	\$678.48	\$339.24
UHC Medicare Advantage PPO	512.45	1,024.90	512.45

2026 Calendar Year

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser Senior Advantage HMO	\$364.75	\$729.50	\$364.75
UHC Medicare Advantage PPO	557.00	1,114.90	557.00

2025–2026 Fiscal Year

Carrier	Election Percentage Rate (%)	Single Party	Married/With Domestic Partner	Eligible Survivor
Kaiser Senior Advantage HMO ⁴	65	\$352.00	\$703.99	\$352.00
UHC Medicare Advantage PPO	35	534.73	1,069.90	534.73

⁴ For valuation purposes, we assumed all future Kaiser Medicare retirees will elect the High option.

e. Average HIB subsidy — Employees who retired or terminated prior to July 8, 2025

As noted in Item 3(9) of this attachment, the enrollment percent of 70% is used to estimate the proportion of future retirees expected to participate in the EBMUD medical insurance plans shown in the preceding Items 2(c) and 2(d). The difference between the 95% of all future retirees expected to be provided with an HIB subsidy shown in Item 3(9) and 70% (i.e. 25%) is what we used to anticipate future retirees who receive reimbursement for medical expenses through the HIB plan without being enrolled in an EBMUD medical insurance plan (Kaiser, Blue Cross < 65, Sutter Health Plus <65, Kaiser Senior Advantage, UHC Medicare Advantage PPO 65+). The HIB subsidy may be used to defray any other allowed health benefits (e.g., Medicare Part B premiums, dental costs) in addition to medical premiums.

For current retirees, we have used the HIB on record. For the expected 95% future retirees who received an HIB, we have assumed, based on the greater of the average HIB on record for current retirees at 100% vesting level in either the current or prior year census data, that:

- Retirees at 100% vesting level under age 65 with single HIB coverage will receive an average \$439 monthly benefit as of July 1, 2025,
- Retirees at 100% vesting level under age 65 with spouse HIB coverage will receive an average \$520 monthly benefit as of July 1, 2025,
- Retirees at 100% vesting level age 65 and over with single HIB coverage will receive an average \$441 monthly benefit as of July 1, 2025, and
- Retirees at 100% vesting level age 65 and over with spouse HIB coverage will receive an average \$543 monthly benefit as of July 1, 2025.

The maximum (100% vesting level) monthly HIB subsidy is \$450 for a retiree with single coverage and \$550 for a retiree with spouse coverage.

f. Average HIB Subsidy — Employees who retire or terminate on or after July 8, 2025

Effective January 1, 2026, for employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage (\$615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. A 3.00% annual increase to the maximum subsidy will be assumed in the valuation, which is consistent with the underlying Medicare trend assumptions. The same maximum subsidy will apply regardless of family tier of medical coverage elected.

For the expected 95% future retirees who receive an HIB, we have assumed, based on the greater of the average HIB on record for current retirees at 100% vesting level in either the current or prior year census data, that:

- Retirees at 100% vesting level under age 65, regardless of marital status, will receive the maximum monthly HIB subsidy of \$615.58 as of January 1, 2026.
- Retirees at 100% vesting level age 65 and over with single HIB coverage will receive an average \$571.25 monthly benefit as of January 1, 2026, to increase annually with the assumed medical trend until the maximum HIB subsidy is reached. The \$571.25 assumption is equal to the sum of the 2026 KSA High Option premium of \$364.75 and the assumed 2026 Medicare Part B premium of \$206.50.
- Retirees at 100% vesting level age 65 and over with spouse HIB coverage will receive the maximum monthly HIB subsidy of \$615.58 as of January 1, 2026.

3. Other assumptions and methods

For the June 30, 2025 valuations, the following assumptions and methodologies will be applied:

1. Discount rate:

For the HIB funding valuation: Based on the 6.75% investment return assumption adopted by the Board and also used in the pension valuation.

For GASB 74/75 financial disclosure valuation: Based on weighted average investment return assumption as described on page 3 of the cover letter.

2. Demographic assumptions: These include the incidence of service retirement, disability retirement, withdrawal, deferred vested retirement and death. We will apply the assumptions adopted in our June 30, 2024 quadrennial experience study.

3. Funding methodologies:

The Entry Age, level percent of pay cost method will continue to be used in these HIB valuations: funding, GASB expense and GASB disclosure.

Plan changes, assumption changes and experience gains/losses prior to July 1, 2011 are each amortized over a 30-year amortization period. On or after July 1, 2011 through June 30, 2021, plan changes are each amortized over a 15-year period; assumption changes from the experience study are amortized over a 25-year period; and experience gains/losses (including year-to-year health assumption changes) are amortized over a 20-year period. On or after July 1, 2022, assumption changes from the experience study or interim review of the economic assumptions are amortized over 20 years. In addition, the effect of plan change will be amortized over 15 years.

These payments would continue to be expressed as a level percent of a growing payroll base, which is expected to increase at 3.00% per year based on our recommended wage increase assumption.

4. Expected annual rate of increase in the Board's health subsidy amount: For employees who retired prior to July 8, 2025, we will continue to assume that the Board's cash health subsidy amounts of \$450 for single and \$550 for married retirees will not increase in the future. For retirements on or after July 8, 2025, we will assume that the cash health subsidy amounts will increase as described in Item 2(f) above.

5. Assets: We will continue to use the current five-year smoothed actuarial value of asset method in our valuation.

6. Implicit Subsidy: It is our understanding that retiree premium rates are pooled together with actives and that an implicit subsidy does exist. For GASB 74/75 purposes, we will include the cost of the implicit subsidy.

7. Spouse/Domestic Partner Age Difference in Years for Retirees with Medical Coverage:

For all active and inactive vested participants, male participants are assumed to have a female spouse/domestic partner who is 2 years younger than the participant, while female participants are assumed to have a male spouse/domestic partner who is 2 years older than the participant.

We will evaluate these assumptions during the next experience study.

8. Spouse/Domestic Partner Coverage:

For the funding valuation, 75% of male and 50% of female future retirees are assumed to have a spouse with eligible HIB health care coverage expenses. For the accounting valuation, to estimate the implicit subsidy related to spouse coverage, 50% of male and 30% of female future non-Medicare retirees are assumed to elect spouse/domestic partner coverage in an EBMUDERS sponsored health plan.

For retired participants: Actual data provided in the census is used.

Based on past practice this is not necessarily the same as the percent married/domestic partnership assumption used in the pension valuation. Some of those members may not elect HIB spouse/domestic partner coverage upon retirement due to the additional cost to the member.

We will evaluate these assumptions during the next experience study.

9. Participation:

95% of future eligible retirees are assumed to enroll in the HIB plan and receive a HIB subsidy.

70% of future retirees are assumed to enroll in the EBMUD medical insurance plans shown in Items 2(c) and 2(d).

The difference between the 95% of all future retirees expected to be provided with an HIB subsidy and the 70% (i.e. equals 25%) is what we used to anticipate future retirees who receive reimbursement for medical expenses through the HIB plan without being enrolled in an EBMUD medical insurance plan.

All current pensioners and beneficiaries with a retiree health insurance cash subsidy, as provided in the census, are valued.

For deferred vested members, we assume an election equal to 65% of the future retiree election percent.

We will evaluate these assumptions during the next experience study.

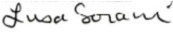
10. Reconciliation of Total OPEB Liability (TOL) for GASB 74/75: When reconciling the TOL for the GASB 74 and 75 valuations, the following will be treated as assumption changes: changes in TOL attributable to a health care trend, discount rate, medical election, health care premium and subsidy rates, and changes adopted from the quadrennial experience study (or interim review of economic assumptions). Starting with the June 30, 2021 GASB 74 valuation, and for the financial reporting valuations, the impact from the updated premium and corresponding plan election rates used to project future member plan elections and premiums were also classified as assumption changes, rather than experience gains and losses.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Retirement Board

THROUGH: Cindy Charan, Director of Human Resources 

FROM: Lisa Sorani, Manager of Employee Services 

SUBJECT: Adopt Proposed Election Board Rule

SUMMARY

At the Board's request, Staff have drafted the final proposed Retirement Board Rule, titled Retirement Board Elections A-3 that incorporates comments from the Board and recommendations from Staff to modernize and streamline the election process. Today staff request that the Retirement Board approve the attached resolution to create the new Retirement Board Rule A-3.

DISCUSSION

The Retirement Board recommended revisions to Ordinance Section 4a, which outlines the composition of the Board and the term for elected members. The recommendation to change the term from two years to four years, with a three-year transition term for the Retiree Representative elected in 2026, was presented to the Board of Directors in two readings and the Retirement Ordinance has been updated to include this change. The final draft Retirement Board Rule attached to this memo references the changes made to the Retirement Ordinance and includes Retirement Board recommendations from the March 20, 2025, September 8, 2025, and November 6, 2025 Retirement Board meetings.

NEXT STEPS

Staff request approval of the Resolution to adopt the new Retirement Board Rule A-3 and to allow the 2026 election schedule provided today assuming adoption of this rule.

LS:vw

Attachment: Resolution to approve implementation of Retirement Board Rule A-3

R.B. RESOLUTION NO. 7046

ADDING RETIREMENT BOARD RULE A-3 TO IMPLEMENT RULES FOR
ADMINISTERING ELECTIONS TO THE RETIREMENT BOARD

Introduced by: Clifford Chan ; Seconded by: Marguerite Young

WHEREAS, Section 4(b) of the Retirement Ordinance authorizes the Retirement Board to adopt such rules and regulations as are necessary and proper in the administration of the provisions of the Retirement Ordinance; and

WHEREAS, Section 4(a) of the Retirement Ordinance provides for the election of two Members (active Member) to the Retirement Board and the election of one retiree (Retired Member) non-voting member to the Retirement Board; and

WHEREAS, pursuant to Section 4(a) of the Retirement Ordinance, staff of the East Bay Municipal Utility District Employees Retirement System (EBMUDERS) has administered the election process;

WHEREAS, it is the desire of the Retirement Board to adopt such rules and regulations governing the election of the two active Members to the Retirement Board and the election of the one Retired Member, a non-voting member to the Retirement Board and to codify a modernized process that incorporates recommendations from staff and recommendations from the Board; and

WHEREAS, the Retirement Board wishes to add Retirement Board Rule A-3 to codify such rules and regulations governing the administration of the election of two active Members to the Retirement Board and the election of one Retired Member, a non-voting member to the Retirement Board;

NOW, THEREFORE, BE IT RESOLVED, that Retirement Board Rules are amended as follows:

1. Retirement Board Rule A-3 shall be added as follows:

RULE NO. A-3

Retirement Board Elections
Adopted by Resolution XXX – January
29, 2025

The purpose of this policy is to establish a transparent and fair process for nominating and electing Members to the EBMUD Employees' Retirement System Retirement Board.

1. Election Process

- A. Retirement Board Member elections will be conducted by Retirement Board Staff ('Staff') to the Retirement Board with oversight and certification by the Retirement Board Secretary.
- B. Staff will create an election calendar to determine key election dates, providing ample time for Member notice, candidate nomination and voting. This calendar will be announced during the January Retirement Board meeting of each election year.
- C. Phases of an election to a vacancy on the Retirement Board for either active Member or Retired Member shall be: (1) candidacy; (2) nomination; and (3) voting. Elections, excluding special elections, will provide approximately 15 workdays for each phase of an election.

2. Eligibility for Voting and Running in the Retirement Board Election

- A. Only Retired Members as defined in Retirement Ordinance Section 2(s) are eligible to be candidates for the non-voting Retired Member Retirement Board seat.
- B. Only Retired Members as defined in Retirement Ordinance Section 2(s) are eligible to nominate and vote for candidates for the non-voting Retired Member Retirement Board seat.
- C. Only active Members as defined in Retirement Ordinance Section 5(a) are eligible to be candidates for the active Member Retirement Board seats.
- D. Only active Members as defined in Retirement Ordinance Section 5(a) are eligible to nominate and vote for candidates for the active Member Retirement Board seats.

3. Notice of Election

- A. Election notices for active Members will be provided in a manner consistent with integrity, efficiency, sustainability and inclusiveness.
- B. At a minimum, Staff will post the notice of election for the active Member Retirement Board vacancy on SplashPad, by email, and at authorized posting sites physically located throughout the District.
- C. At a minimum, Staff will post the notice of election for the retiree Retirement Board vacancy via written letter to all retirees sent through the United States Postal Service (U.S. Mail). Thereafter, election notices will be sent by email for those retirees who have provided their email addresses to Staff. Retirees with no email on file will receive election notices by U.S. Mail.
- D. Staff will post all notices of election on EBMUDERS webpage once the webpage is functional.

4. Candidacy Phase

- A. Members interested in becoming a candidate to fill a vacancy on the Retirement Board must complete and submit the Retirement Board Candidate Application by email to RetirementBoardElections@ebmud.com within the election timeline designated by Staff and as set forth in section 1.C. above.
- B. During the candidacy phase, Staff will host at least one Retirement Board Roles and Responsibilities informational session to educate interested Members.
- C. Members may not use District time or resources to promote their own or another Member's candidacy at any phase of the election campaign.
- D. After the deadline for candidate submissions, Staff will introduce the candidates for the active Member vacancy on the Retirement Board to active Members by email, District Splashes newsletter, Splashpad, and at authorized postings sites physically located throughout the District.
- E. Candidates for the Retired Member seat will be introduced to the Retired Members by letter, email, and District Splashes newsletter.

5. Nomination Phase

- A. After the introduction of candidates for the Member vacancy, Members will be provided approximately 15 workdays to nominate candidates for election to the vacancy on the Retirement Board
- B. Active Members may nominate multiple candidates but are prohibited from casting multiple nominations for a single candidate.
- C. Required Nominations

- i. Active Member candidates must receive at least 25 nominations from active Members to be included on the election ballot. Staff will use an electronic survey tool for the collection of nominations.
 - ii. Retired Member candidates must receive at least 5 nominations from Retired Members to be included on the ballot for election. Staff will use an electronic survey tool for collection of nominations. Upon request, Retired Members will be provided an alternative method for nominating a Retired Member candidate.
- D. If only one candidate for either the active Member vacancy or Retired Member vacancy receives the minimum number of nominations necessary to be included on the ballot, that candidate will be deemed the Member elected to fill the vacancy on the Retirement Board and shall assume the vacant seat without proceeding to the voting phase of the election process.

6. Voting Phase

- A. Elections, excluding special elections, will provide approximately 15 workdays for voting.
- B. Staff will use an electronic survey tool for the collection of votes. Retired Members will be provided with paper ballots upon request.
- C. Votes will be tallied using Ranked Choice methodology. To maintain consistency with the EBMUD Board of Directors elections, EBMUDERS Staff will implement the counting methodology outlined by the County of Alameda. Staff will annually review the methodology at Alameda County and make updates to the Retirement Board elections methodology as needed.

7. VI. Special Elections

- A. If a Retirement Board member does not complete their term, a Special Election will be conducted to fill the remainder of the term.
- B. The Special Election will follow similar procedures set forth in these rules with an abbreviated timeframe for each of the three phases of the election process.

8. Election Certification and Announcement

- A. Staff will confirm the accuracy of the vote tally of the ballots. The results will be provided to the Retirement Board Secretary, or Assistant Secretary in their absence. The Retirement Board Secretary will review and certify the election results if there are no deficiencies.
- B. The Secretary's certification will be agendaized for the Retirement Board meeting preceding the expiration of the current seat. The results and certification are also provided to the District Secretary's Office to be included in the District Board of Directors' information packet.

- C. The new Retirement Board Member shall hold office for a four-year term (or three-year transitional term for the 2026 Retired Member election) beginning the day after the term of the sitting Retirement Board Member ends. The new Retirement Board Member shall attend the next scheduled Retirement Board meeting after their term start date. If the exiting active Member Board Member was in the role of President or Vice President, Board members will follow Retirement Ordinance language and vote for a new President or Vice President.

ADOPTED this 29th day of January, 2026 by the Retirement Board.



President

ATTEST:




Asst. Secretary

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Approve Revisions to the Statement of Investment Policy and Procedures

RECOMMENDATION

Approve the revisions to the Retirement System's Statement of Investment Policy and Procedures (Investment Policy) prepared by the Retirement System's investment advisor.

DISCUSSION

Following the approval of the new asset allocation approved by the Retirement Board at its May 23, 2024 meeting, staff and Meketa reviewed the Retirement System's Investment Policy in light of the changes. The first phase of changes was brought to the Retirement Board for approval at the November 20, 2025 meeting. Those revisions predominantly addressed changes from the updated asset allocation involving weights and ranges, updated benchmarks, rebalancing guidelines and eligible investments. Meketa is now bringing forward a second phase of recommended changes to the Investment Policy which focus on five categories of revisions:

1. Alignment with industry best practices
2. Streamlining
3. Removal of outdated practices
4. Removal of language that is provided in other contexts (i.e., fiduciary law)
5. Removal of unnecessary language

The attached redline version of the Investment Policy is color coded to show which category each revision falls under. After these revisions, staff and Meketa will review the Investment Policy on an annual basis and make further updates on an as-needed basis.

SDS:SGL

Attachments: 1. Investment Policy Statement Review: Summary of Proposed Revisions #2
2. Retirement System's Statement of Investment Policy and Procedures Redline
3. Retirement System's Statement of Investment Policy and Procedures Final

MEMORANDUM

TO: East Bay Municipal Utility District Employees' Retirement System ("EBMUDERS")
FROM: Meketa Investment Group ("Meketa")
DATE: January 29, 2026
RE: Investment Policy Statement (IPS) Review: Summary of Proposed Revisions #2

At the November 2025 EBMUDERS Retirement Board meeting, Meketa and Staff proposed certain revisions to the EBMUDERS Investment Policy Statement. As indicated to the Board, these edits represented phase one of a two-phase process for updating and modernizing policy language. The phase one edits generally focused on updating policy language for the new long-term strategic asset allocation that was approved in May 2024. Additionally, Meketa and Staff proposed various revisions that removed significantly outdated practices as well as the creation of dedicated appendices for specific purposes. Phase one edits are summarized on page two of this memorandum.

The January 2025 proposed revisions represent the second phase of the IPS update project. The goals of the phase two edits are listed below. A "color code" framework has been applied and incorporated into the red-lined IPS in order to indicate the driving force behind each edit.

Code	Goal/Reason
	To <u>align with industry best practices</u> for institutional investment policy design.
	<u>Streamline the document</u> by removing redundancies and overlapping policies (across sections). Moreover, modification of specific passages/statements in order to lower the overall wordcount without impacting the respective intent. Also includes <u>general repositioning of existing language</u> to more appropriate sections.
	Further <u>removal of outdated practices</u> .
	<u>Deletion and/or modification of language that is explicitly or implicitly provided</u> via other governing documents/language or legal requirements (e.g., fiduciary law, vendor contracts, etc.).
	Removal of language that can be considered <u>surplusage or tautology</u> in that it is already accounted for (i.e., a given) and thus adds no new meaning or policy effect.

Note: If an edit does not have a color code, it represents a general clean-up or clarification item.

The overall goal was to modernize the IPS and reposition the document to focus on Board-level policies rather than specific operational procedures. For certain edits, more than one color code is provided as the proposed edit addresses multiple goals/reasons.

As highlighted in the bullets above, the proposed revisions are largely focused on modernizing and streamlining the IPS document. With the exception of the removal of specific parameters for Watch Status, Meketa and Staff believe that the phase two revisions do not remove or modify the key roles/duties of the major parties (i.e., Board, Staff, external vendors, etc.) nor do these proposed revisions represent a material change to existing operations and policies of EBMUDERS. **In Meketa's opinion, the proposed streamlining of the IPS improves its clarity and impact while maintaining (and strengthening) the primary high-level, existing policies of EBMUDERS.**

At the November 2025 Retirement Board meeting, there was discussion regarding the removal of the “Sample Placement Agent Questionnaire” from the IPS. Meketa recommends that the existing placement agent policy language in the IPS remain in the IPS, and this language specifically states the parameters and procedures regarding placement agents. Meketa recommends that the “Sample Placement Agent Questionnaire” be removed for several reasons, including:

- It is stated as a “sample”, which implies there may be variations and/or the actual questionnaire may differ from what is listed in the IPS, thus detracting from the efficacy of the “sample” inclusion within the IPS.
- The existing placement agent policy language directly addresses the parameters, disclosures, and notifications of placement agent activity as it relates to EBMUD. As a policy statement, this is aligned with industry best practices and the inclusion of a “sample” questionnaire does not directly add to the enforcement of the policy.

Meketa recommends that the “Sample Placement Agent Questionnaire” be removed from the IPS and be maintained by the Director of Finance and his/her staff as a component of their standard operating procedures and their corresponding role for EBMUDERS.

At the January 2026 Retirement Board meeting, Meketa will walk the Board through the IPS revisions in order to provide the respective justifications and explanations for the various revisions. A clean and red-lined version of the proposed changes are attached.

PHASE ONE - Summary of Major Revisions

- **Appendix I: Long-Term Strategic Asset Allocation and Ranges.** This has been pulled out of the main body of the document, and into its own section, Appendix I. Notable changes reflect the Long-Term SAA that removes now obsolete asset classes (REITS, Covered Calls) and introduces Private Debt.
- **Appendix II: Asset Class Benchmarks.** This has been pulled out of the main body of the document, and into its own section, Appendix II. Updated to reflect the asset class benchmarks to align with the new Long-term SAA.
- **Rebalancing Guidelines:** Edited language to remove non-turbulent and turbulent market periods distinctions and provide less prescriptive language making it guideline-oriented without strict rulings. Removed references
- **Eligible Investments:** Added Private Debt; Covered Calls remains in effect given current exposures and the timeline under the Evolving Policy Plan. Edited investment objective language related to peer group performance expectations for asset classes, performance tied to a CPI plus hurdle; improved language for the MSCI ACWix US passive performance expectations.

PHASE ONE - Summary of Minor Revisions

- **Investment Beliefs:** Formatting changes, removed grid and replaced with bullet format.
- **Glossary of Investment Returns:** Removed to reduce document length and complexity; glossary terms are not a compliance requirement in most regulatory frameworks.
- **General Improvements:** Other general improvements to various sections to tighten language and improve clarity.



**EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM**

**Statement of Investment Policy and
Procedures**

Last Revised ~~January 2022~~
Amended: ~~November 2025~~January 2026

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East Bay Municipal Utility District Employees' Retirement System

MISSION

To serve as the fiduciary and responsible steward of the East Bay Municipal Utility District Employees' Retirement System: to deliver promised benefits to members of the retirement system, their survivors and beneficiaries.

INVESTMENT BELIEFS

The System:

- ~~Is a long-term investor~~ Has a long-term investment horizon and utilizes an asset allocation which encompasses a strategic, long-run perspective of the global capital markets. It is recognized that a long-term strategic asset allocation which is implemented in a consistent and disciplined manner will be the major determinant of the System's investment performance.
- Articulates clear goals
- Has well-diversified assets
- Considers costs
- Ensures accountability
- Aims to be a leader, consistent with EBMUDERS's commitment to excellence in leadership

The Portfolio

- Is structured based upon strategic asset allocation
- Is designed to be fully invested and maintain adequate working capital
- Relies on passive management where active management is unlikely to reward

Recognizes that Risk:

- Exists in all investment decisions
- Should be carefully evaluated
- Must be commensurate with return
- Cannot be captured solely through quantitative analysis
- Can be systemic and emerge over time

I. INTRODUCTION

The System is governed by a six-member Retirement Board, with five voting members and one non-voting retired member. In the formation of this Investment Policy Statement, a primary consideration of the Board has been their awareness of the stated purpose of the System. The Board's investment activities are designed and executed in a manner that will fulfill these goals.

This document provides a framework for the investment management of the assets of the East Bay Municipal Utility District Employees' Retirement System (the 'System' or "EBMUDERS"). Its purpose

is to assist the Retirement Board (the “Board”) Board of Administration (the Board’ or “Retirement Board”) in effectively supervising and monitoring the investments of the System, and achieving its objective of providing adequate retirement, disability, survivorship and other post-employment benefits to eligible Members of the Retirement System in a cost-effective manner.

II. POLICY STATEMENT

This Investment Policy Statement (“Policy” or “IPS”) defines the investment objectives and policies that have been established by the Retirement Board. This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program. This IPS should be reviewed on an annual basis.

This policy is intended to specifically: Specifically, it will address:

- Provide a mechanism to establish and refer the System’s investment objectives. The general goals of the investment program;
- Set forth an investment structure for managing assets. Specific asset allocations, rebalancing procedures and investment guidelines;
- Provide a single document that identifies the roles of those responsible for selecting, monitoring, and reviewing the System’s investments. Performance objectives; and
- Establish measurement mechanisms for investment results. Responsible parties.

This Investment Policy statement includes IPS implicitly includes the provisions of the California Constitution and Statutes and will:

- Set forth investment policies, objectives and procedures which the Retirement Board judges to be appropriate and prudent, in consideration of the needs of the Employees’ Retirement System;
- Establish the criteria which the investment management organizations retained by the Retirement System are expected to meet and against which they are to be measured;
- Communicate the investment policies and objectives and performance criteria to the Investment Managers; and
- Serve as a review document to guide the Board’s ongoing oversight of the investment of Retirement System’s assets.

It is the practice of the Retirement Board to change its policies and objectives in accordance with changing regulatory, economic, financial and administrative conditions as they change over time.

The System is governed by a six member Retirement Board, with five voting members and one non-voting retired member. In the formation of this investment policy and goal statement, a primary consideration of the Board has been their awareness of the stated purpose of the System. The Board’s investment activities are designed and executed in a manner that will fulfill these goals.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

III. INVESTMENT OBJECTIVES

A. Overall Performance Goals

The System's general investment goals are ~~broad in nature. The following goals, consistent with the above described purpose, are adopted as follows:~~

1. The overall goal of the System's investment assets is to provide adequate retirement and disability, survivorship and postemployment healthcare benefits to eligible employees in a cost effective manner. This will be accomplished through a carefully planned and executed investment program.
2. ~~Achieve secondary objective is for the System investment assets to achieve a long-term total annual rate of return, including dividends, interest, and capital appreciation which exceeds the assumed actuarial rate of return and a total annual return net of all investment management fees and expenses, which meets or exceeds a weighted average of the asset class benchmarks (specified in the Appendix) below, where the weights correspond to the System's strategic policy allocation.~~
3. ~~Integrate environmental, social, and governance (ESG) considerations into the investment process in alignment with the System's stated investment beliefs. ESG factors are recognized as potentially material to long-term performance. Environmental, social and governance ("ESG") factors should be considered in portfolio management. Consistent with the System's Mission and Investment Beliefs, the System recognizes that ESG factors can have a material impact on corporate performance over the long term, although the impact can vary by industry. The consideration of ESG factors may affect security selection, proxy voting, engagement, and other areas. The System will consider ESG factors in its proxy voting and other relevant portfolio management activities. ESG factors will be taken into account in selection and ongoing monitoring of the System's investment managers and mandates, and of other service providers as appropriate. The System will leave individual security selection decisions to its investment managers under the assumption that they will make the decisions that are in the best interest of the System incorporating both ESG and non-ESG factors.~~
4. ~~The Retirement System endeavors to achieve the above System investment asset return objectives within a time horizon of three to five years or approximately a full market cycle.~~
5. ~~System investment assets should remain fully invested.~~
6. ~~Investment management of System investment assets should recognize that the Retirement System is relatively risk averse and the System's capital should be preserved. Therefore, the goals of the Employees' Retirement System are to be achieved recognizing safety of principal, liquidity and yield, in that order.~~
7. ~~Assets must be diversified by type and issuer.~~
8. ~~Allocation of assets to Investment Managers shall be determined by the Retirement Board to accommodate changing conditions and laws.~~
9. ~~The System's investment program shall at all times comply with applicable local, state, and federal regulations~~

- 10. ~~All transactions undertaken will be for the sole benefit of the System’s Members and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses associated with the System.~~
- 11. ~~All fees and other costs payable to third party providers of services to the System shall be payable from System assets~~
- 12. ~~The System has a long term investment horizon, and utilizes an asset allocation which encompasses a strategic, long run perspective of capital markets. It is recognized that a strategic long run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the System’s investment performance.~~
- 13. ~~Investment actions are expected to comply with “prudent person” standards, meaning:~~

~~“with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.”~~

III. DUTIES AND RESPONSIBILITIES

A. Duties of the Board or its Designee(s)

The Retirement Board serves as the primary governing fiduciary for the investment and management of the System. The Board understands it may delegate certain responsibilities under the Investment Program for the purposes of administrative efficiency and expertise. The areas the Board may not delegate include:

- 1. The governance model of the System’s investment program.
- 2. Selection and engagement of the Board’s service providers (e.g., General Investment Consultant, Master Custodian, Actuary, etc.)
- 3. Establishment and maintenance of the Investment Policy Statement, including:
 - o Investment philosophy
 - o Investment objectives
 - o Risk philosophy
 - o Strategic asset allocation

~~—has the responsibility for administration of the System for the benefit of plan participants, although it is not the intent of the Board of Retirement to become involved in the day to day investment decisions. The Board or its designee(s) will adhere to the following procedures in the management of the Board’s assets:~~

Critical duties of the Board include:

- 1. ~~The Board develops and approves guidelines for the execution of the Board’s investment program.~~
- 2. ~~The Board is responsible for selecting qualified Investment Managers, the General Investment Consultant, the Master Custodian, and other service providers.~~
- 3.1. In consultation with the General Investment Consultant, conduct an asset-liability study every three-to-five years, or as needed based on material changes to the System and/or global capital markets. The Board will ensure a formal review of the System’s investment structure. An asset liability study including allocation and financial performance reviews will be

~~conducted every three to five years or as frequently as the need arises. The review will include recommended adjustments to the long term, strategic asset allocation to reflect any changes in policy, applicable regulations, long term capital market assumptions, actuarial assumptions and the System's financial condition.~~

- ~~4. The Board may retain investment consultants to provide such services as conducting investment performance reviews, asset liability studies, asset allocation, Investment Manager reviews, and investment research.~~
- ~~2. Monitoring of the investment program, including the performance of Investment Managers, Investment Consultants, and any other outside vendor engaged by the Board.~~
- ~~5.3. The Board will review investments and Investment Managers at least quarterly to ensure that policy guidelines continue to be met. The Board will monitor investment returns on both an absolute basis and relative to appropriate benchmarks as set forth in this policy, including measurements against benchmarks and key qualitative factors and peer group comparisons. The source of information for these reviews may be staff, the General Investment Consultant, the Investment Managers, and others as appropriate. The Board is responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed.~~
- ~~4. Act in accordance with all applicable fiduciary laws.~~
- ~~6.5. The Board will provide oversight to ensure investments are made in a cost-effective manner subject to Board approval. These costs include, but are not limited to, investment management, consulting and custodial fees, transaction costs and other administrative costs. Costs to administer the System are chargeable to and expected to be paid by the System.~~

B. Duties of the Administrative-Investment Committee

The Administrative-Investment Committee shall meet as needed. Duties of the Administrative-Investment Committee shall be as follows:

1. Make recommendations as to general investment policies, practices, and procedures to the Retirement Board including, but not limited to, asset mix, portfolio diversification, average maturity, portfolio risk level and rate of return.
2. Review the investment performance of the Retirement System.
3. Confer with the Investment Managers to review investments and current market environment.
4. Review the Statement of Investment Policy and Procedures as adopted by the Retirement Board and make recommendations as to the content thereof.
5. Render advice to the Retirement Board relative to the desirability of and the procedure to retain investment advisors, performance measurement services, and bank custody of securities owned.
6. Select one Committee member to serve as Chair at all meetings scheduled by the Administrative-Investment Committee.

C. Duties of the East Bay Municipal Utility District Staff

The Director of Finance of the East Bay Municipal Utility District shall serve as the Manager of Finance of the System [and a fiduciary to the System](#). The Director of Finance and his/her staff provide analysis and recommendations to the Board on a wide variety of ~~investments and~~ investment-related matters; oversees and directs the implementation of Board policies, and manages the System's portfolio on a day-to-day basis.

Pursuant to this policy, the Board has delegated to the Director of Finance:

1. Authority to withdraw assets from assigned managers as necessary to efficiently meet operating needs and to invest the System's cash without requiring the Board's permission but only as set forth in this policy.
2. Responsibility to recommend service providers to the Board, including conducting the search process for the General Investment Consultant, Investment Managers, Master Custodian, and other service providers as requested by the Board.
3. Responsibility for implementation and administration of this policy and of the Board's decisions, including:
 - a. Managing the relationships with service providers to the System to ensure that they are providing all the necessary assistance to Board and to staff. Should any service provider fail to do so, the Director of Finance may make changes to the extent consistent his/her authority pursuant to this policy, or recommend appropriate changes to the Board;
 - b. Ensuring that Investment Managers conform to the terms of their contracts, appropriate policies and guidelines; and
 - c. Ensuring that performance monitoring systems are consistent with this policy and provide the Board with as timely, accurate and useful information as possible.
4. Authority to manage portfolio restructuring resulting from portfolio rebalancing or manager terminations, with the assistance of the General Investment Consultant, a transition manager, other consultants, and Investment Managers, as needed.
5. Authority to manage the voting process for proxies in stocks held by the System. Proxies will be voted -as directed by the Board.
6. Authority to designate individual staff of the District to carry out his/her responsibilities under this policy.
7. The Director of Finance may rely upon the assistance of the General Investment Consultant as needed to fulfill his/her obligations.
8. The Director of Finance and his/her staff, with assistance from the General Investment Consultant as needed, shall also:
 - a. Be responsible for organizing and/or participating in any special research for the Board; and
 - b. Advise and keep the Board apprised of any other events of investment significance.

D. Duties of the General Investment Consultant

The Investment Consultant shall serve as a fiduciary, providing objective guidance to support and advise the Board on the System's assets. The Investment Consultant reports to the Board, while supporting the responsibilities of the Director of Finance and Staff, as needed and pursuant to the contractual obligations agreed to by the parties. These responsibilities include, but are not limited to, the following:~~be responsible for the following:~~

1. Review and develop investment policies, asset class guidelines, and Investment Manager guidelines.
 2. Recommend asset allocation modifications and/or enhancements via recurring asset-liability studies and asset allocation reviews.
 3. Establish long-term capital market assumptions on an annual basis.
 4. Review asset class and manager-specific benchmarks and corresponding performance and risk objectives.
 5. Quarterly performance reporting on the Total Portfolio, EBMUDERS' utilized asset classes, and underlying investment managers.
 6. Assist with Investment Manager searches, due diligence, and ongoing monitoring.
 - a. Based on the firm's investment expertise, proactively notify the Board of material issues (e.g., performance, organizational, etc.) with the System's investment managers, including potential remedies.
 7. Assist with custodial searches, as needed.
 8. Broad market/economic research and industry education, as requested by the Board.
 9. Any other factors deemed by the General Investment Consultant to be of material relevance to the Board in their evaluations the System's investment portfolio.
1. ~~At the request of the Director of Finance or his/her designee, assist Staff in performance of their duties as listed in this investment policy.~~
 2. ~~Prepare a quarterly performance report and a comprehensive annual report which shall include performance attribution on the Board's Investment Managers and performance of total System assets. Performance results shall be presented to show:~~
 - a. ~~The degree to which portfolios and investment managers have achieved Retirement Board investment objectives;~~
 - b. ~~That the investment managers' strategy has been consistent with their stated philosophies; and~~
 - c. ~~How the total portfolio and the individual managers performed in comparison with other pension funds and peer managers.~~
 - d. ~~These reports shall include, but are not limited to:~~
 - i. ~~Performance of System asset portfolio as a whole with respect to this policy, including stated benchmarks and policy objectives, and comparison with other pension funds.~~
 - ii. ~~A report on the general economic and investment environment as it affects the System asset portfolio as a whole and the asset allocation categories and Investment Managers individually.~~

- iii. ~~Each Investment Manager's performance on an ongoing basis relative to Board investment objectives as stated in this policy, using investment performance criteria relative to specific benchmarks associated with its asset class and to benchmarks incorporated into its agreement.~~
 - iv. ~~A check on each Investment Manager's adherence to its stated investment style and discipline.~~
 - v. ~~Any instability of Investment Manager personnel and organization.~~
 - vi. ~~Any unusual portfolio activity, trading volume, and execution costs.~~
 - vii. ~~Risk and performance characteristics with respect to an individual Investment Manager's portfolio not logically explainable in terms of the published style or out-of-step with manager's style peer group.~~
 - viii. ~~Failure by an Investment Manager to comply with all investment guidelines~~
 - ix. ~~How the individual managers performed in comparison with other pension funds and peer managers;~~
 - x. ~~Documentation and recommendations with respect to implementation of this policy pertaining to Watch Status. Documentation includes material pertaining to the Investment Manager's consideration for Watch Status, placement on Watch Status, removal from Watch Status and/or replacement/termination; and~~
 - xi. ~~Any other factors considered by the General Investment Consultant to be of material relevance to the Board in their evaluations of the Investment Managers individually or the performance of the System's asset portfolio as a whole.~~
3. ~~Make recommendations to the Board regarding investment policy and strategic asset allocation, including managing and interpreting the periodic asset liability study as requested by the Board.~~
 4. ~~Assist the Board in the implementation of this policy pertaining to Watch Status of individual Investment Managers/portfolios, including documentation of relevant factors and recommendations for individual Board actions.~~
 5. ~~Assist the Board in the selection of qualified Investment Managers, and assist in the review of existing managers, including monitoring changes in personnel, ownership and the investment process.~~
 6. ~~Assist the Board in the selection of a qualified custodian if necessary.~~
 7. ~~Provide topical research and education on investment subjects as requested by the Board or Investment staff.~~

E. Duties of the Investment Managers

Investment Managers shall serve as fiduciaries to assets they manage on behalf of the System and shall exercise the care, skill, prudence, and diligence that a prudent expert would use under similar circumstances. Investment managers are delegated the responsibility of investing and managing the System's assets in accordance with this IPS and all other applicable laws and terms of the applicable

investment documents. Each investment manager shall agree that it is a fiduciary of the Plan under California law. These responsibilities, include, but may not be limited to:~~The investment managers shall:~~

1. Contract by written agreement with the Board to invest within approved guidelines.
2. Provide the Board with proof of liability and fiduciary insurance coverage at the time of execution of engagement contract and annually thereafter until the relationship is terminated.
3. Be a SEC-Registered Investment Advisor under the 1940 Act or an authorized bank or trust, and be recognized as providing demonstrated expertise over a number of years in the management of institutional assets within a defined investment specialty.
4. Adhere to the investment management style concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.
5. Obtain best execution for all transactions for the benefit of the System with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the System, and, where appropriate, facilitate soft dollar credits and the recapture of commissions for the System's benefit.

~~6. The Board has determined that Investment Managers should be encouraged to direct approximately 25% of their trades through brokers specified by the Board. This may allow the Retirement System to recapture some of the commission costs. It should be understood that the trades should be executed on a competitive basis to ensure best execution and to limit commission costs.~~

~~7. Investment Managers should also recognize that it is the intent of the System to encourage the growth and development of firms eligible for the East Bay Municipal Utility District's Contract Equity Program (CEP) when prudently possible. Investment Managers are encouraged to execute trades through CEP firms. Such trades must be executed on a competitive basis to ensure best execution and to limit commission costs.~~

8.6. Investment Managers are required to reconcile monthly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian and Staff.

9.7. Investment Managers are required to report the following at least monthly to General Investment Consultant, and upon request to the Board and Director of Finance or his/her designee:

- a. Transaction and asset summary data reported at cost and fair market value;
- b. Rate of return, which calculation shall include net income, realized gains and losses, and, if appropriate, unrealized appreciation and depreciation; and

~~c. Managers that invest in derivatives are also required to make quarterly reports on the specific risk exposure to the system.~~

~~10. If requested by Staff and/or the General Investment Consultant, Investment Managers are required to provide in writing reasons for underperformance with respect to policy and/or agreement benchmarks.~~

11.8. Investment Managers are required to maintain frequent and open communication with the Board and Director of Finance or his/her designee(s) on all significant matters pertaining to the Investment program, including, but not limited to, the following:

- a. Major changes in the Investment Manager's investment outlook, investment strategy, performance, and portfolio structure;
- b. Significant changes in ownership, organizational structure, financial condition or key or senior personnel;
- c. Any changes in the Portfolio Manager, Relationship Manager or other personnel assigned to the System;
- ~~d. Each client that terminates its relationship whose terminated portfolio account represents at the least one percent of the Investment Manager's aggregate portfolio on the day of notice of termination with the Investment Manager, within 30 days of such termination;~~
- ~~e. Each client that terminates its relationship when the cumulative terminations for a calendar month equals or exceeds one percent of the Investment Manager's aggregate portfolio as of the first business day of the reporting month; and~~
- f.d. All pertinent issues which the Investment Manager deems to be of significant interest or material importance.

12.9. Meet with the Board and the Director of Finance or his/her designee as requested.

F. Duties of the Master Custodian

The Master Custodian ("Custodial Bank" or "Custodian Bank"), is delegated the responsibility of holding the assets and evidence of interests owned by the System in investment vehicles and cash (and equivalents). The Board may authorize the Custodial Bank to invest in temporary short-term fixed income assets both for the investment strategies and as part of the cash portion of the System's assets. The Board may authorize the Custodial Bank to manage a securities lending program to enhance income in a conservative manner. Such investments/programs will be managed in general accordance with investment guidelines as detailed in the custodial agreement. ~~shall be responsible to the Board for the following:~~

- ~~1. Provide complete global custody and depository services for the designated accounts.~~
- ~~2. Manage a Short Term Investment Fund (STIF) for investment of any uninvested cash, and ensure that all available cash is invested. If the cash reserves are managed externally, full cooperation must be provided.~~
- ~~3. Provide in a timely and effective manner a monthly report of the investment activities implemented by the Investment Managers.~~
- ~~4. Collect all income and principal realizable and properly report it on the periodic statements.~~
- ~~5. Provide monthly and fiscal year end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These should include, where appropriate, records of amortized cost. These reports should be provided within acceptable time frames.~~

6. ~~Report situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.~~
7. ~~Provide assistance to the System to complete such activities as the annual audit, transaction verification or unique issues as required by the Board.~~
8. ~~Manage a securities lending program to enhance income if directed by the Board. If the securities lending program is managed externally, full cooperation must be provided.~~
9. ~~Process class action processing services including tracking class action lawsuits, filing claims on behalf of the System, responding to inquiries from the claims administrators, following up on rejection notices with additional information where appropriate, posting settlement fund distributions to appropriate System accounts, and providing reports on proceeds received.~~

IV. INVESTMENT POLICIES AND PROCEDURES

A. Asset Allocation — Asset/Liability

The Board has adopted a strategic asset allocation based on the System's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in **Appendix II: Long-Term Asset Allocation and Target Mix.**

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and/or forward-looking expected returns of asset classes. The Board will review capital market assumptions every year and conduct a comprehensive asset-liability study every 3-5 years.

1. ~~The Board regularly adopts and implements an asset allocation policy that is predicated on a number of factors, including:~~
 - a. ~~A projection of actuarial assets, liabilities, benefit payments and required contributions;~~
 - b. ~~Historical and expected long-term capital market risk and return behavior;~~
 - c. ~~An assessment of future economic conditions, including inflation and interest rate levels; and~~
 - d. ~~The current and projected funding status of the System.~~
2. ~~The asset allocation will be determined through appropriate studies undertaken by consultants retained by the Board. The allocation study will include all asset classes deemed prudent and appropriate by the Board. The Board, with the aid of the Director of Finance and the investment consultant, will determine the assumptions and criteria to be used in the asset allocation study. The following assumptions and criteria will be determined:~~
 - a. ~~The expected return from each asset category.~~
 - b. ~~The expected standard deviation of each asset category.~~

- ~~e. The minimum and maximum percent to be invested in each asset category.~~
- ~~d. The correlation relationship between the asset categories.~~
- ~~e. The minimum acceptable return over a given time period.~~
- ~~f. The net contribution as a percent of payroll.~~
- ~~g. The expected payroll growth rate.~~

~~3.1. The resulting asset allocation mixes will be approved by the Board with input from the Director of Finance and the investment consultant and an optimum selection made. The asset allocation study will be performed no less frequently than every five years. Appropriate adjustments to the existing portfolio will then be made in the most expeditious and appropriate manner. The Director of Finance is authorized to retain a Transition Manager to assist with major re-allocations of the portfolio.~~

~~4. On an ongoing basis, the Director of Finance, with assistance from the investment consultant, will analyze the portfolio structure of each asset class. Analysis shall include:~~

- ~~a. appropriateness of asset class and manager benchmarks,~~
- ~~b. alignment structure of individual portfolios with asset class benchmarks based on manager holdings and mandate,~~
- ~~c. evaluation of whether the asset class is structured in such a manner that is consistent with the Boards objectives,~~
- ~~d. analysis of underperforming managers, and~~
- ~~e. overall risk profile of the asset class.~~

~~5. The System's goal is to remain fully invested. The allocation goal recognizes that at any time equity and fixed income Investment Managers may have transactional cash on hand, however available cash held by individual Investment Managers should not exceed 5% of their individual portfolios. Core and Non-Core Fixed Income Investment Managers can exceed 5% of the portfolio for strategic purposes only. Covered Call managers can exceed 5% in order to avoid leveraging their portfolio or due to the timing of option premium receipt.~~

~~6.2. The District will also maintain enough cash as working capital to effectively meet cash flow demands on the sSystem. These funds are not considered investable System assets. These funds will be invested by Staff in accordance with this policy.~~

~~7.3. Financial derivatives may be used within prudent limits to manage risk, lower transaction costs, or augment returns. Leveraged positions are prohibited.~~

B. Rebalancing Guidelines

In general, cash flows to and from the Fund will be allocated in such a manner as to move each asset class toward its target allocation.

Periodically, market forces may move allocations outside the target ranges. The Board also recognizes that failing to rebalance the allocations would unintentionally change the System's structure and risk

posture. Consequently, the Board has established the following process to rebalance the allocations periodically.

The Director of Finance and its Staff, with support from the General Investment Consultant, will regularly review the portfolio to ensure it remains in line with the target asset allocation defined in the IPS.

Rebalancing triggers will be based on deviations from the target allocation. **See Appendix II – Long-term Asset Allocation and Target Mix.**

If any strategic allocation is outside the specified target range, assets may be shifted to return the strategy to within the target range. The specific plan for rebalancing will identify those assets that can be shifted at the lowest possible risk and cost if the rebalancing cannot be accomplished solely by the sale of assets. This rebalancing will be conducted with direction from the General Investment Consultant and Staff and reported to the Board.

As markets move over time, the actual asset mix of the System's portfolio may diverge from the target allocations established by the Board through the asset allocation process.

1. The Board and staff, with the assistance of the General Investment Consultant, will monitor the portfolio's asset allocation relative to target allocations and ranges at least annually.
2. With respect to each asset class group for which the Board has set a target allocation, the Board, in consultation with Staff and its investment consultant, have established the rebalancing ranges as set forth in Appendix I: Long-Term Strategic Asset Allocation and Ranges. These ranges are designed to withstand periods of market volatility.
3. Significant and/or sustained market dislocations may warrant additional review to the rebalancing guidelines. Staff and the Investment Consultant shall monitor market conditions and portfolio exposures to determine if heightened market and portfolio volatility justify wider rebalancing range limitations to be in effect.
4. If any strategic allocation is outside the specified target range, assets may be shifted to return the strategy to within the target range. The specific plan for rebalancing will identify those assets that can be shifted at the lowest possible risk and cost if the rebalancing cannot be accomplished solely by allocating contributions and withdrawals. This rebalancing will be conducted with direction from the Consultant and Staff and reported to the Board.
5. The Director of Finance or his/her designee may rebalance a particular asset class partially or fully back to target if:
 - a. The assets are publicly traded;
 - b. There is an opportunity to rebalance efficiently utilizing cash inflows and cash balances held by managers; and
 - c. Trading opportunities can be utilized to the extent that they permit liquidating or adding to positions while limiting trading costs.

Staff will report any such rebalancing to the Board at its next meeting.

V. ELIGIBLE INVESTMENTS

The Board will utilize the following portfolio components to fulfill the asset allocation targets and total System performance goals established elsewhere in this document.

A. Public Equities Portfolio

The Board expects that over the long run, total returns to equities will be higher than the returns to fixed-income securities, but may be subject to substantial volatility over shorter periods. Public equity holdings may include:

1. U.S. Equities

- a. Index Funds / Core Stocks— This component of the portfolio will provide broadly diversified, core exposure through index funds to the U.S. equity market, primarily in large capitalization companies. Index funds provide primary liquidity for asset allocation.
- b. The objectives for investment of the US equity portfolio are:
 - i. Achieve a total return net of management fees which meets or exceeds the Russell 3000 Index;
 - ii. ~~The use of futures and options in the domestic equity accounts may be used for hedging purposes as part of their portfolio management strategy and will be incidental to their securities trading activities; and~~
 - iii. ~~In order to minimize the risk associated with investment in the small cap market, it is expected that over the long term the allocation to small cap stocks should correspond to the weight of small cap stocks within the Russell 3000 Index.~~
- e. ~~The equity portfolio shall be diversified. When fully invested in equities or at its normal level of investment, System investment assets should be invested in a minimum of 20 U.S. Equity securities. At no time may a single equity investment exceed 5% of the value of total System assets. Additionally, at no time may the System own more than 5% of any individual company.~~

2. Non-U.S. Equities

- a. ~~This component of the portfolio will provide broadly diversified, core exposure through index funds to the Non-U.S. Developed and Emerging Equity markets across small, mid, and large capitalization stocks.~~ Developed Markets— This category includes broadly diversified equity markets outside the U.S. and consequently plays a significant role in diversifying the portfolio.
- b. Emerging Markets— This component is made up of equity positions in companies located in emerging countries around the world. Because these are countries which are typically in the early development stages of economic growth, the returns in these countries tend to be higher and more volatile on a year to year basis.

e.a. The objectives for investment of the non-US equity portfolio are:

- i. Achieve a total return net of management fees which meets or exceeds the Morgan Stanley Capital International (MSCI) ACWI x U.S. Index ND;

~~ii. Currency hedging will be permitted as part of a defensive strategy to protect an international equity portfolio.~~

~~d. In order to minimize the risk associated with investment in emerging market securities, it is expected that over the long term the allocation to emerging market securities should correspond to the weight of emerging market securities within the MSCI ACWI x US Index.~~

~~e. Each international equity portfolio shall be diversified. When fully invested in Non-U.S. Equities or at its normal level of investment, System investment assets should be invested in a minimum of 20 securities. At no time may a single Non-U.S. Equity investment exceed 5% of the value of the total System assets. Additionally, at no time may the System own more than 5% of any individual company.~~

B. Fixed-Income Portfolio

The primary role of the fixed-income portfolio is to provide a more stable investment return ~~and to generate income~~ while diversifying the System's investment assets. The fixed-income holdings may be comprised of the following segments:

1. Core Fixed Income / Investment Grade Bonds

- a. The Core Fixed Income component will provide core exposure to the U.S. fixed-income market including Treasury and government agency bonds, corporate debt, mortgages and asset-backed securities. This component will be composed primarily of investment grade issues with duration similar to that of an applicable core bond index.
- b. The objectives for investment of the core fixed income component of the Fixed-Income portfolio are:
 - i. Preserve capital ~~and diversify relative to public equity holdings and provide a reasonable level of income on a consistent basis~~;
 - ii. Earn an average annual return from income and capital appreciation net of management fees which exceeds 350 basis points of the BBg US Aggregate Bond Index;
 - iii. Achieve the above objectives within a time horizon of a minimum of three to five years or approximately a full market cycle.
- c. Holdings of securities issued by the United States Government or any of its agencies need not be diversified. Securities of any one issuer with maturities of more than one year, other than the United States Government or any of its agencies, shall not exceed 5% of the value of the total portfolio. Securities of any one issuer of foreign government issues

shall not exceed 10% of the value of the total portfolio at the time of purchase. Fixed income managers have the authority to make international investments, not to exceed 20% of their total portfolio. Investment in U.S. dollar denominated bonds of foreign governments, international organizations, foreign corporations, and U.S. subsidiaries of foreign corporations are permitted, however, shall not exceed 35% of the market value of the portfolio.

- d. The use of futures and options in the fixed income accounts may be used as part of their portfolio management strategy and will be incidental to their securities trading activities. The resulting aggregate risk profile (volatility) of the portfolio will not be different from that permissible by using securities only.
- e. Short (sold) options positions will generally be hedged, either with current portfolio security holdings, other options or futures options. Mortgage derivatives with significant short option characteristics will not exceed 5% of the portfolio, and will generally be a) offset by positions in other mortgage derivatives, or b) offset by other portfolio positions.

~~f. No derivatives will be executed which will increase the value at risk of the portfolio by more than 25 basis points of the portfolio's market value.~~

~~g.f.~~ Structured notes with significant short options positions or increasing leverage will not be purchased, and in no case will structured notes exceed 5% of portfolio value. Structured Notes issued by the U.S. Government (Treasuries & Agencies) will be considered allowable investments, and are restricted to 25% of portfolio value.

~~h.g.~~ Fixed income managers are authorized to use futures and options contracts to supplement their investment capabilities to provide flexibility in managing the fixed income portfolios and reduce the cost of implementing strategies to respond to changing market conditions without incurring the higher transaction costs associated with buying and selling specific securities. These transactions are authorized to enable the manager to reduce the exposure of the portfolio to interest rate changes by reducing or increasing the duration of the portfolio without selling any of the actual holdings.

~~i.h.~~ No more than 5% of the portfolio will be invested in original futures margin and options premiums, exclusive of any in-the-money portion of the premiums.

~~j. Cash can exceed 5% of the portfolio for strategic purposes only.~~

2. **Non-Core Fixed Income (Public)**

- a. Non-Core Fixed Income will primarily consist of U.S. denominated fixed income securities. It is expected that this component of the Fixed-Income portfolio may have a material allocation to below investment grade securities.
- b. The objectives for investment of the non-core fixed income component of the Fixed-Income portfolio are:

i. Diversify the Fixed-Income portfolio, by reducing exposure to increasing interest rates, ~~provide current income,~~ and to earn, over time, an average annual total rate of return in excess of what can be earned with core fixed income securities;

~~ii. Provide a high level of income consistent with capital preservation;~~

~~iii. Minimize exposure to interest rate risk, and~~

~~iv-ii.~~ Achieve the above objectives within a time horizon of a minimum of three to five years or approximately a full market cycle.

- c. The non-core fixed income component will include non-investment-grade securities. Non-investment-grade securities are defined as securities rated non-investment-grade by two or more rating agencies. If a bond is rated by two rating agencies, it must be rated below-investment-grade by at least one rating agency. If only one rating agency rates the bond, then a rating below BBB-or Baa3 is considered non-investment-grade. The portfolio may contain unrated bonds. Unrated and/or SEC Rule 144A high yield fixed income instruments without registration rights must not exceed 25% of the market value of the Non-Core Fixed Income portfolio.
- d. In the event of a downgrade below single C, or in the case of a default, Manager(s) must notify staff and the General Investment Consultant of the downgrade within two days of the date that the downgrade occurs. In the event of a downgrade below single C, or in the case of a default, if the Manager(s) elects to retain the bond in the portfolio the Manager(s) must inform Staff and the General Investment Consultant of the downgrade within two days of the date that the downgrade occurs, and provide a rationale for continued retention of the holding.
- e. There may be instances when debt issues convert into equity-oriented securities (i.e. preferred stock, common stock or warrants to purchase other equity securities). To handle these situations, fixed income managers are allowed to hold equity-oriented positions when received in exchange for, or conversion or cancellation of debt securities held in the portfolio. The manager(s) is required to inform staff and the General Investment Consultant 30 days prior to the conversion when they intend to hold the resulting equity-oriented positions. Equity-oriented securities can be held in the portfolio no longer than six months. The manager(s) is required to provide 30 days advance notice to extend the holding period beyond the original six-month period. No more than 10% of the portfolio shall be invested in equity-oriented securities resulting from fixed-to-equity exchanges.
- f. Permissible securities include corporate bonds, convertible bonds, government bonds, government agency bonds, government-sponsored entity bonds (e.g., FNMA), mortgage bonds, asset-backed bonds, emerging market debt, Eurodollar bonds, Yankee bonds, SEC Rule 144A securities, high yield CMBS securities, REIT bonds, zero coupon bonds, bank loans (rated or unrated), preferred, trade finance related investments, structured notes and financial futures. Allowable emerging countries are those investable markets that are open for foreign investments. Investment in U.S. dollar denominated bonds of foreign governments, international organizations, foreign corporations, and U.S. subsidiaries of foreign corporations are permitted, however, shall not exceed 35% of the market value of the portfolio.
- g. Derivatives used for substitution, risk control, and arbitrage strategies are permitted. Use of derivatives for speculation is prohibited. No securities shall be purchased on margin or

sold short other than any initial and maintenance margin required in connection with futures transactions which may be used only for risk management purposes.

- h. For prudent diversification, the portfolio shall have a minimum of 25 issues. No more than 10% of the lesser of cost or market value of the portfolio will be invested in any one issuer with the exception of U.S. Government, U.S. Government Agency, and bonds of U.S. Government sponsored entities.

~~i. Cash can exceed 5% of the portfolio for strategic purposes only.~~

C. Private Debt Portfolio

The Private Debt allocation is expected to earn risk-adjusted returns in excess of the public credit markets, primarily due to the liquidity premium demanded by investors. The allocation is also expected to help decrease the volatility of the overall Portfolio, through stable income and downside collateral protection. This means the allocation will generally be to Income-Oriented investment strategies that target primary/origination-based transactions focused on generating returns through regular coupon payments and principal repayment over time. Eligible investment strategies will include direct lending and will incorporate other origination-based strategies with exposure to multiple collateral types (including but not limited to corporate credit, mortgage credit, asset-based, and consumer credit) and strategies. Investments may be made in companies that are either U.S. or non-U.S. domiciled.

D. Covered Calls Portfolio

The Covered Calls Portfolio is an equity-based asset class that is designed to provide some incremental income during flat to modestly rising markets, while providing some level of downside protection during market selloffs. The Board expects that over the long run, Covered Calls will produce total returns in line with U.S. public equity with less volatility, but will vary markedly from U.S. public equity during market extremes. Under a bull/recovery market scenario, Covered Calls generally underperform U.S. public equity, but still tend to produce substantial upside returns. During a bear/down market scenario, Covered Calls are likely to decline in value, but by a lesser degree than U.S. public equity, providing investors with some principal protection. As a result of these attributes, Covered Calls tend to compound at a smoother rate than U.S. public equity.

- a. The objectives for investment of the covered call portfolio are:
 - i. For active managers, the performance objective is to outperform the benchmark, net of all fees, over 3-5 years;
 - ii. For replication managers, the performance objective is to match the benchmark, gross of fees, over 3-5 years;
 - iii. The Covered Calls class shall have a benchmark index of the Chicago Board Options Exchange S&P 500 BuyWrite Index (the “BXM Index”);
 - iv. Derivatives used for risk control and income are permitted. However, the notional value of the options may not exceed the total value of the underlying equity portfolio; and
 - v. All holdings will be of sufficient size and held in issues that are traded actively enough to facilitate transactions at minimum cost and accurate market valuation.
- b. The covered call portfolio should consist of three components:

- i. underlying equity,
 - ii. call options, and
 - iii. cash.
- c. The underlying equity should be designed to gain broad market exposure. This can be accomplished through individual stock ownership, ETFs, or derivatives.
 - d. No purchase should be made that causes an individual security to exceed 5% of the underlying equity portfolio, where those securities constitute less than 3% of the current market capitalization of the S&P 500 Index, unless an ETF is employed.
 - e. Call options may be used to provide income and risk control.
 - f. The notional value of the options may not exceed the total value of the underlying equity portfolio.
 - g. Call options may only be written on domestic stock indices, broad market or sector ETFs, and individual domestic stocks that are held in the underlying portfolio.
 - h. Managers may purchase back options in order to close out positions.
 - i. Cash may exist as an intermediary component from additional funding or option premiums. The balance should not normally exceed 5% of the manager's total portfolio.
 - j. Leverage may not be used.

E. Real Estate Portfolio

The Real Estate portfolio will consist primarily of ~~public and private~~ real estate interests via institutional commingled funds. The underlying investments are expected to be focused on equity holdings in core real estate (i.e., established, stabilized, cash-flow producing properties), such as equity (ownership) and/or fixed income participation in commercial, industrial, or residential properties. Investments may include interests in mortgages pools secured by loans of underlying properties. Real estate is expected to provide portfolio diversification relative to traditional asset classes such as public equity and fixed income. ~~due to real estate's low correlation with returns on equities and fixed income.~~

- a. The objectives for investment of the real estate portfolio are:
 - i. Attractive Risk-Adjusted Returns: To obtain superior risk-adjusted returns by taking advantage of the inefficiencies of real estate as compared to other asset classes. Active management, value creation and opportunistic strategies, as well as the prudent use of third-party debt, are approved methods for generating expected returns;
 - ii. Increased Program Diversification/Reduced Program Risk: To use real estate to enhance overall Program diversification and, in turn, reduce overall Program risk; ~~given the historically low to negative return correlations that exist between real estate and other asset classes;~~
 - iii. Significant Current Cash Yields: Significant cash return based primarily on current rental income. In general, as a portion of total investment return, higher levels of current

income are expected from core and value than opportunistic investments; in contrast, higher levels of appreciation are expected from opportunistic than value and core investments;

- iv. Inflation-Hedge: To make investments primarily in real estate equity investments that are likely to provide a reasonable hedge against price inflation; and
- v. Preservation of Principal: To achieve meaningful risk-adjusted returns without undue exposure to loss of investment principal.

~~b. The public real estate portfolio shall be diversified. When fully invested in exchange traded Real Estate Investment Trusts (REITs) or at its normal level of investment, a minimum of 20 securities should be held. At no time may a single REIT investment exceed 5% of the value of the total System investment assets.~~

~~e. If the Retirement System owns more than 10 percent of a Real Estate Investment Trust (REIT), the Retirement System may be required to treat a portion of the REIT dividends as Unrelated Business Taxable Income (UBTI) and report and pay income taxes on that income. Staff and the Investment Consultant shall monitor prospective and existing REIT investments to determine if the Retirement System's ownership in any REIT is greater than 10 percent. If staff and the Investment consultant determine that the Retirement System's ownership of any REIT is greater than 10 percent, staff shall address the potential tax implications.~~

~~b.~~ Due to their limited liquidity, private real estate investments shall be approved by the Board only on a case-by-case basis. Agreements with private real estate Investment Managers shall include specific Investment Objectives and Policies that must be approved by the Board prior to execution of the agreement.

F. Cash

Cash may be invested in:

1. Treasury and Agency instruments with maturities no longer than 90 days;
2. AAA-rated money market funds invested exclusively in Treasury and Agency instruments;
3. Short Term Investment Funds (STIF) managed by the Master Custodian; and
4. Local Agency Investment Fund (LAIF).

VI. INVESTMENT MANAGER POLICY

A. Introduction

1. The Board will retain external Investment Managers to manage portfolios using a specific style and methodology. Managers will have authority for determining investment strategy, security selection, and timing subject to the Policy and Manager Guidelines and legal restrictions or other Board direction. Performance objectives will also be developed for each manager.
2. The performance of each Investment Manager's portfolio will be monitored and evaluated on a regular basis relative to each portfolio component's benchmark return and, if available, relative to a peer group of managers following similar investment styles.

3. Investment actions are expected to comply with prevailing fiduciary standards ~~“prudent person” standards.~~
4. Each Investment Manager will be expected to know the practices of the Board and comply with those practices. It is each manager’s responsibility to identify policies that have an adverse impact on performance and to initiate discussion with staff toward possible improvement of the practices of the Board.
5. The Board will also review each Investment Manager’s adherence to its investment policy, and any material changes in the manager’s organization (e.g. personnel changes, new business developments, etc.). The Investment Managers retained by the Board will be responsible for informing the Board by communication with staff of such material changes.
6. All ~~bond and stock business~~ security transactions shall be executed seeking best execution. “Best execution” means seeking to achieve the most favorable price and execution available, having in mind the System’s best interest, and considering all relevant factors. These factors include price, the size of the transaction, the nature of the market for the security, current market levels and trends, the reputation, experience and financial stability of the broker involved and the quality of service rendered by the broker in other transactions. ~~Where feasible, the stock or bonds trades shall be distributed to brokerage firms where the Administrative Investment Committee has established a commission recapture directed brokerage program.~~

B. Manager Selection

The selection of Investment Managers shall be accomplished in accordance with all applicable Local, State and Federal laws and regulations. Each Investment Manager, consultant and custodian shall function under a formal contract that delineates responsibilities and appropriate performance expectations.

C. Manager Authority

The Board’s Investment Managers shall direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document; Board practices or direction; applicable Local, State and Federal statutes and regulations; and individual management investment plans and executed contracts.

D. Limitations on Concentrations of Single Managers/Firms

In order to minimize any potential risk associated with large concentrations of System investment assets being managed by a single firm, any single manager/firm, when all mandates associated with that manager/firm are aggregated, shall represent no more than ~~25~~15% of the total System investment assets. Managers of passively-managed, broadly-diversified, mandates may exceed the 12.5% threshold. If any single manager/firm exceeds this limitation, the Investment Consultant and staff shall provide the Board its solution to reallocate funds from that manager/firm within the portfolio to reduce the concentration within a reasonable time period.

E. Investment Manager Guidelines

In accordance with the Investment Objectives stated above, the Board shall provide each of the System’s Investment Managers with a set of investment guidelines as stated in section V. Eligible Securities. These guidelines shall specify eligible investment, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. Managers do not have authority to depart from their guidelines.

F. Investment Manager Performance Measurement

1. The Board has the right to evaluate investment performance at any time on an ongoing basis using investment performance criteria relative to specific benchmarks over varying periods of time by asset class. Performance results for each Investment Manager shall be calculated and evaluated at least quarterly.
2. Each Investment Manager shall be evaluated against factors including, but not limited to, the following:
 - a. Active Investment Managers in each asset class will be expected to:
 - i. outperform applicable passive benchmarks ~~listed in this policy in the table titled Asset Class Performance Benchmarks related to both their asset class and their investment style~~; and
 - ii. outperform the median manager in their investment style in the universe employed by the System's investment performance measurement consultant over full market cycles (usually 3-5 years).
 - b. Qualitative indicators will be evaluated such as:
 - i. Changes in investment strategy and style;
 - ii. Instability of Investment Manager personnel and organization;
 - iii. Unusual portfolio activity, trading volume, and execution costs
 - iv. Risk and performance characteristics not logically explainable in terms of the published style or out-of-step with manager's style peer group; and
 - v. Failure to comply with all investment guidelines.
 - ~~c. None of the qualitative indicators may be taken as conclusive evidence of inconsistency with this policy. Such a finding would be based upon the facts and circumstances of each situation as described below.~~
3. The System's General Investment Consultant, with assistance from Staff, is responsible for the ongoing monitoring of Investment Managers. The General Investment Consultant shall be responsible for recommending to the Board the placement of any Investment Manager on Watch Status. The recommendation to place an Investment Manager on Watch Status is subject to the firm's professional, fiduciary opinion and may be due to a single or a mosaic of factor(s). Any Investment Manager not meeting performance objectives will be subject to the manager Watch List criteria set forth below.
4. Watch Status of an Investment Manager/Portfolio

Watch status serves two basic purposes. First, it is a major ~~decision~~ step the Board takes to begin transitioning from one Investment Manager to another Investment Manager. Second, it allows the Investment Manager ~~on watch status~~ time to take any corrective action (or justify its changing

condition) before the Board elects to terminate its existing relationship with the Investment Manager.

~~a. An Investment Manager/portfolio is placed on “watch” status if at least one of two events occurs:~~

- ~~i. the portfolio’s investment performance does not meet one of the criteria found in the following table; or~~
- ~~ii. after the Manager Performance has been measured as described above staff and/or the investment consultant recommends to the Board that an Investment Manager is a candidate for watch status.~~

~~The Board approves or disapproves placing the Investment Manager/portfolio on “Watch” Status.~~

~~b.a.~~ If the Board approves the recommendation to place a specific Investment Manager on watch status, staff will issue a formal notification to the Investment Manager. This formal notification of watch status will include, but is not necessarily limited to, the following items:

- ~~i. Meeting date when the Board approved the recommendation to place the Investment Manager on watch;~~
- ~~ii. Reason(s) for placing the Investment Manager on watch status; and~~
- ~~iii. Conditions for being released from watch status (see Manager “Watch” Criteria table below).~~

~~e.b.~~ Typically, once a manager is placed on watch status, it should be able to exhibit improvement within a time frame of twelve to ~~twenty four~~twenty-four months, if not sooner. The timeframe for remediation, as well as the System’s ability to transition invested assets, may be elongated for private markets managers.

~~d. Private Real Estate Funds—Private real estate funds are primarily invested in assets that are largely illiquid and generally have limited peer sets. In addition, these assets generally have imperfect benchmarks by which performance, according to vintage year and strategy, can be assessed. Funds are closely monitored for factors including, but not limited to:~~

- ~~i. style drift,~~
- ~~ii. key person and other management/organizational changes,~~
- ~~iii. performance relative to original underwriting,~~
- ~~iv. fees,~~
- ~~v. transparency, and~~
- ~~vi. J curve impact.~~

Underperforming fund managers will be brought to the Board's attention as soon as the consultant and staff agree the manager should be placed on watch. The termination and/or replacement of private real estate managers is commonly more challenging than terminating managers that operate in the public markets. Terminating these types of managers can exacerbate poor performance beyond that which has already been experienced. For example, in many instances the only exit option available is via secondary sales of interests, which are often transacted at an appreciable discount to existing net asset values.

*Manager "Watch" Criteria**

Asset Class	Short-term (Rolling 12-month periods)	Medium-term (Rolling 36 month periods)	Long-term (60+ Months)
U.S. Equity—Passive	Tracking Error ³ > 0.3%	Tracking Error ³ > 0.25% for 6 consecutive months	Portfolio Annualized Return ^{1,2} < Benchmark Annualized Return—0.40% for 6 consecutive months
Non-U.S. Equity—Passive	Tracking Error ³ > 1.75%	Tracking Error ³ > 1.5% for 6 consecutive months	Portfolio Annualized Return ^{1,2} < Benchmark Annualized Return—0.50% for 6 consecutive months
Covered Calls—Active	Portfolio Return ¹ < Benchmark Return—3.5%	Portfolio Annualized Return ^{1,2} < Benchmark Annualized Return—1.75% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Covered Calls—Replication	Portfolio Return ¹ < Benchmark Return—3.5%	Portfolio Annualized Return ^{1,2} < Benchmark Annualized Return—1.75% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed—Income—Core—Active	Portfolio Return ¹ < Benchmark Return—1.5%	Portfolio Annualized Return ^{1,2} < Benchmark Annualized Return—1.0% for 6 consecutive months	VRR < 0.98 for 6 consecutive months

Fixed - Income- Core - Passive	Tracking Error ³ > 0.25%	Tracking Error ³ > 0.20% for 6 consecutive months	Portfolio Annualized Return ^{1,2} < Benchmark Annualized Return- 0.30% for 6 consecutive months
Fixed - Income- Non- Core	Portfolio Return ¹ < Benchmark Return- 4.5%	Portfolio Annualized Return ^{1,2} <Benchmark Annualized Return-2.0% for 6 consecutive months	VRR< 0.97 for 6 consecutive months

*Notes:

- Benchmarks are presented in this policy under Appendix II: Asset Class Benchmarks
- All portfolio returns are gross of manager fees.

Footnotes:

¹ Return discounts from a benchmark return based on 2/3 of the typical tracking error estimates of the specified type of portfolio.

² Annualized Return is the average annual return of either the portfolio or its benchmark.

³ Tracking error is a measure of the volatility of the average annual difference between the portfolio's return and the benchmark's return.

5. Release from Watch Status

- a. ~~Investment Managers that show indications of an improvement, as reviewed by the investment consultant and determined by the Board, in one or more of the factors described earlier, may be released from watch status. Examples of improvements warranting a change in status are:~~
- ~~i. Improved investment performance in approximately twenty four months (or less) from the time of being placed on watch status;~~
 - ~~ii. Investment style characteristics return to, and remain at, levels originally agreed upon; and~~
 - ~~iii. Qualitative factors (such as organizational structure stabilizes, personnel adjustments, compliance requirements, etc.) are satisfactorily addressed.~~
- b.a. To release an Investment Manager from watch status, the Board must formally take action to do so. This action should be supported by documentation ~~(produced by the investment consultant) similar in format to the Portfolio Review described above. This document should~~ that highlights original reasons for the watch status and discussion of how the Investment Manager has addressed these issues and warrants release from watch status.

6. Replacement/Termination

To terminate and/or replace an Investment Manager, the Board must formally take action to do so. This action should be supported by documentation ~~(produced by staff and/or investment consultant). This document shall~~ that highlights original reasons for the watch status and discussion of continued developments during watch status that led to the termination/replacement recommendation.

G. Securities Lending

An agreement may be made with the System's bank custodian or other third-party custodian retained by the Board to loan securities on behalf of the Retirement System. Securities that are loaned shall be fully collateralized in cash or other acceptable securities having at least 102% of the market value of the loaned security.

H. Commingled Group Trusts

~~Investments may be made in commingled group trusts. When the group trust is tax exempt, to meet the requirements of IRS Ruling 81-100 the declaration of trust governing each such group trust shall be deemed adopted as part of EBMUDERS Employees' Retirement System plan.~~

I. Derivatives

Investment in "derivatives" is permitted, however, leveraged derivatives or purchase of derivatives on credit is not permitted. Credit risk, market risk and legal risk will be determined by the Administrative-Investment Committee to be appropriate before any investment is made in a derivative product. For these purposes, derivatives shall be defined as securities whose return or market value is derived from another security or market index.

J. Currency Hedging

With the approval of the Administrative-Investment Committee, Investment Managers may hedge the currency risk associated with securities they manage for the Retirement System. Hedging may be accomplished through mechanisms approved by staff, including, but not limited to, currency futures contracts, currency purchases, and currency options. Approval to hedge must be obtained in advance and may be given orally or in writing. Managers need not obtain approval for each individual investment as long as the investment vehicle has been approved.

K. Proxy Voting of Securities

Investment Managers may be given the authority to vote proxies on behalf of the Retirement System. Investment Managers must vote in accordance with Board policy.

L. Transaction with Retirement Board Members, Staff, and Consultants to the Employee Retirement System

Retirement Board Members, staff, and consultants to the System, if any (including but not limited to investment officers, retirement administrators, and legal counsel) are prohibited from selling investment products to the System or any other public retirement system while they are Members of the System Board, or staff, or consultants to the System, and for two years after leaving the Board, or employment with the District, or serving as consultants to the System.

VII. POLICY FOR THE USE OF PLACEMENT AGENTS

In accordance with Sections 20098, 31528, 7508.57513.8 7513.85, 7513.9, and 7513.95 of the Government Code the System shall require the specific and timely disclosure of payments and compensation to Placement Agents¹ in connection with the System's investments. This Policy is intended to apply broadly to all investment contracts made by the System. The goal of this Policy is to help ensure that the System investment decisions are made by the Board solely on the merits of the investment opportunity in accordance with the Board Members' fiduciary responsibility and to avoid the appearance of undue influence on the Board or illegal pay-to-play practices in the award of investment related contracts.

A. Manager Placement Agent Disclosures

1. Each Manager shall provide to the System in writing the required information listed below within 45 days of the initiation of investment discussions between the Manager and the System but in any event prior to contract execution. The Manager must notify the System staff of any changes to any of the information required within 14 calendar days of the Manager knowing of the change(s).
 - a. Disclosure of Payments Made to Placement Agents

¹ "Placement Agent" includes any person or entity hired, engaged, retained by, acting on behalf of or serving for the benefit of an Investment Manager or on behalf of another Placement Agent as a third-party marketer, finder, solicitor, marketer, consultant, broker, or other intermediary to market, solicit, obtain access to the System, and/or raise money or investments either directly or indirectly from the System. Notwithstanding the foregoing, an individual who is an employee, officer, director, equity holder, partner, member or trustee of an Investment Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested or held by the Investment Manager is not a Placement Agent.

- i. A written statement of whether the Manager or any of its principals, employees, agents or affiliates has compensated or agreed to compensate any person or entity to act as a Placement Agent in connection with the System's investments;
 - ii. The name of the Placement Agent, and resumes of every officer, partner and principal of the Placement Agent. The resumes shall include educational history, professional designations, regulatory licenses and investment and work experience;
 - iii. Description of any and all compensation paid or agreed to be paid to the Placement Agent, including payment to employees of the Manager who are retained in order to solicit, or who are paid based in whole or in part upon, an investment from the System;
 - iv. Description of the services rendered or the services expected to be performed by the Placement Agent and a list of the prospective clients for which such Placement Agent is utilized;
 - v. Copies of all agreements between the Manager and the Placement Agent;
 - vi. Name of the regulatory agencies the Placement Agent or any of its affiliates are registered with, such as the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Association (FINRA), or any similar regulatory agency; proof and details of such registration shall be included, or an explanation as to why no registration is required; and
 - vii. A statement as to whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
- b. Disclosure of Relationships to the Board; Campaign Contributions
- i. Full disclosure of any connection between the Placement Agent or the Manager and the System, including whether anyone receiving compensation or who will receive compensation with respect to an investment from the System from the Placement Agent or the Manager is: a current or former System Board Member, System employee, or System consultant; a member of the immediate family of anyone connected to or formerly connected to the System;
 - ii. Full disclosure of the donations made by the Placement Agent or the Manager during the prior 24-month period to any organization (including contributions to political campaign funds and donations to non-profits) in which any person listed in Paragraph 2.a is an officer, employee, or member of the Board or Advisory Board (or similar body). Additionally, any subsequent donations made by the Placement Agent or the Manager to any such organization during the time the Placement Agent or the Manager is receiving compensation in connection with the System's investment shall also be disclosed; and
 - iii. Full disclosure of the names of any current or former System Board Members, System employees or the System consultants who suggested the retention of the Placement Agent.
2. All Investment Managers must provide written confirmation that they are in compliance with this Policy and complete form as required by EBMUDERS.

B. Responsibilities of Staff and Consultants

1. At the time that investment discussions between a Manager and the System for a prospective investment commence, Staff is responsible for providing Managers and Placement Agents with a copy of this Placement Agent Policy.
2. Staff and Consultants must confirm that the applicable Placement Agent disclosures have been received prior to the completion of due diligence and completion of any recommendation to proceed with the decision to invest with the Manager. For new contracts and amendments to existing contracts, the System will:
 - a. Stop investment negotiations with a Manager who refuses to disclose the required information.
 - b. Decline the opportunity to retain or invest with a Manager who has used or intends to use a Placement Agent who is not registered with the SEC, FINRA, or any similar regulatory agency and cannot provide an explanation as to why no registration is required.\
3. Staff and Consultants will assist legal counsel as necessary for securing in the final contract terms and side letter agreements between the System and the Manager, including but not limited to, the following:
 - a. The Manager's agreement that it has complied with and will continue to comply with this Policy.
 - b. The Manager's representation and warranty that it will notify the System Staff of any changes to any of the information required above within 14 calendar days of when the Manager knows or should have known of the change(s).
4. At any meeting where an investment decision with a Manager will be considered, Staff and Consultants must notify the Board of the name(s) of any Placement Agent(s) used by the Manager in connection with the proposed investment, and any campaign contributions or gifts reported by each Placement Agent.
5. Staff must maintain records of all information disclosed to the System in accordance with this policy, and provide the Board with notice of any violation of this policy as soon as practicable.

C. Responsibilities of Counsel

Legal counsel to the System must review the final contract terms and side letter agreements between the System and the Manager, including all requisite agreements and representations and warranties by the Manager, for compliance in accordance with this Policy for the Use of Placement Agents.

D. Responsibilities of the Board

The Board must review all violations of this policy reported by Staff, consider whether each violation is material, and consider whether to prohibit that Manager and/or Placement Agent from soliciting new investments from the System for a period of five years from the date of violation. However, the Retirement Board may reduce this prohibition, by majority vote, at a public session upon a showing of good cause that such action is consistent with the Board's fiduciary duties.

APPENDIX I – LONG-TERM STRATEGIC ASSET ALLOCATION AND RANGES

Based on EBMUDERS's asset allocation study and acceptance of the proposed target asset mix (as stated in the May 2024 Asset Allocation Study) the following is the long-term target asset mix and allocation ranges. ~~EBMUDERS will review its asset allocation at a minimum once every three to five years.~~

ASSET CLASS	LONG-TERM TARGET ALLOCATION	RANGES
US Equity	35.0%	+/- 5%
Non-US Equity	25.0%	+/- 5%
Investment Grade Bonds	20.0%	+/- 3%
High Yield Bonds	7.5%	+/- 2.5%
Bank Loans	5.0%	+/- 2%
Private Debt	5.0%	+/- 3%
Core Private Real Estate	2.5%	+/- 2.5%
Total	100%	---

The above-stated ranges apply to the interim asset allocation targets as well as the long-term asset allocation target.

Appendix II: Asset Class Benchmarks

The market benchmarks for the stated asset classes are as follows:

ASSET CLASS	BENCHMARK
<i>U.S. Equities</i>	Russell 3000 Index
<i>Non-U.S. Equities</i>	MSCI ACWI x US Index <u>ND</u>
<i>Investment Grade Bonds</i>	<u>Bloomberg USB</u> g Aggregate Index
<i>High Yield</i>	Bloomberg U.S. Corporate High Yield Index
<i>Bank Loans</i>	S&P UBS Leveraged Loan Index
<i>Private Debt</i>	50% Bloomberg U.S. Corporate High Yield Index 50% S&P UBS Leveraged Loan Index
<i>Real Estate:</i>	NCREIF NPI Lagged
<i>Covered Calls:</i>	BXM Covered Calls Index*

*Also known as the CBOE S&P 500 BuyWrite Index.

Performance results for System investment assets and for each Investment Manager shall be calculated and evaluated quarterly and presented to the Board for review.

Appendix II – SAMPLE PLACEMENT AGENT QUESTIONNAIRE

East Bay Municipal Utility District Employees’ Retirement System (EBMUDERS)

Investment Manager: : : : : : : : :

: : : : : : : :

Contact Person: : : : : : : :

: : : : : : : :

Investment Type: **Prospective / New Investment** : :

: : : : : : : :

: : : **Amendment to an existing Investment** :

: : : : : : : :

-

1. Manager acknowledges that it will comply with the East Bay Municipal Utility District Employees' Statement of Investment Policy and Procedures, VII. Policy for the Use of Placement Agents

- : - : Yes No - : - :

- : - : - : - : - :

2. Placement Agent Firms used?

- : - : Yes No - : - :

- : - : - : - : - :

If the answer to question #2 is "No", please proceed to the end of this form, sign and return to EBMUDERS. Otherwise, please continue filling out the form.

3. If Yes, please complete:

- : - : - : - : - : - :

- A. Name of Placement Agent Firm: - : - : - : - : - :

- : - : - : - : - : - : - : - : - :

- Primary Contact: - : - : - : - : - : - : - : - :

- : - : - : - : - : - : - : - : - :

- B. Name of Placement Agent Firm: - : - : - : - : - : - :

- : - : - : - : - : - : - : - : - :

- Primary Contact: - : - : - : - : - : - : - : - :

- : - : - : - : - : - : - : - : - :

- C. Name of Placement Agent Firm: - : - : - : - : - : - :

- : - : - : - : - : - : - : - : - :

- Primary Contact: - : - : - : - : - : - : - : - :

- : - : - : - : - : - : - : - : - :

If additional space is needed, please attach a separate piece of paper.

4. Please provide description of payment/compensation agreement by the investment Manager or any of its principals, employees, agents or affiliates, directly or indirectly, to any person or entity to act as a Placement Agent in connection with EBMUDERS investments:

= = = = = = = = = = = = = = =

= A: Description of agreement for Placement Agent A. =

= = [Empty box for Placement Agent A description] =

= = = = = = = = = = = = = = =

= B: Description of agreement for Placement Agent B. =

= = [Empty box for Placement Agent B description] =

= = = = = = = = = = = = = = =

= C: Description of agreement for Placement Agent C. =

= = [Empty box for Placement Agent C description] =

If additional space is needed, please attach a separate piece of paper.

= = = = = = = = = = = = = = =

5. Please attach a resume for each officer, partner, principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience.

= = = = = = = = = = = = = = =

= = Attachments? Yes No = = = = =

= = = = = = = = = = = = = = =

6. Is any such person, described in the response to question number 5 above, a current or former EBMUDERS Board Member, employee or Consultant or a member of the immediate family of any such person?

= = = = = = = = = = = = = = =

= = = Yes No = = = = =

= = = = = = = = = = = = = = =

= If yes, please provide the name(s) of the individual(s): = = = = =

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: : : : : : : : : : : :

7. Please describe any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof.

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: : : : : : : : : : : :

8. Please describe the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the investment.

:
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 :

: : : : : : : : : : : :

9. Please attach a copy of any and all agreements with the Placement Agent.

: : Attachments? Yes No : : :

: : : : : : : : : : : :

10. Is the placement agent, or any of its affiliates, registered with the Securities and Exchange Commission or the Financial Industry?

: : : Yes No : : :

: : : : : : : : : : : :

11. Is the placement agent, or any of its affiliates, registered as a lobbyist with any state or national government?

: : : Yes No : : :

12. Please list the names of any current or former EBMUDERS Board Members, employees, or Consultants who suggested the retention of the Placement Agent.

N/A

:
 :
 :



**EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM**

Investment Policy Statement

Last Revised January 2026

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East Bay Municipal Utility District Employees' Retirement System

MISSION

To serve as the fiduciary and responsible steward of the East Bay Municipal Utility District Employees' Retirement System: to deliver promised benefits to members of the retirement system, their survivors and beneficiaries.

INVESTMENT BELIEFS

The System:

- Has a long-term investment horizon and utilizes an asset allocation which encompasses a strategic, long-run perspective of the global capital markets. It is recognized that a long-term strategic asset allocation which is implemented in a consistent and disciplined manner will be the major determinant of the System's investment performance.
- Articulates clear goals
- Has well-diversified assets
- Considers costs
- Ensures accountability
- Aims to be a leader, consistent with EBMUDERS's commitment to excellence in leadership

The Portfolio

- Is structured based upon strategic asset allocation
- Is designed to be fully invested and maintain adequate working capital
- Relies on passive management where active management is unlikely to reward

Recognizes that Risk:

- Exists in all investment decisions
- Should be carefully evaluated
- Must be commensurate with return
- Cannot be captured solely through quantitative analysis
- Can be systemic and emerge over time

I. INTRODUCTION

The System is governed by a six-member Retirement Board, with five voting members and one non-voting retired member. In the formation of this Investment Policy Statement, a primary consideration of the Board has been their awareness of the stated purpose of the System. The Board's investment activities are designed and executed in a manner that will fulfill these goals.

This document provides a framework for the investment management of the assets of the East Bay Municipal Utility District Employees' Retirement System (the 'System' or "EBMUDERS"). Its purpose

is to assist the Retirement Board (the “Board”) in effectively supervising and monitoring the investments of the System, and achieving its objective of providing adequate retirement, disability, survivorship and other post-employment benefits to eligible Members of the Retirement System in a cost-effective manner.

II. POLICY STATEMENT

This Investment Policy Statement (“Policy” or “IPS”) defines the investment objectives and policies that have been established by the Retirement Board. This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program. This IPS should be reviewed on an annual basis.

This policy is intended to specifically:

- Provide a mechanism to establish and refer the System’s investment objectives.
- Set forth an investment structure for managing assets.
- Provide a single document that identifies the roles of those responsible for selecting, monitoring, and reviewing the System’s investments.
- Establish measurement mechanisms for investment results.

This IPS implicitly includes the provisions of the California Constitution and Statutes

It is the practice of the Retirement Board to change its policies and objectives in accordance with changing regulatory, economic, financial and administrative conditions as they change over time.

III. INVESTMENT OBJECTIVES

A. Overall Performance Goals

The System’s general investment goals are as follows:

1. The overall goal of the System’s investment assets is to provide adequate retirement and disability, survivorship and postemployment healthcare benefits to eligible employees in a cost effective manner. This will be accomplished through a carefully planned and executed investment program.
2. Achieve a long-term total annual rate of return which exceeds the assumed actuarial rate of return and a total annual return net of all investment management fees and expenses, which meets or exceeds a weighted average of the asset class benchmarks (specified in the Appendix), where the weights correspond to the System’s strategic policy allocation.
3. Integrate environmental, social, and governance (ESG) considerations into the investment process in alignment with the System’s stated investment beliefs. ESG factors are recognized as potentially material to long-term performance.

III. DUTIES AND RESPONSIBILITIES

A. Duties of the Board or its Designee(s)

The Retirement Board serves as the primary governing fiduciary for the investment and management of the System. The Board understands it may delegate certain responsibilities under the Investment Program for the purposes of administrative efficiency and expertise. The areas the Board may not delegate include:

1. The governance model of the System's investment program.
2. Selection and engagement of the Board's service providers (e.g., General Investment Consultant, Master Custodian, Actuary, etc.)
3. Establishment and maintenance of the Investment Policy Statement, including:
 - Investment philosophy
 - Investment objectives
 - Risk philosophy
 - Strategic asset allocation

Critical duties of the Board include:

1. In consultation with the General Investment Consultant, conduct an asset-liability study every three-to-five years, or as needed based on material changes to the System and/or global capital markets.
2. Monitoring of the investment program, including the performance of Investment Managers, Investment Consultants, and any other outside vendor engaged by the Board.
3. The Board is responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed.
4. Act in accordance with all applicable fiduciary laws.
5. The Board will provide oversight to ensure investments are made in a cost-effective manner subject to Board approval. These costs include, but are not limited to, investment management, consulting and custodial fees, transaction costs and other administrative costs. Costs to administer the System are chargeable to and expected to be paid by the System.

B. Duties of the Administrative-Investment Committee

The Administrative-Investment Committee shall meet as needed. Duties of the Administrative-Investment Committee shall be as follows:

1. Make recommendations as to general investment policies, practices, and procedures to the Retirement Board including, but not limited to, asset mix, portfolio diversification, average maturity, portfolio risk level and rate of return.
2. Review the investment performance of the Retirement System.
3. Confer with the Investment Managers to review investments and current market environment.
4. Review the Statement of Investment Policy and Procedures as adopted by the Retirement Board and make recommendations as to the content thereof.

5. Render advice to the Retirement Board relative to the desirability of and the procedure to retain investment advisors, performance measurement services, and bank custody of securities owned.
6. Select one Committee member to serve as Chair at all meetings scheduled by the Administrative-Investment Committee.

C. Duties of the East Bay Municipal Utility District Staff

The Director of Finance of the East Bay Municipal Utility District shall serve as the Manager of Finance of the System and a fiduciary to the System. The Director of Finance and his/her staff provide analysis and recommendations to the Board on a wide variety of investment-related matters; oversees and directs the implementation of Board policies, and manages the System's portfolio on a day-to-day basis.

Pursuant to this policy, the Board has delegated to the Director of Finance:

1. Authority to withdraw assets from assigned managers as necessary to efficiently meet operating needs and to invest the System's cash without requiring the Board's permission but only as set forth in this policy.
2. Responsibility to recommend service providers to the Board, including conducting the search process for the General Investment Consultant, Investment Managers, Master Custodian, and other service providers as requested by the Board.
3. Responsibility for implementation and administration of this policy and of the Board's decisions, including:
 - a. Managing the relationships with service providers to the System to ensure that they are providing all the necessary assistance to Board and to staff. Should any service provider fail to do so, the Director of Finance may make changes to the extent consistent his/her authority pursuant to this policy, or recommend appropriate changes to the Board;
 - b. Ensuring that Investment Managers conform to the terms of their contracts, appropriate policies and guidelines; and
 - c. Ensuring that performance monitoring systems are consistent with this policy and provide the Board with as timely, accurate and useful information as possible.
4. Authority to manage portfolio restructuring resulting from portfolio rebalancing or manager terminations, with the assistance of the General Investment Consultant, a transition manager, other consultants, and Investment Managers, as needed.
5. Authority to manage the voting process for proxies in stocks held by the System. Proxies will be voted as directed by the Board.
6. Authority to designate individual staff of the District to carry out his/her responsibilities under this policy.
7. The Director of Finance may rely upon the assistance of the General Investment Consultant as needed to fulfill his/her obligations.

8. The Director of Finance and his/her staff, with assistance from the General Investment Consultant as needed, shall also:
 - a. Be responsible for organizing and/or participating in any special research for the Board; and
 - b. Advise and keep the Board apprised of any other events of investment significance.

D. Duties of the General Investment Consultant

The Investment Consultant shall serve as a fiduciary, providing objective guidance to support and advise the Board on the System's assets. The Investment Consultant reports to the Board, while supporting the responsibilities of the Director of Finance and Staff, as needed and pursuant to the contractual obligations agreed to by the parties. These responsibilities include, but are not limited to, the following:

1. Review and develop investment policies, asset class guidelines, and Investment Manager guidelines.
2. Recommend asset allocation modifications and/or enhancements via recurring asset-liability studies and asset allocation reviews.
3. Establish long-term capital market assumptions on an annual basis.
4. Review asset class and manager-specific benchmarks and corresponding performance and risk objectives.
5. Quarterly performance reporting on the Total Portfolio, EBMUDERS' utilized asset classes, and underlying investment managers.
6. Assist with Investment Manager searches, due diligence, and ongoing monitoring.
 - a. Based on the firm's investment expertise, proactively notify the Board of material issues (e.g., performance, organizational, etc.) with the System's investment managers, including potential remedies.
7. Assist with custodial searches, as needed.
8. Broad market/economic research and industry education, as requested by the Board.
9. Any other factors deemed by the General Investment Consultant to be of material relevance to the Board in their evaluations the System's investment portfolio.

E. Duties of the Investment Managers

Investment Managers shall serve as fiduciaries to assets they manage on behalf of the System and shall exercise the care, skill, prudence, and diligence that a prudent expert would use under similar circumstances. Investment managers are delegated the responsibility of investing and managing the System's assets in accordance with this IPS and all other applicable laws and terms of the applicable investment documents. Each investment manager shall agree that it is a fiduciary of the Plan under California law. These responsibilities, include, but may not be limited to:

1. Contract by written agreement with the Board to invest within approved guidelines.
2. Provide the Board with proof of liability and fiduciary insurance coverage at the time of execution of engagement contract and annually thereafter until the relationship is terminated.
3. Be a SEC-Registered Investment Advisor under the 1940 Act or an authorized bank or trust, and be recognized as providing demonstrated expertise over a number of years in the management of institutional assets within a defined investment specialty.

4. Adhere to the investment management style concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.
5. Obtain best execution for all transactions for the benefit of the System with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the System, and, where appropriate, facilitate soft dollar credits and the recapture of commissions for the System's benefit.
6. Investment Managers are required to reconcile monthly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian and Staff.
7. Investment Managers are required to report the following at least monthly to General Investment Consultant, and upon request to the Board and Director of Finance or his/her designee:
 - a. Transaction and asset summary data reported at cost and fair market value;
 - b. Rate of return, which calculation shall include net income, realized gains and losses, and, if appropriate, unrealized appreciation and depreciation; and
8. Investment Managers are required to maintain frequent and open communication with the Board and Director of Finance or his/her designee(s) on all significant matters pertaining to the Investment program, including, but not limited to, the following:
 - a. Major changes in the Investment Manager's investment outlook, investment strategy, performance, and portfolio structure;
 - b. Significant changes in ownership, organizational structure, financial condition or key or senior personnel;
 - c. Any changes in the Portfolio Manager, Relationship Manager or other personnel assigned to the System;
 - d. All pertinent issues which the Investment Manager deems to be of significant interest or material importance.
9. Meet with the Board and the Director of Finance or his/her designee as requested.

F. Duties of the Master Custodian

The Master Custodian ("Custodial Bank" or "Custodian Bank"), is delegated the responsibility of holding the assets and evidence of interests owned by the System in investment vehicles and cash (and equivalents). The Board may authorize the Custodial Bank to invest in temporary short-term fixed income assets both for the investment strategies and as part of the cash portion of the System's assets. The Board may authorize the Custodial Bank to manage a securities lending program to enhance income in a conservative manner. Such investments/programs will be managed in general accordance with investment guidelines as detailed in the custodial agreement.

IV. INVESTMENT POLICIES AND PROCEDURES

A. Asset Allocation

The Board has adopted a strategic asset allocation based on the System's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in **Appendix II: Long-Term Asset Allocation and Target Mix**.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and/or forward-looking expected returns of asset classes. The Board will review capital market assumptions every year and conduct a comprehensive asset-liability study every 3-5 years.

1. The Director of Finance is authorized to retain a Transition Manager to assist with major re-allocations of the portfolio.
2. The District will also maintain enough cash as working capital to effectively meet cash flow demands on the System. These funds are not considered investable System assets. These funds will be invested by Staff in accordance with this policy.
3. Financial derivatives may be used within prudent limits to manage risk, lower transaction costs, or augment returns. Leveraged positions are prohibited.

B. Rebalancing Guidelines

In general, cash flows to and from the Fund will be allocated in such a manner as to move each asset class toward its target allocation. Periodically, market forces may move allocations outside the target ranges. The Board also recognizes that failing to rebalance the allocations would unintentionally change the System's structure and risk posture. Consequently, the Board has established the following process to rebalance the allocations periodically. The Director of Finance and its Staff, with support from the General Investment Consultant, will regularly review the portfolio to ensure it remains in line with the target asset allocation defined in the IPS. Rebalancing triggers will be based on deviations from the target allocation. **See Appendix II – Long-term Asset Allocation and Target Mix.**

If any strategic allocation is outside the specified target range, assets may be shifted to return the strategy to within the target range. The specific plan for rebalancing will identify those assets that can be shifted at the lowest possible risk and cost if the rebalancing cannot be accomplished solely by the sale of assets. This rebalancing will be conducted with direction from the General Investment Consultant and Staff and reported to the Board.

V. ELIGIBLE INVESTMENTS

The Board will utilize the following portfolio components to fulfill the asset allocation targets and total System performance goals established elsewhere in this document.

A. Public Equities Portfolio

The Board expects that over the long run, total returns to equities will be higher than the returns to fixed-income securities, but may be subject to substantial volatility over shorter periods. Public equity holdings may include:

1. **U.S. Equities**

- a. Index Funds / Core Stocks— This component of the portfolio will provide broadly diversified, core exposure through index funds to the U.S. equity market, primarily in large capitalization companies. Index funds provide primary liquidity for asset allocation.
- b. The objectives for investment of the US equity portfolio are:
 - i. Achieve a total return net of management fees which meets or exceeds the Russell 3000 Index;

2. **Non-U.S. Equities**

This component of the portfolio will provide broadly diversified, core exposure through index funds to the Non-U.S. Developed and Emerging Equity markets across small, mid, and large capitalization stocks.

- a. The objectives for investment of the non-US equity portfolio are:
 - i. Achieve a total return net of management fees which meets or exceeds the Morgan Stanley Capital International (MSCI) ACWI x U.S. Index ND;

B. Fixed-Income Portfolio

The primary role of the fixed-income portfolio is to provide a more stable investment return while diversifying the System's investment assets. The fixed-income holdings may be comprised of the following segments:

1. **Core Fixed Income / Investment Grade Bonds**

- a. The Core Fixed Income component will provide core exposure to the U.S. fixed-income market including Treasury and government agency bonds, corporate debt, mortgages and asset-backed securities. This component will be composed primarily of investment grade issues with duration similar to that of an applicable core bond index.
- b. The objectives for investment of the core fixed income component of the Fixed-Income portfolio are:
 - i. Preserve capital and diversify relative to public equity holdings;
 - ii. Earn an average annual return from income and capital appreciation net of management fees which exceeds 30 basis points of the BBg US Aggregate Bond Index;
 - iii. Achieve the above objectives within a time horizon of a minimum of three to five years or approximately a full market cycle.

- c. Holdings of securities issued by the United States Government or any of its agencies need not be diversified. Securities of any one issuer with maturities of more than one year, other than the United States Government or any of its agencies, shall not exceed 5% of the value of the total portfolio. Securities of any one issuer of foreign government issues shall not exceed 10% of the value of the total portfolio at the time of purchase. Fixed income managers have the authority to make international investments, not to exceed 20% of their total portfolio. Investment in U.S. dollar denominated bonds of foreign governments, international organizations, foreign corporations, and U.S. subsidiaries of foreign corporations are permitted, however, shall not exceed 35% of the market value of the portfolio.
- d. The use of futures and options in the fixed income accounts may be used as part of their portfolio management strategy and will be incidental to their securities trading activities. The resulting aggregate risk profile (volatility) of the portfolio will not be different from that permissible by using securities only.
- e. Short (sold) options positions will generally be hedged, either with current portfolio security holdings, other options or futures options. Mortgage derivatives with significant short option characteristics will not exceed 5% of the portfolio, and will generally be a) offset by positions in other mortgage derivatives, or b) offset by other portfolio positions.
- f. Structured notes with significant short options positions or increasing leverage will not be purchased, and in no case will structured notes exceed 5% of portfolio value. Structured Notes issued by the U.S. Government (Treasuries & Agencies) will be considered allowable investments, and are restricted to 25% of portfolio value.
- g. Fixed income managers are authorized to use futures and options contracts to supplement their investment capabilities to provide flexibility in managing the fixed income portfolios and reduce the cost of implementing strategies to respond to changing market conditions without incurring the higher transaction costs associated with buying and selling specific securities. These transactions are authorized to enable the manager to reduce the exposure of the portfolio to interest rate changes by reducing or increasing the duration of the portfolio without selling any of the actual holdings.
- h. No more than 5% of the portfolio will be invested in original futures margin and options premiums, exclusive of any in-the-money portion of the premiums.

2. Non-Core Fixed Income (Public)

- a. Non-Core Fixed Income will primarily consist of U.S. denominated fixed income securities. It is expected that this component of the Fixed-Income portfolio may have a material allocation to below investment grade securities.
- b. The objectives for investment of the non-core fixed income component of the Fixed-Income portfolio are:

- i. Diversify the Fixed-Income portfolio, by reducing exposure to increasing interest rates and to earn, over time, an average annual total rate of return in excess of what can be earned with core fixed income securities;
 - ii. Achieve the above objectives within a time horizon of a minimum of three to five years or approximately a full market cycle.
- c. The non-core fixed income component will include non-investment-grade securities. Non-investment-grade securities are defined as securities rated non-investment-grade by two or more rating agencies. If a bond is rated by two rating agencies, it must be rated below-investment-grade by at least one rating agency. If only one rating agency rates the bond, then a rating below BBB-or Baa3 is considered non-investment-grade. The portfolio may contain unrated bonds. Unrated and/or SEC Rule 144A high yield fixed income instruments without registration rights must not exceed 25% of the market value of the Non-Core Fixed Income portfolio.
- d. In the event of a downgrade below single C, or in the case of a default, Manager(s) must notify staff and the General Investment Consultant of the downgrade within two days of the date that the downgrade occurs. In the event of a downgrade below single C, or in the case of a default, if the Manager(s) elects to retain the bond in the portfolio the Manager(s) must inform Staff and the General Investment Consultant of the downgrade within two days of the date that the downgrade occurs, and provide a rationale for continued retention of the holding.
- e. There may be instances when debt issues convert into equity-oriented securities (i.e. preferred stock, common stock or warrants to purchase other equity securities). To handle these situations, fixed income managers are allowed to hold equity-oriented positions when received in exchange for, or conversion or cancellation of debt securities held in the portfolio. The manager(s) is required to inform staff and the General Investment Consultant 30 days prior to the conversion when they intend to hold the resulting equity-oriented positions. Equity-oriented securities can be held in the portfolio no longer than six months. The manager(s) is required to provide 30 days advance notice to extend the holding period beyond the original six-month period. No more than 10% of the portfolio shall be invested in equity-oriented securities resulting from fixed-to-equity exchanges.
- f. Permissible securities include corporate bonds, convertible bonds, government bonds, government agency bonds, government-sponsored entity bonds (e.g., FNMA), mortgage bonds, asset-backed bonds, emerging market debt, Eurodollar bonds, Yankee bonds, SEC Rule 144A securities, high yield CMBS securities, REIT bonds, zero coupon bonds, bank loans (rated or unrated), preferred, trade finance related investments, structured notes and financial futures. Allowable emerging countries are those investable markets that are open for foreign investments. Investment in U.S. dollar denominated bonds of foreign governments, international organizations, foreign corporations, and U.S. subsidiaries of foreign corporations are permitted, however, shall not exceed 35% of the market value of the portfolio.
- g. Derivatives used for substitution, risk control, and arbitrage strategies are permitted. Use of derivatives for speculation is prohibited. No securities shall be purchased on margin or sold short other than any initial and maintenance margin required in connection with futures transactions which may be used only for risk management purposes.
- h. For prudent diversification, the portfolio shall have a minimum of 25 issues. No more than 10% of the lesser of cost or market value of the portfolio will be invested in any one

issuer with the exception of U.S. Government, U.S. Government Agency, and bonds of U.S. Government sponsored entities.

C. Private Debt Portfolio

The Private Debt allocation is expected to earn risk-adjusted returns in excess of the public credit markets, primarily due to the liquidity premium demanded by investors. The allocation is also expected to help decrease the volatility of the overall Portfolio, through stable income and downside collateral protection. This means the allocation will generally be to Income-Oriented investment strategies that target primary/origination-based transactions focused on generating returns through regular coupon payments and principal repayment over time. Eligible investment strategies will include direct lending and will incorporate other origination-based strategies with exposure to multiple collateral types (including but not limited to corporate credit, mortgage credit, asset-based, and consumer credit) and strategies. Investments may be made in companies that are either U.S. or non-U.S. domiciled.

D. Covered Calls Portfolio

The Covered Calls Portfolio is an equity-based asset class that is designed to provide some incremental income during flat to modestly rising markets, while providing some level of downside protection during market selloffs. The Board expects that over the long run, Covered Calls will produce total returns in line with U.S. public equity with less volatility, but will vary markedly from U.S. public equity during market extremes. Under a bull/recovery market scenario, Covered Calls generally underperform U.S. public equity, but still tend to produce substantial upside returns. During a bear/down market scenario, Covered Calls are likely to decline in value, but by a lesser degree than U.S. public equity, providing investors with some principal protection. As a result of these attributes, Covered Calls tend to compound at a smoother rate than U.S. public equity.

- a. The objectives for investment of the covered call portfolio are:
 - i. For active managers, the performance objective is to outperform the benchmark, net of all fees, over 3-5 years;
 - ii. For replication managers, the performance objective is to match the benchmark, gross of fees, over 3-5 years;
 - iii. The Covered Calls class shall have a benchmark index of the Chicago Board Options Exchange S&P 500 BuyWrite Index (the "BXM Index");
 - iv. Derivatives used for risk control and income are permitted. However, the notional value of the options may not exceed the total value of the underlying equity portfolio; and
 - v. All holdings will be of sufficient size and held in issues that are traded actively enough to facilitate transactions at minimum cost and accurate market valuation.
- b. The covered call portfolio should consist of three components:
 - i. underlying equity,
 - ii. call options, and
 - iii. cash.

- c. The underlying equity should be designed to gain broad market exposure. This can be accomplished through individual stock ownership, ETFs, or derivatives.
- d. No purchase should be made that causes an individual security to exceed 5% of the underlying equity portfolio, where those securities constitute less than 3% of the current market capitalization of the S&P 500 Index, unless an ETF is employed.
- e. Call options may be used to provide income and risk control.
- f. The notional value of the options may not exceed the total value of the underlying equity portfolio.
- g. Call options may only be written on domestic stock indices, broad market or sector ETFs, and individual domestic stocks that are held in the underlying portfolio.
- h. Managers may purchase back options in order to close out positions.
- i. Cash may exist as an intermediary component from additional funding or option premiums. The balance should not normally exceed 5% of the manager's total portfolio.
- j. Leverage may not be used.

E. Real Estate Portfolio

The Real Estate portfolio will consist primarily of private real estate interests via institutional commingled funds. The underlying investments are expected to be focused on equity holdings in core real estate (i.e., established, stabilized, cash-flow producing properties).. Real estate is expected to provide portfolio diversification relative to traditional asset classes such as public equity and fixed income.

- a. The objectives for investment of the real estate portfolio are:
 - i. Attractive Risk-Adjusted Returns: To obtain superior risk-adjusted returns by taking advantage of the inefficiencies of real estate as compared to other asset classes. Active management, value creation and opportunistic strategies, as well as the prudent use of third-party debt, are approved methods for generating expected returns;
 - ii. Increased Program Diversification/Reduced Program Risk: To use real estate to enhance overall Program diversification and, in turn, reduce overall Program risk;
 - iii. Significant Current Cash Yields: Significant cash return based primarily on current rental income. In general, as a portion of total investment return, higher levels of current income are expected from core and value than opportunistic investments; in contrast, higher levels of appreciation are expected from opportunistic than value and core investments;
 - iv. Inflation-Hedge: To make investments primarily in real estate equity investments that are likely to provide a reasonable hedge against price inflation; and
 - v. Preservation of Principal: To achieve meaningful risk-adjusted returns without undue exposure to loss of investment principal.

- b. Due to their limited liquidity, private real estate investments shall be approved by the Board only on a case-by-case basis. Agreements with private real estate Investment Managers shall include specific Investment Objectives and Policies that must be approved by the Board prior to execution of the agreement.

F. Cash

Cash may be invested in:

1. Treasury and Agency instruments with maturities no longer than 90 days;
2. AAA-rated money market funds invested exclusively in Treasury and Agency instruments;
3. Short Term Investment Funds (STIF) managed by the Master Custodian; and
4. Local Agency Investment Fund (LAIF).

VI. INVESTMENT MANAGER POLICY

A. Introduction

1. The Board will retain external Investment Managers to manage portfolios using a specific style and methodology. Managers will have authority for determining investment strategy, security selection, and timing subject to the Policy and Manager Guidelines and legal restrictions or other Board direction. Performance objectives will also be developed for each manager.
2. The performance of each Investment Manager's portfolio will be monitored and evaluated on a regular basis relative to each portfolio component's benchmark return and, if available, relative to a peer group of managers following similar investment styles.
3. Investment actions are expected to comply with prevailing fiduciary standards
4. Each Investment Manager will be expected to know the practices of the Board and comply with those practices. It is each manager's responsibility to identify policies that have an adverse impact on performance and to initiate discussion with staff toward possible improvement of the practices of the Board.
5. The Board will also review each Investment Manager's adherence to its investment policy, and any material changes in the manager's organization (e.g. personnel changes, new business developments, etc.). The Investment Managers retained by the Board will be responsible for informing the Board by communication with staff of such material changes.
6. All security transactions shall be executed seeking best execution. "Best execution" means seeking to achieve the most favorable price and execution available, having in mind the System's best interest, and considering all relevant factors. These factors include price, the size of the transaction, the nature of the market for the security, current market levels and trends, the reputation, experience and financial stability of the broker involved and the quality of service rendered by the broker in other transactions.

B. Manager Selection

The selection of Investment Managers shall be accomplished in accordance with all applicable Local, State and Federal laws and regulations. Each Investment Manager, consultant and custodian shall function under a formal contract that delineates responsibilities and appropriate performance expectations.

C. Manager Authority

The Board's Investment Managers shall direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document; Board practices or direction; applicable Local, State and Federal statutes and regulations; and individual management investment plans and executed contracts.

D. Limitations on Concentrations of Single Managers/Firms

In order to minimize any potential risk associated with large concentrations of System investment assets being managed by a single firm, any single manager/firm, when all mandates associated with that manager/firm are aggregated, shall represent no more than 15% of the total System investment assets. Managers of passively-managed, broadly-diversified, mandates may exceed the 15% threshold. If any single manager/firm exceeds this limitation, the Investment Consultant and staff shall provide the Board its solution to reallocate funds from that manager/firm within the portfolio to reduce the concentration within a reasonable time period.

E. Investment Manager Guidelines

In accordance with the Investment Objectives stated above, the Board shall provide each of the System's Investment Managers with a set of investment guidelines as stated in section V. Eligible Securities. These guidelines shall specify eligible investment, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. Managers do not have authority to depart from their guidelines.

F. Investment Manager Performance Measurement

1. The Board has the right to evaluate investment performance at any time on an ongoing basis using investment performance criteria relative to specific benchmarks over varying periods of time by asset class. Performance results for each Investment Manager shall be calculated and evaluated at least quarterly.
2. Each Investment Manager shall be evaluated against factors including, but not limited to, the following:
 - a. Active Investment Managers in each asset class will be expected to:
 - i. outperform applicable passive benchmarks; and
 - ii. outperform the median manager in their investment style in the universe employed by the System's investment performance measurement consultant over full market cycles (usually 3-5 years).
 - b. Qualitative indicators will be evaluated such as:
 - i. Changes in investment strategy and style;
 - ii. Instability of Investment Manager personnel and organization;

- iii. Unusual portfolio activity, trading volume, and execution costs
 - iv. Risk and performance characteristics not logically explainable in terms of the published style or out-of-step with manager's style peer group; and
 - v. Failure to comply with all investment guidelines.
3. The System's General Investment Consultant, with assistance from Staff, is responsible for the ongoing monitoring of Investment Managers. The General Investment Consultant shall be responsible for recommending to the Board the placement of any Investment Manager on Watch Status. The recommendation to place an Investment Manager on Watch Status is subject to the firm's professional, fiduciary opinion and may be due to a single or a mosaic of factor(s).
4. Watch Status of an Investment Manager/Portfolio

Watch status serves two basic purposes. First, it is a major step the Board takes to begin transitioning from one Investment Manager to another Investment Manager. Second, it allows the Investment Manager time to take any corrective action (or justify its changing condition) before the Board elects to terminate its existing relationship with the Investment Manager.

- a. If the Board approves the recommendation to place a specific Investment Manager on watch status, staff will issue a formal notification to the Investment Manager. This formal notification of watch status will include, but is not necessarily limited to, the following items:
 - i. Meeting date when the Board approved the recommendation to place the Investment Manager on watch;
5. Reason(s) for placing the Investment Manager on watch status.
- a. Typically, once a manager is placed on watch status, it should be able to exhibit improvement within a time frame of twelve to twenty-four months, if not sooner. The timeframe for remediation, as well as the System's ability to transition invested assets, may be elongated for private markets managers.

6. Release from Watch Status

Investment Managers that show indications of an improvement, as reviewed by the investment consultant and determined by the Board, may be released from watch status.

- a. To release an Investment Manager from watch status, the Board must formally take action to do so. This action should be supported by documentation that highlights original reasons for the watch status and discussion of how the Investment Manager has addressed these issues and warrants release from watch status.
- #### 7. Replacement/Termination

To terminate and/or replace an Investment Manager, the Board must formally take action to do so. This action should be supported by documentation that highlights original reasons for the watch status and discussion of continued developments during watch status that led to the termination/replacement recommendation.

G. Securities Lending

An agreement may be made with the System's bank custodian or other third-party custodian retained by the Board to loan securities on behalf of the Retirement System. Securities that are loaned shall be fully collateralized in cash or other acceptable securities having at least 102% of the market value of the loaned security.

I. Derivatives

Investment in "derivatives" is permitted, however, leveraged derivatives or purchase of derivatives on credit is not permitted. Credit risk, market risk and legal risk will be determined by the Administrative-Investment Committee to be appropriate before any investment is made in a derivative product. For these purposes, derivatives shall be defined as securities whose return or market value is derived from another security or market index.

J. Currency Hedging

With the approval of the Administrative-Investment Committee, Investment Managers may hedge the currency risk associated with securities they manage for the Retirement System. Hedging may be accomplished through mechanisms approved by staff, including, but not limited to, currency futures contracts, currency purchases, and currency options. Approval to hedge must be obtained in advance and may be given orally or in writing. Managers need not obtain approval for each individual investment as long as the investment vehicle has been approved.

K. Proxy Voting of Securities

Investment Managers may be given the authority to vote proxies on behalf of the Retirement System. Investment Managers must vote in accordance with Board policy.

L. Transaction with Retirement Board Members, Staff, and Consultants to the Employee Retirement System

Retirement Board Members, staff, and consultants to the System, if any (including but not limited to investment officers, retirement administrators, and legal counsel) are prohibited from selling investment products to the System or any other public retirement system while they are Members of the System Board, or staff, or consultants to the System, and for two years after leaving the Board, or employment with the District, or serving as consultants to the System.

VII. POLICY FOR THE USE OF PLACEMENT AGENTS

In accordance with Sections 20098, 31528, 7508.57513.8 7513.85, 7513.9, and 7513.95 of the Government Code the System shall require the specific and timely disclosure of payments and compensation to Placement Agents¹ in connection with the System's investments. This Policy is intended to apply broadly to all investment contracts made by the System. The goal of this Policy is to

¹ "Placement Agent" includes any person or entity hired, engaged, retained by, acting on behalf of or serving for the benefit of an Investment Manager or on behalf of another Placement Agent as a third-party marketer, finder, solicitor, marketer, consultant, broker, or other intermediary to market, solicit, obtain access to the System, and/or raise money or investments either directly or indirectly from the System. Notwithstanding the foregoing, an individual who is an employee, officer, director, equity holder, partner, member or trustee of an Investment Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested or held by the Investment Manager is not a Placement Agent.

help ensure that the System investment decisions are made by the Board solely on the merits of the investment opportunity in accordance with the Board Members' fiduciary responsibility and to avoid the appearance of undue influence on the Board or illegal pay-to-play practices in the award of investment related contracts.

A. Manager Placement Agent Disclosures

1. Each Manager shall provide to the System in writing the required information listed below within 45 days of the initiation of investment discussions between the Manager and the System but in any event prior to contract execution. The Manager must notify the System staff of any changes to any of the information required within 14 calendar days of the Manager knowing of the change(s).
 - a. Disclosure of Payments Made to Placement Agents
 - i. A written statement of whether the Manager or any of its principals, employees, agents or affiliates has compensated or agreed to compensate any person or entity to act as a Placement Agent in connection with the System's investments;
 - ii. The name of the Placement Agent, and resumes of every officer, partner and principal of the Placement Agent. The resumes shall include educational history, professional designations, regulatory licenses and investment and work experience;
 - iii. Description of any and all compensation paid or agreed to be paid to the Placement Agent, including payment to employees of the Manager who are retained in order to solicit, or who are paid based in whole or in part upon, an investment from the System;
 - iv. Description of the services rendered or the services expected to be performed by the Placement Agent and a list of the prospective clients for which such Placement Agent is utilized;
 - v. Copies of all agreements between the Manager and the Placement Agent;
 - vi. Name of the regulatory agencies the Placement Agent or any of its affiliates are registered with, such as the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Association (FINRA), or any similar regulatory agency; proof and details of such registration shall be included, or an explanation as to why no registration is required; and
 - vii. A statement as to whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - b. Disclosure of Relationships to the Board; Campaign Contributions
 - i. Full disclosure of any connection between the Placement Agent or the Manager and the System, including whether anyone receiving compensation or who will receive compensation with respect to an investment from the System from the Placement Agent or the Manager is: a current or former System Board Member, System employee, or System consultant; a member of the immediate family of anyone connected to or formerly connected to the System;

- ii. Full disclosure of the donations made by the Placement Agent or the Manager during the prior 24-month period to any organization (including contributions to political campaign funds and donations to non-profits) in which any person listed in Paragraph 2.a is an officer, employee, or member of the Board or Advisory Board (or similar body). Additionally, any subsequent donations made by the Placement Agent or the Manager to any such organization during the time the Placement Agent or the Manager is receiving compensation in connection with the System's investment shall also be disclosed; and
 - iii. Full disclosure of the names of any current or former System Board Members, System employees or the System consultants who suggested the retention of the Placement Agent.
2. All Investment Managers must provide written confirmation that they are in compliance with this Policy and complete form as required by EBMUDERS.

B. Responsibilities of Staff and Consultants

1. At the time that investment discussions between a Manager and the System for a prospective investment commence, Staff is responsible for providing Managers and Placement Agents with a copy of this Placement Agent Policy.
2. Staff and Consultants must confirm that the applicable Placement Agent disclosures have been received prior to the completion of due diligence and completion of any recommendation to proceed with the decision to invest with the Manager. For new contracts and amendments to existing contracts, the System will:
 - a. Stop investment negotiations with a Manager who refuses to disclose the required information.
 - b. Decline the opportunity to retain or invest with a Manager who has used or intends to use a Placement Agent who is not registered with the SEC, FINRA, or any similar regulatory agency and cannot provide an explanation as to why no registration is required.\
3. Staff and Consultants will assist legal counsel as necessary for securing in the final contract terms and side letter agreements between the System and the Manager, including but not limited to, the following:
 - a. The Manager's agreement that it has complied with and will continue to comply with this Policy.
 - b. The Manager's representation and warranty that it will notify the System Staff of any changes to any of the information required above within 14 calendar days of when the Manager knows or should have known of the change(s).
4. At any meeting where an investment decision with a Manager will be considered, Staff and Consultants must notify the Board of the name(s) of any Placement Agent(s) used by the Manager in connection with the proposed investment, and any campaign contributions or gifts reported by each Placement Agent.
5. Staff must maintain records of all information disclosed to the System in accordance with this policy, and provide the Board with notice of any violation of this policy as soon as practicable.

C. Responsibilities of Counsel

Legal counsel to the System must review the final contract terms and side letter agreements between the System and the Manager, including all requisite agreements and representations and warranties by the Manager, for compliance in accordance with this Policy for the Use of Placement Agents.

D. Responsibilities of the Board

The Board must review all violations of this policy reported by Staff, consider whether each violation is material, and consider whether to prohibit that Manager and/or Placement Agent from soliciting new investments from the System for a period of five years from the date of violation. However, the Retirement Board may reduce this prohibition, by majority vote, at a public session upon a showing of good cause that such action is consistent with the Board's fiduciary duties.

APPENDIX I – LONG-TERM STRATEGIC ASSET ALLOCATION AND RANGES

Based on EBMUDERS’s asset allocation study and acceptance of the proposed target asset mix (as stated in the May 2024 Asset Allocation Study) the following is the long-term target asset mix and allocation ranges.

ASSET CLASS	LONG-TERM TARGET ALLOCATION	RANGES
US Equity	35.0%	+/- 5%
Non-US Equity	25.0%	+/- 5%
Investment Grade Bonds	20.0%	+/- 3%
High Yield Bonds	7.5%	+/- 2.5%
Bank Loans	5.0%	+/- 2%
Private Debt	5.0%	+/- 3%
Core Private Real Estate	2.5%	+/- 2.5%
Total	100%	---

The above-stated ranges apply to the interim asset allocation targets as well as the long-term asset allocation target.

Appendix II: Asset Class Benchmarks

The market benchmarks for the stated asset classes are as follows:

ASSET CLASS	BENCHMARK
<i>U.S. Equities</i>	Russell 3000 Index
<i>Non-U.S. Equities</i>	MSCI ACWI x US Index ND
<i>Investment Grade Bonds</i>	Bloomberg US Aggregate Index
<i>High Yield</i>	Bloomberg US Corporate High Yield Index
<i>Bank Loans</i>	S&P UBS Leveraged Loan Index
<i>Private Debt</i>	50% Bloomberg US Corporate High Yield Index 50% S&P UBS Leveraged Loan Index
<i>Real Estate:</i>	NCREIF NPI Lagged
<i>Covered Calls:</i>	BXM Covered Calls Index*

*Also known as the CBOE S&P 500 BuyWrite Index.

Performance results for System investment assets and for each Investment Manager shall be calculated and evaluated quarterly and presented to the Board for review.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

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

SUBJECT: Approve Finalists for Private Credit Manager Interviews

RECOMMENDATION

Approve the list of finalists from the Private Credit manager request for proposals (RFP) that will be invited to interview at the March 19, 2026 Retirement Board meeting.

DISCUSSION

As part of its Asset Allocation Study approved at the May 23, 2024 Retirement Board meeting, the Retirement Board selected an asset allocation that included a 5 percent allocation to Private Credit. The new mandate will have two to three managers after the conclusion of the current manager search.

Following an RFP disseminated by Meketa, staff and Meketa worked to select finalists to present to the Retirement Board. Staff and Meketa are recommending four firms for the Retirement Board to interview at the March meeting. Meketa proposes that the Retirement Board select the following four firms for interviews:

- Ares (Pathfinder Core Fund)
- Castlake (Asset Based Private Credit III Evergreen)
- Golub Capital (Direct Lending Fund)
- Neuberger Berman (Private Debt Eagle)

The attached presentation from Meketa describes the due diligence and evaluation process utilized to establish the list of Private Credit managers invited to make presentations to the Retirement Board.

SDS:SGL

Attachment: Presentation – Private Credit RFP Respondent Review



East Bay Municipal Utility District Employees' Retirement System

January 29, 2026

Private Credit RFP
Respondent Review

Executive Summary

- At the completion of the 2024 Asset-Liability Study, the Board selected new long-term strategic allocation policy targets. This new portfolio construct includes a 5% allocation to Private Credit.
- During September 2025, Meketa and Staff developed an RFP for the Private Credit manager search, which was publicly released on September 18, 2025, with a due date of October 17, 2025.
 - The search was focused on open-end/evergreen vehicle structures, which represent the optimal access point for a plan of EBMUDERS size and resources.
- 41 responses from 38 managers were received.
 - As discussed during the education process, the open-end/evergreen market segment has been rapidly expanding in recent years, and this is reflected in the high number of quality responses received.
- This presentation provides a brief review of Private Credit, a summary of the RFP review process, and overviews of the recommended finalist firms.
- Meketa recommends that the Board interview 4 firms, with the selection of 2-3 firms.
- **Recommended Finalists (alphabetical):**
 1. Ares (Pathfinder Core Fund)
 2. Castlelake (Asset Based Private Credit III Evergreen)
 3. Golub Capital (Direct Lending Fund)
 4. Neuberger Berman (Private Debt Eagle)

Private Credit Review

Types of Credit

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

Corporate/Direct

- 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).

Securitized

- A pool of assets that include contractual obligations to pay.
- The underlying pools can vary widely (e.g., mortgages, auto loans, credit card 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 and structuring that require prudent analysis whether participating in private or public markets.

Meketa Private Credit Universe

Direct Lending

Capital Structure

- First Lien
- Unitranche
- Second Lien
- Mezzanine/Junior Debt

Geography

- US
- Europe
- Asia/Emerging Markets
- Global

Industry

- Healthcare
- Franchise
- Technology

Asset Based Lending

Consumer

- Credit Cards
- Student Loans
- Auto Loans
- Consumer Installment

Commercial

- Accounts Receivable
- Trade Finance
- Small Balance

Mortgage Credit

- Homebuilder Finance
- Re-Performing Loans
- Non-QM

Real Assets

- Equipment Leasing
- Aviation
- Shipping
- Solar/Renewables
- Agriculture
- Infrastructure

Special Situations

Distressed

- Corporate
- Mortgage
- Commercial Real Estate

Capital Solutions

Non-Performing Loans

Diversifying

Royalties

- Music
- Health Care
- Intellectual Property

Litigation Finance

Regulatory Capital

- 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).
- **For plans seeking a “core” allocation (such as EBMUDERS), Direct Lending and Asset Based Lending are the focal points.**

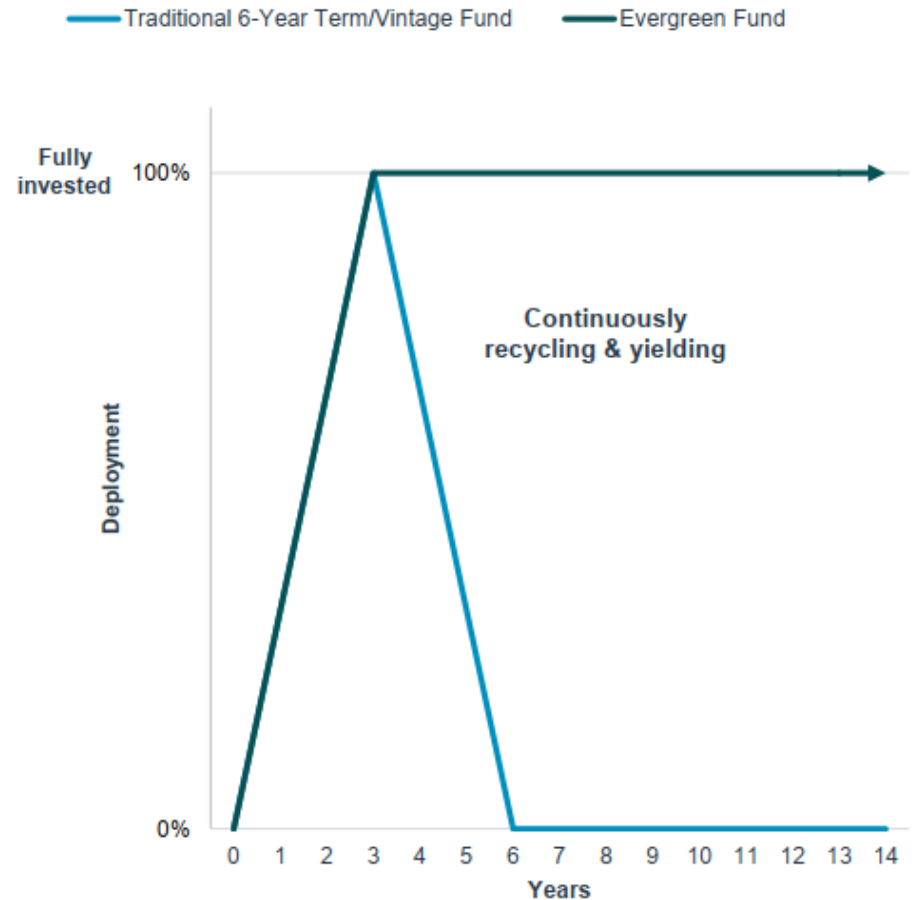
Implementation Approaches

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

Closed-end or Drawdown Structure	Evergreen Structure
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.

Closed-end vs. Evergreen Comparison

- Evergreen structures provide a 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.



Manager Search RFP Respondent Reviews

Review Process

- Examining private markets strategies is different than public markets for a variety of reasons:
 - There is effectively no performance “composite”, which requires analysis of multiple historical fund series/vintages as well as the specific proposed fund/vehicle.
 - This is especially important given the shorter histories of evergreen vehicles, where the same team/strategy may have (or not have) been employed across previous fund vintages.
 - Requires analysis of consistency across the team and implemented strategy.
 - There is a higher threshold for conviction in a given manager due to the inherent illiquidity parameters of private markets.
- Meketa's Private Credit team examined each firm across multiple dimensions:
 - Organization
 - Stability of the firm, ownership structure, commitment to private credit, and overall investment platform, among other factors.
 - Team
 - Experience in private credit and overall structure across sourcing, underwriting, and monitoring investments.
 - Investment Philosophy and Process
 - Approach to the market segment and its alignment with EBMUDERS's objectives and portfolio construct.
 - Specific focus on sourcing and underwriting process combined with targeted risk/return levels and associated risk management.
 - Performance, fees, and other terms.

Recommended Finalists

- **Ares Pathfinder Core Fund** is an income-focused, asset-based specialty finance strategy that targets 8–10% net returns through a diversified portfolio of loans, leases, and receivables across consumer and commercial sectors, primarily in North America, utilizing an evergreen structure and serving as a fixed income alternative rather than a capital appreciation vehicle.
- **Castlelake Asset Based Private Credit III Evergreen, L.P.** is an income-oriented, asset-backed private credit fund that primarily “lends to lenders,” focusing on diversified, short-dated, self-amortizing loans to mature, stable companies, with a targeted net IRR of 10–12%.
- **Golub Capital Direct Lending Fund, L.P.** executes a sponsor-backed, core middle market direct lending strategy focused on senior secured, floating rate loans to U.S.-based, private equity-owned companies, targeting a 9–12% net levered IRR with a highly diversified portfolio and strong downside protection.
- **NB Private Debt Eagle** is an evergreen, sponsor-backed middle market direct lending fund focused on senior secured loans to U.S. companies in less cyclical, cash-generative sectors, targeting 10–13% net levered returns with disciplined diversification and capital preservation.

Strengths & Considerations

Firm/Fund	Strengths	Considerations
Ares	Flexible, global asset selection; deep, experienced team and resources; robust pipeline; low historical loss rate	Complex evergreen structure; annual carry/performance fee structure; returns may decline as fund grows
Castlelake	Conservative risk profile; diversified by borrower and loan; focus on mature, stable companies	Change in ownership structure with Brookfield acquisition; may face competition in niche market; limited performance history
Golub Capital	Large scale and strong sponsor relationships; consistent low loss/default rates; experienced team; lead arranger in most deals	Crowded market; ownership concentration in Golub family; higher fee vehicles executing same strategy
Neuberger Berman	Deep sponsor relationships through FoF platform; conservative, highly diversified approach; attractive fee discounts; low historical loss rate	Crowded market; quarterly crystallization of carry; relatively small direct lending team

Fee Comparison

Fund	Management Fee	Incentive Fee & Preferred Return
Ares Pathfinder Core	1.125% on invested capital	15% carry over 6% hurdle
Castlelake Asset Backed Private Credit III Evergreen Fund	1.50% of NAV	17.5% carry over 6% hurdle
Golub Capital Direct Lending Fund	0.85% on gross assets (inclusive of leverage)	12.5% carry over 7% hurdle
Neuberger Berman Private Debt Eagle Fund	0.50% (Meketa discount) on gross assets (inclusive of leverage)	12.5% carry over 7% hurdle

Performance Comparison

Fund	Return Targets	Historical Performance
Ares Pathfinder Core Fund	8%–10% net	Net IRR 9.7%
Castlelake Asset-Based Private Credit III Evergreen Fund	10%–12% net annual return; 7%–10% quarterly distribution	Net IRRs: 10.31%–13.03%
Golub Capital Direct Lending Fund	9%–12% net (levered); 7–9% net (unlevered)	Net IRRs: 6.4%–11.1%
Neuberger Berman Private Debt Eagle Fund	10%–13% net (levered)	Net IRRs: 8.9%–11.2%

Manager Summaries

Manager	Organization Summary	Team Summary
Ares	<p>Ares Management Corporation is a global alternative investment manager with \$572B AUM and a publicly traded structure, operating across 55 offices worldwide. The Pathfinder Core Fund focuses on asset-based finance investments designed for income generation and capital preservation.</p>	<p>The Alternative Credit team includes 85 professionals, with 45 senior members averaging 19 years of experience; portfolio managers Keith Ashton, Joel Holsinger, and Jeffrey Kramer lead the strategy. The team can leverage Ares’ origination network of 545 credit professionals.</p>
Castlelake	<p>Castlelake, founded in 2005, is a global alternative investment manager with approximately \$27 billion in AUM and offices worldwide. In 2024, Brookfield Asset Management acquired 51% of Castlelake’s fee-related earnings and committed \$1.5 billion to Castlelake strategies.</p>	<p>The Fund is managed by Isaiah Toback, who has overseen the APC strategy since 2018 and has over 15 years of industry experience; the broader investment team includes around 90 professionals organized by sector.</p>
Golub	<p>Golub Capital manages \$80B in AUM and specializes in first lien (unitranche) senior secured loans to U.S. middle-market companies backed by private equity sponsors. The firm is majority-owned by family trusts of Lawrence Golub (CEO) and David Golub (President).</p>	<p>The Investment Committee includes eight senior professionals, led by Lawrence Golub and David Golub, with an average of 32 years of experience. The broader team comprises over 1,000 employees globally and a direct lending investment team of 160 professionals.</p>
Neuberger Berman	<p>Founded in 1939, Neuberger Berman is a private, independent investment manager with approximately \$538 billion in assets under management, including \$41 billion dedicated to private credit strategies. The NB Private Debt Eagle Fund is an evergreen private credit strategy focused on first lien and unitranche senior secured loans to U.S. private equity-backed companies.</p>	<p>The Private Debt team consists of 37 professionals led by Susan Kasser, who has 27 years of industry experience and has managed the platform since inception in 2013. The team operates from the firm’s headquarters in New York City, supported by global offices across 26 countries.</p>

Detailed Track Records

Ares As of September 30, 2025

Fund	Vintage Year	Fund Commitments (\$M)	Called Capital (\$M)	Unfunded Commitments (\$M)	Gross IRR (%)	Net IRR (%)	Distribution Yield (%)
Ares Pathfinder Core	2021	6,398	4,290	2,108	12.9	9.7	8.0

Castlelake As of June 30, 2025

Fund	Vintage Year	Number of Investments	Invested Capital (\$M)	Realized Value (\$M)	Unrealized Value (\$M)	Gross IRR (%)	Net IRR (%)	Gross TVM (x)
Castlelake Income Opportunities I	2018	47	422.0	482.0	88.0	16.0	11.3	1.4
Castlelake Income Opportunities II	2021	53	744.0	377.0	575.0	15.4	11.4	1.3

Golub As of June 30, 2025

Vintage Year	Number of Investments	Invested Capital (\$M)	Realized Value (\$M)	Unrealized Value (\$M)	Gross IRR (%)	Net IRR (%)	Gross TVM (x)	Net TVM (x)
2006	59	934.4	1,145.2	0.0	8.3	6.4	1.2	1.2
2007	62	1,269.0	1,491.5	0.0	6.3	4.8	1.2	1.1
2008	28	627.5	792.1	0.0	10.6	8.1	1.3	1.2
2009	13	381.9	460.8	0.0	11.6	8.9	1.2	1.2
2010	43	1,359.1	1,665.5	0.0	10.0	7.7	1.2	1.2
2011	57	1,954.2	2,306.3	0.0	9.4	7.2	1.2	1.1
2012	73	3,748.6	4,562.9	10.1	8.9	6.8	1.2	1.2
2013	59	3,211.9	3,836.4	0.0	8.7	6.7	1.2	1.1
2014	58	7,152.2	8,324.7	24.3	8.4	6.4	1.2	1.1
2015	79	10,993.2	12,519.2	997.2	9.7	7.4	1.2	1.2
2016	55	12,115.5	13,620.2	1,115.5	9.7	7.4	1.2	1.2
2017	50	11,477.1	11,384.1	2,320.4	9.4	7.2	1.2	1.1
2018	58	12,916.8	13,688.5	1,705.3	8.5	6.5	1.2	1.1
2019	65	17,597.3	15,456.5	5,913.8	9.9	7.6	1.2	1.2
2020	35	7,005.1	5,311.8	3,813.7	10.8	8.3	1.3	1.2
2021	122	24,166.5	15,112.0	15,087.2	10.3	7.9	1.2	1.2
2022	66	14,964.9	7,964.3	11,061.5	12.8	9.8	1.3	1.2
2023	46	6,915.1	2,144.2	6,158.0	14.5	11.1	1.2	1.2
2024	81	14,865.6	3,847.5	12,836.5	13.9	10.7	1.1	1.1
2025	32	4,883.1	293.1	4,765.8	N/A	N/A	N/A	N/A
Total	1,141	158,538.9	125,926.8	65,809.5	-	-	-	-

**Neuberger Berman
As of June 30, 2025**

Fund	Vintage Year	Number of Investments	Invested Capital (\$M)	Realized Value (\$M)	Unrealized Value (\$M)	Gross IRR (%)	Net IRR (%)	Gross TVM (x)
Fund I – Unlevered	2014	46	736	932	-	12.7	9.8	1.3
Fund II – Unlevered	2015	53	1,059	1,395	17	11.2	8.9	1.5
Fund III – Levered	2017	148	5,317	4,980	1,896	14.2	10.5	1.7
Fund IV – Levered	2021	128	10,411	4,492	7,237	16.9	12.8	1.4
Fund V – Levered	2024	56	3,148	351	2,134	24.0	17.4	1.2
Eagle – Levered	2024	32	727	41	373	NM	NM	NM

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

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 November 30, 2025.

DISCUSSION

The Retirement System's portfolio had a market value of \$3.03 billion as of November 30, 2025 – up \$39 million from the end of the third quarter of 2025. The portfolio return was 0.3 percent for the one-month period. Over a one-year period, the portfolio return was 13.6 percent, just below the total plan benchmark return of 13.8 percent. The portfolio return remains above the plan benchmark by 0.4 percent over a 10-year period.

SDS:SGL

Attachment: Performance Report

East Bay Municipal Utility District Employees' Retirement System

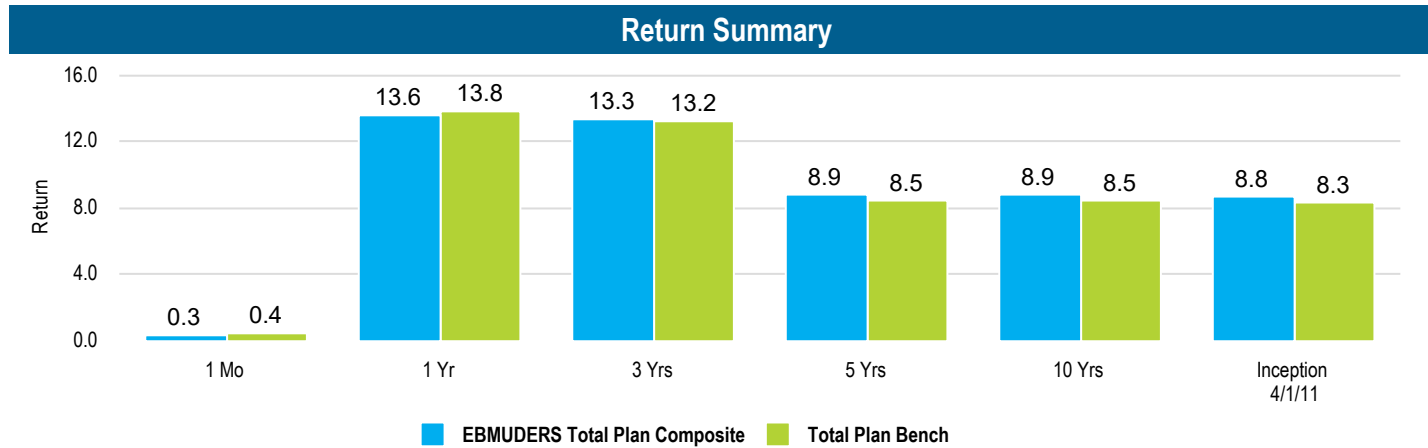
January 29, 2026

November 2025 Interim Report

- 1. Introduction**
- 2. Economic and Market Update as of November 30, 2025**
- 3. November 2025 Performance Review**
- 4. Appendix**

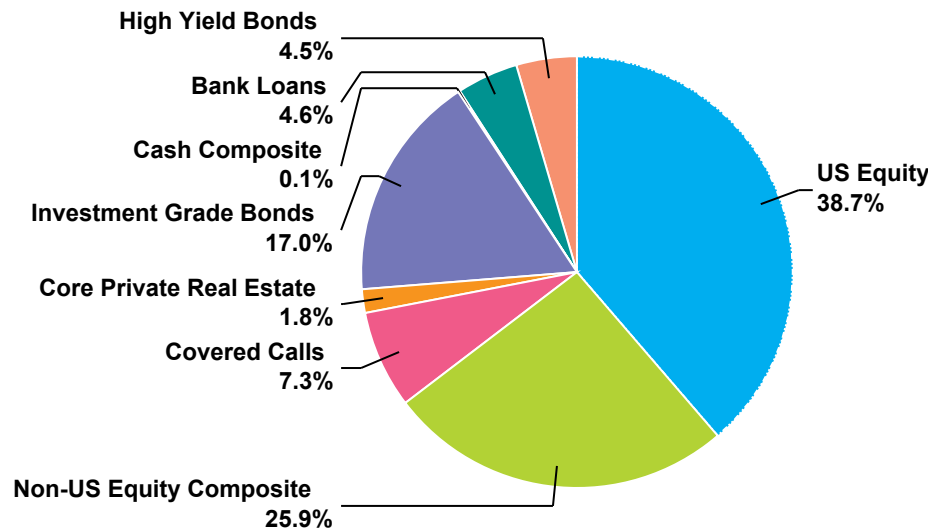
Introduction

Summary of Cash Flows		
	1 Mo	1 Yr
EBMUDERS Total Plan Composite		
Beginning Market Value	\$3,020,835,819	\$2,680,167,861
Net Cash Flow	-\$2,575,000	-\$17,672,571
Net Investment Change	\$9,321,257	\$365,086,786
Ending Market Value	\$3,027,582,076	\$3,027,582,076



Benchmark definitions are listed at the end of this report.

Allocation vs. Targets and Policy				
	Current Balance (\$)	Current Allocation (%)	Policy (%)	Policy Range (%)
US Equity	\$1,171,458,372	38.7	35.0	30.0 - 40.0
Non-US Equity	\$785,535,317	25.9	25.0	20.0 - 30.0
Covered Calls	\$221,878,322	7.3	7.5	4.5 - 10.5
High Yield Bonds	\$137,562,094	4.5	5.0	2.5 - 7.5
Bank Loans	\$139,116,743	4.6	5.0	2.5 - 7.5
Investment Grade Bonds	\$514,300,138	17.0	20.0	17.0 - 23.0
Core Private Real Estate	\$53,424,845	1.8	2.5	0.5 - 4.5
Cash	\$4,306,246	0.1	0.0	0.0 - 100.0
Total	\$3,027,582,076	100.0	100.0	



Policy Targets reflect Stage 2 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 November 30, 2025

	Market Value (\$)	% of Portfolio	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
EBMUDERS Total Plan Composite	3,027,582,076	100.0	0.3	13.7	13.5	9.0	9.1	8.0	9.6	Aug-84
<i>Total Plan Benchmark</i>			<i>0.4</i>	<i>13.8</i>	<i>13.2</i>	<i>8.5</i>	<i>8.5</i>	<i>7.5</i>	<i>9.8</i>	
US Equity	1,171,458,372	38.7	0.3	13.1	19.7	14.1	14.1	10.8	11.9	Aug-84
<i>Russell 3000 Hybrid</i>			<i>0.3</i>	<i>13.6</i>	<i>19.8</i>	<i>14.2</i>	<i>14.1</i>	<i>10.8</i>	<i>--</i>	
Non-US Equity Composite	785,535,317	25.9	0.0	26.5	15.6	8.9	7.7	6.4	7.1	Jul-95
<i>MSCI ACWI xUS (blend)</i>			<i>0.0</i>	<i>26.7</i>	<i>16.5</i>	<i>9.0</i>	<i>8.4</i>	<i>6.2</i>	<i>6.1</i>	
Covered Calls	221,878,322	7.3	0.8	11.4	14.7	11.1	9.8	--	10.1	Feb-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>2.2</i>	<i>9.5</i>	<i>12.4</i>	<i>9.4</i>	<i>7.0</i>	<i>6.0</i>	<i>7.1</i>	
Core Private Real Estate	53,424,845	1.8	0.0	2.2	1.7	6.7	6.8	--	6.1	Jan-07
<i>Real Estate Composite Benchmark</i>			<i>0.0</i>	<i>4.2</i>	<i>3.4</i>	<i>6.8</i>	<i>6.4</i>	<i>7.4</i>	<i>6.7</i>	
Fixed Income Composite	790,978,974	26.1	0.6	5.8	5.3	1.3	2.9	3.8	6.6	Aug-84
<i>Fixed Income Composite Benchmark</i>			<i>0.6</i>	<i>5.9</i>	<i>5.2</i>	<i>1.2</i>	<i>2.8</i>	<i>3.7</i>	<i>6.4</i>	
Cash Composite	4,306,246	0.1	0.0	4.5	4.7	3.1	2.3	2.1	2.9	Apr-96
<i>FTSE 3 Month T-Bill</i>			<i>0.3</i>	<i>4.5</i>	<i>5.0</i>	<i>3.2</i>	<i>2.2</i>	<i>1.7</i>	<i>2.3</i>	

Benchmark definitions are listed at the end of this report.

Economic and Market Update

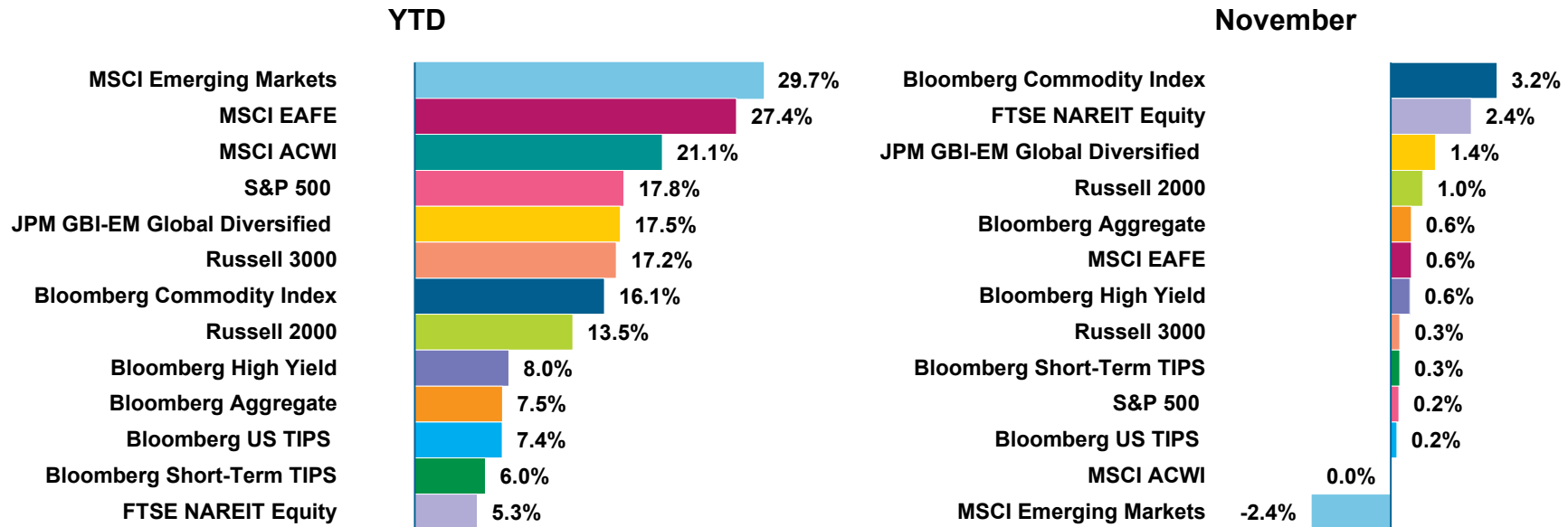
Data as of November 30, 2025

Commentary

In November, stocks were volatile but largely finished in positive territory, while bonds rose with expectations for rates to fall and weaker growth supporting lower bond-yields.

- After a weak start to the month, US equities (Russell 3000) rose slightly in November (0.3%) with rotation away from mega cap growth names toward value and small caps.
- Non-US developed stocks beat US equities slightly in November (MSCI EAFE +0.6%) with a similar dynamic of value beating growth.
- The MSCI Emerging Market index declined (-2.4%) in November but was up 29.7% year-to-date. Renewed China growth concerns weighed on Chinese stocks with the MSCI China falling 2.5% in November.
- Major bond markets finished November in positive territory. US bonds led the way with the US aggregate index and high yield bonds both up 0.6% for the month. Cooling inflation led to slightly lower returns for TIPS (+0.2%) and short TIPS (+0.3%).
- The government reopened in mid-November but the longest shutdown on record likely had a meaningful short-term impact on the economy, while delayed publication of key economic data increased uncertainty for policymakers and financial markets.
- Key questions going forward include how the Fed will manage interest rates given competing pressures on its dual mandate of inflation and employment, will tariff pressures eventually show up in inflation, can earnings growth remain resilient in the US, will the significant investment in the AI infrastructure buildout pay off, and how will China's economy and relations with the US track.

Index Returns¹



- In November, commodities led the way, driven by higher gold and energy prices. More broadly, stocks were choppy but finished slightly higher, except for emerging markets, while bond markets benefited from expectations of Fed rate cuts.
- Global markets have delivered a strong performance year-to-date helped by resilient earnings, AI optimism, a weaker US dollar, and expectations for lower interest rates.

¹ Source: Bloomberg. Data is as of November 30, 2025.

Domestic Equity Returns¹

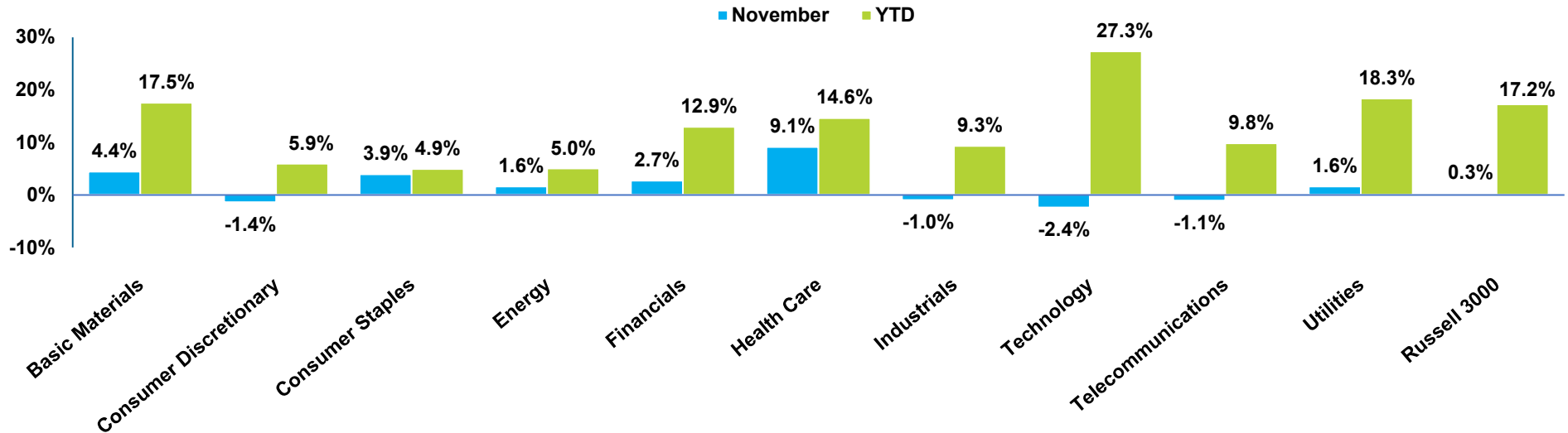
Domestic Equity	November (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	0.2	2.6	17.8	15.0	20.6	15.3	14.6
Russell 3000	0.3	2.4	17.2	13.6	19.8	14.1	14.0
Russell 1000	0.2	2.4	17.4	14.1	20.3	14.5	14.4
Russell 1000 Growth	-1.8	1.8	19.3	20.4	28.0	16.5	18.0
Russell 1000 Value	2.7	3.1	15.1	7.3	12.1	12.0	10.2
Russell MidCap	1.3	0.4	10.9	3.1	12.4	9.7	10.7
Russell MidCap Growth	-2.1	-2.4	10.1	3.3	16.8	7.9	12.4
Russell MidCap Value	2.4	1.4	11.0	2.9	10.3	10.8	9.4
Russell 2000	1.0	2.8	13.5	4.1	11.4	8.0	9.1
Russell 2000 Growth	-0.7	2.5	14.5	5.1	13.6	5.3	9.2
Russell 2000 Value	2.8	3.1	12.4	3.0	9.2	10.5	8.7

US Equities: The Russell 3000 index returned 0.3% in November and 17.2% year-to-date.

- US stocks finished a somewhat volatile month of November slightly positive. Uncertainty regarding the path of Fed rate cuts along with concerns with the valuations of AI-related stocks contributed to the volatility.
- Large cap stocks, represented by the Russell 1000 index, lagged small cap stocks (Russell 2000 index) during the month, bucking the trend seen year-to-date. This dynamic was driven in part by declines in large AI-related stocks such as NVIDIA, Microsoft, and Oracle, along with the small cap index’s higher weighting to health care stocks.
- Value stocks outperformed growth stocks across the market cap spectrum in November, which also went against the year-to-date trend. The drop in technology stocks and the strength of financial stocks were the main drivers of this divergence.

¹ Source: Bloomberg. Data is as of November 30, 2025.

Russell 3000 Sector Returns¹



- Health care stocks were the month's largest gainers in the Russell 3000 index. The sector continues to rebound from lows reached when investors expressed concerns regarding political and regulatory uncertainty. The rise in these stocks in November was driven by broad earnings beats and merger activity.
- Technology stocks were the largest detractors in November but remain the leading sector year to date. The enthusiasm surrounding the AI trade dampened amid disappointing earnings reports and concerns regarding an "AI bubble."
- Basic materials demonstrated strength in November as investors rotated out of mega cap tech and into more value-oriented areas of the market.

¹ Source: Bloomberg. Data is as of November 30, 2025.

Foreign Equity Returns¹

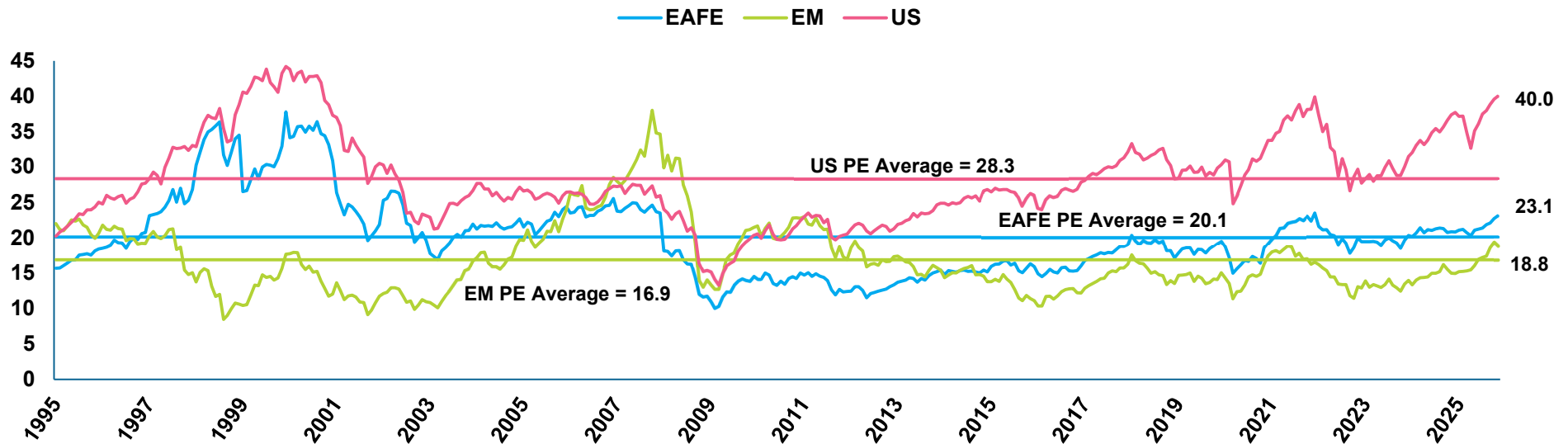
Foreign Equity	November (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	0.0	2.0	28.5	26.0	15.9	8.4	7.9
MSCI EAFE	0.6	1.8	27.4	24.5	16.1	9.3	7.7
MSCI EAFE (Local Currency)	0.6	4.0	18.2	18.6	14.0	11.5	8.1
MSCI EAFE Small Cap	1.2	0.4	28.9	25.9	14.5	6.5	7.3
MSCI Emerging Markets	-2.4	1.7	29.7	29.5	14.7	5.1	7.9
MSCI Emerging Markets (Local Currency)	-1.6	2.9	27.9	29.5	15.9	7.3	9.2
MSCI EM ex China	-2.3	5.3	28.6	27.0	15.2	9.4	9.1
MSCI China	-2.5	-6.2	32.8	36.4	14.0	-2.4	5.5

Foreign Equity: Developed international equities (MSCI EAFE) returned 0.6% in November and 27.4% year-to-date, and the emerging markets index fell 2.4% in November and returned 29.7% year-to-date.

- Developed markets were slightly positive in November and characterized like the US by a rotation away from tech towards more defensive sectors. Eurozone equities rose slightly, benefiting from stimulus measures in Germany and robust earnings growth expectations. UK markets were essentially flat, with consumer sentiment weighing on returns. Japan saw significant volatility, selling off in early November before rallying strongly near month-end.
- Emerging market equities fell in November, with AI bubble concerns leading to significant selloffs in tech. Chinese markets fell 2.5%, with manufacturing PMIs remaining in contraction, stimulus enthusiasm beginning to wane, and investors increasingly focusing on structural headwinds. Korea and Taiwan both saw notable losses amid AI concerns. India reversed its losing streak, and Southeast Asia saw solid gains, with both benefitting from resilient domestic consumption.

¹ Source: Bloomberg. Data is as of November 30, 2025.

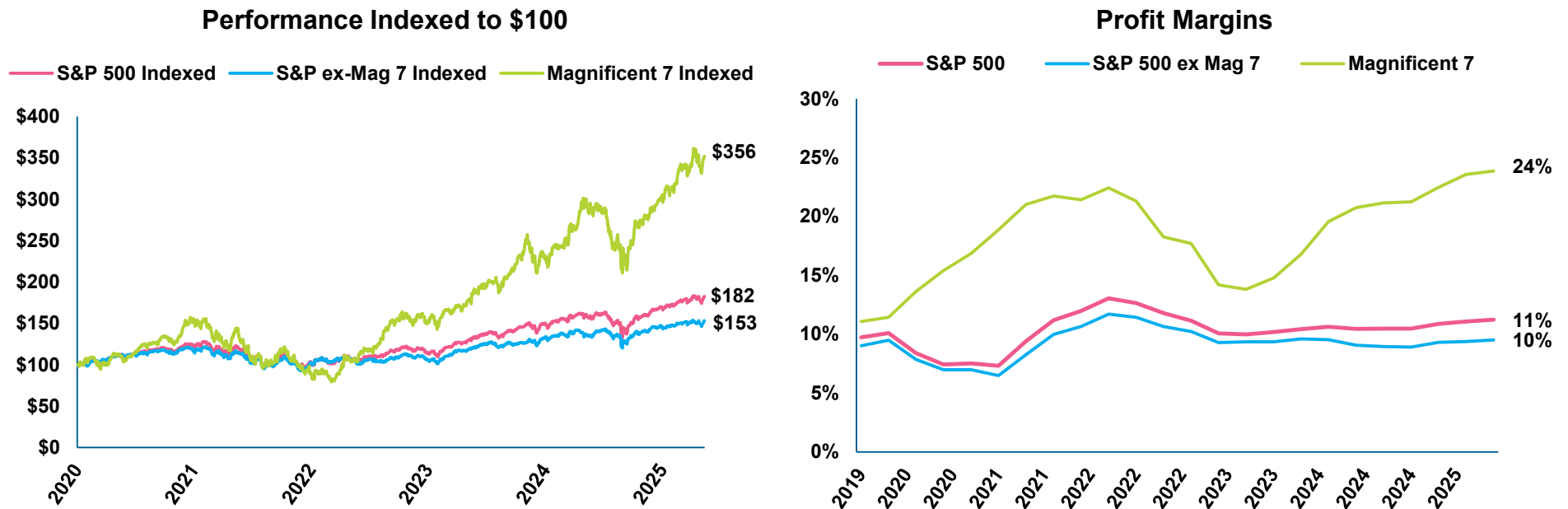
Equity Cyclically Adjusted P/E Ratios¹



- Cyclically adjusted US stock valuations reached 40 in November, a level slightly above the peak coming out of the pandemic. AI-related optimism has been a key driver pushing valuations higher since the April lows.
- Given strong results this year in non-US developed stocks, valuations have moved further above their long-run P/E ratio (23.1 versus 20.1).
- As emerging market stocks lead the way in 2025, their valuations are now also trading at levels above their long-run average (18.8 versus 16.9).

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 November 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.

Performance and Profit Margins: S&P 500 and “Magnificent 7”¹



- Despite an over 25% decline to start the year, the so-called “Magnificent 7” AI-related technology stocks continue to drive market results gaining over 24% year-to-date through November. Since 2020, these stocks increased close to 3.6x while the other members of the S&P 500 increased roughly 1.5x.
- The relatively strong performance of the “Magnificent 7” has led to them currently comprising roughly a third of the S&P 500 index by market-capitalization, making their performance going forward key to overall market results.
- Profit margins have been relatively strong for these companies, with the latest readings more than double the broad market (24% versus 11%).

¹ Source: Bloomberg. Data is as of November 30, 2025, for index prices and September 30, 2025, for profit margins.

Fixed Income Returns¹

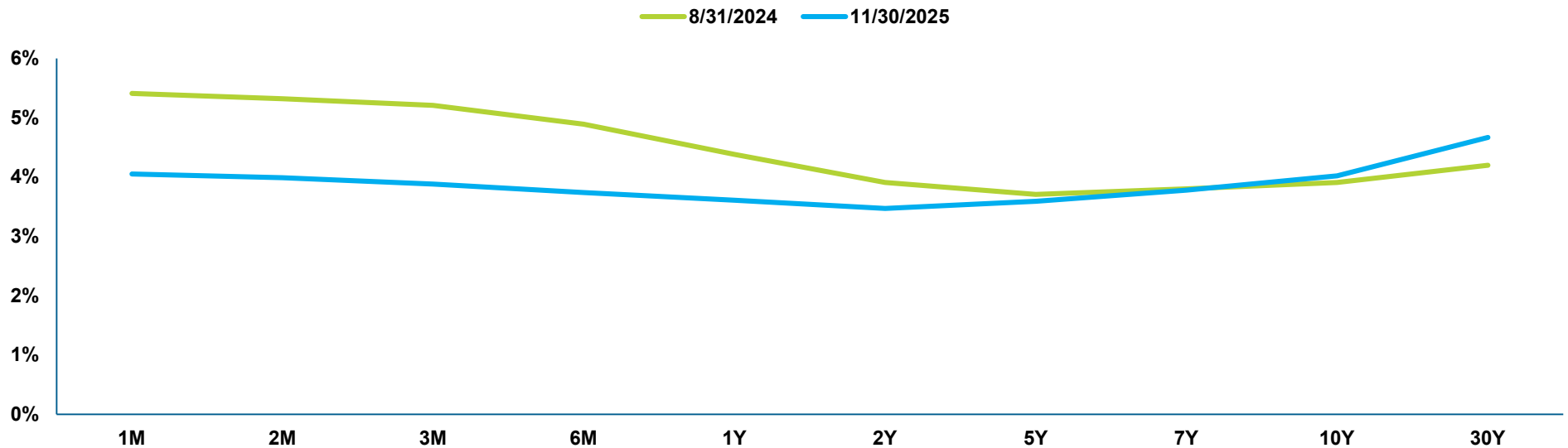
Fixed Income	November (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	0.6	1.3	7.7	6.0	5.1	0.1	2.4	4.5	5.9
Bloomberg Aggregate	0.6	1.2	7.5	5.7	4.6	-0.3	2.0	4.3	6.0
Bloomberg US TIPS	0.2	0.5	7.4	5.7	4.0	1.4	3.0	3.9	6.6
Bloomberg Short-term TIPS	0.3	0.3	6.0	5.9	5.0	3.7	3.1	3.6	2.4
Bloomberg US Long Treasury	0.4	1.7	7.4	1.7	0.6	-7.1	0.2	4.6	14.7
Bloomberg High Yield	0.6	0.7	8.0	7.5	9.6	4.8	6.2	6.6	3.1
JPM GBI-EM Global Diversified (USD)	1.4	1.8	17.5	15.2	9.7	1.5	3.5	--	--

Fixed Income: The Bloomberg Universal index rose 0.6% in November, returning 7.7% year-to-date.

- The US yield curve continued to move lower in November given soft economic data and expectations of further monetary policy easing.
- In this environment, the broad US bond market (Bloomberg Aggregate) returned 0.6% with longer dated US Treasuries returning 0.4%. Longer and short-dated TIPS gained 0.2% and 0.3%, respectively, as inflation concerns eased.
- Emerging market debt (+1.4%) lead the way for the month while US high yield (+0.6%) matched the broad market (Bloomberg Aggregate). Year-to-date performance in emerging markets exceeded other fixed income indices given relatively higher yields, an earlier start to central bank easing, and generally contained inflation.

¹ Source: Bloomberg. Data is as of November 30, 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 Curve¹

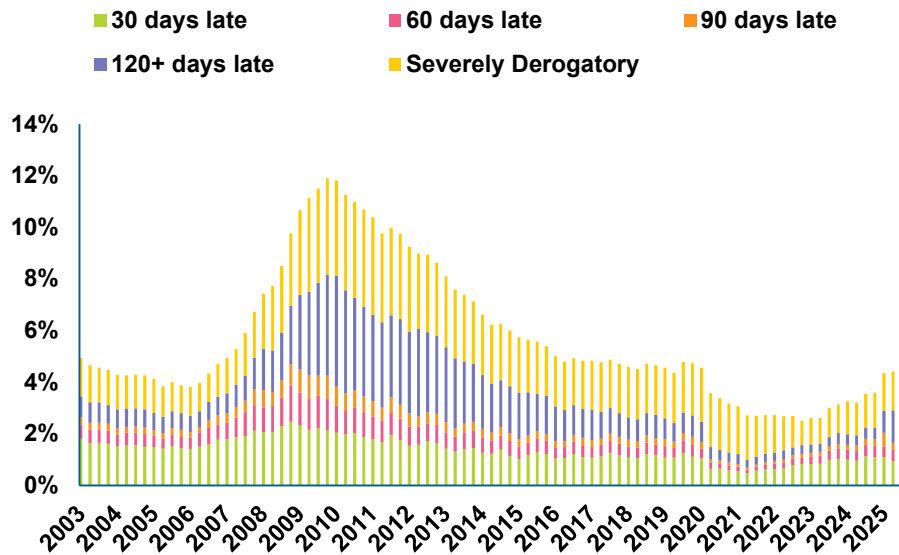


- Outside of longer maturities, interest rates generally fell in November on expectations of Fed rate cuts and some signs of cooling inflation.
- The policy sensitive 2-year nominal Treasury yield fell (3.57% to 3.49%) as expectations for a Fed rate cut at the last meeting moved from under a 30% probability mid-month to close to 100% at month-end. The 10-year nominal Treasury yield also fell (4.11% to 4.02%) on weak economic data, while the 30-year nominal Treasury yield stayed steady at around 4.67%.
- The shape of the yield curve has remained remarkably stable, with the spread between a two-year and ten-year Treasury staying in a tight range since April.

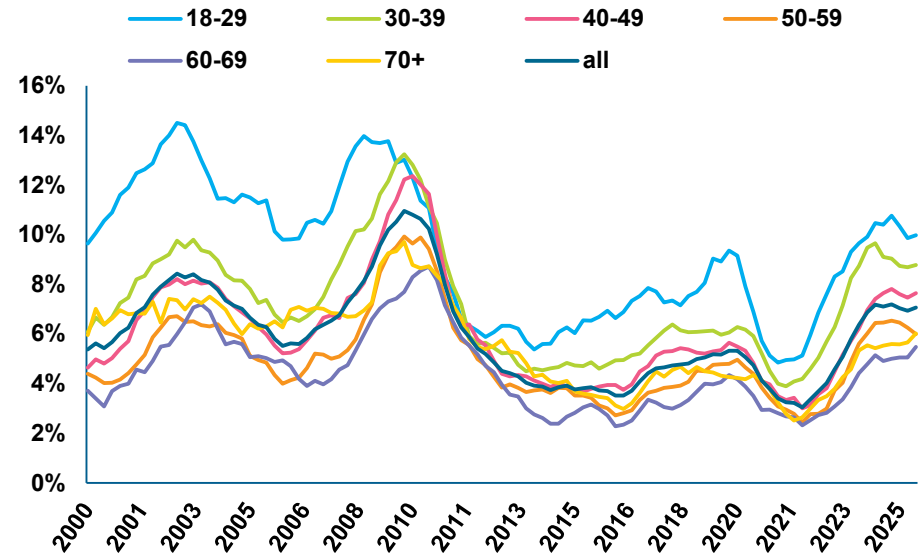
¹ Source: Bloomberg. Data is as of November 30, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

Stress is Building Among US Consumers

Percent of Total Outstanding Credit Card Balance by Delinquency Status¹



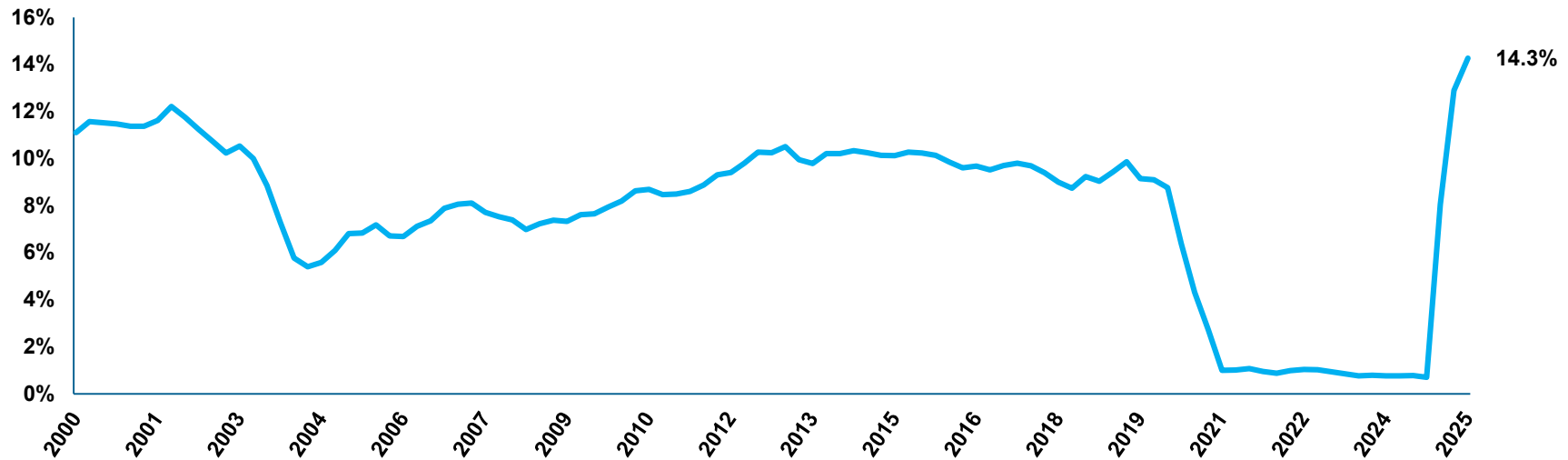
Transition into Serious Delinquency for Credit Cards by Age¹



- 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 have started to increase.
- Parts of the credit card market, especially for younger cohorts, have begun to show stress as most borrowers are subject to variable and higher borrowing costs. Total delinquencies are below pre-pandemic levels though.

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

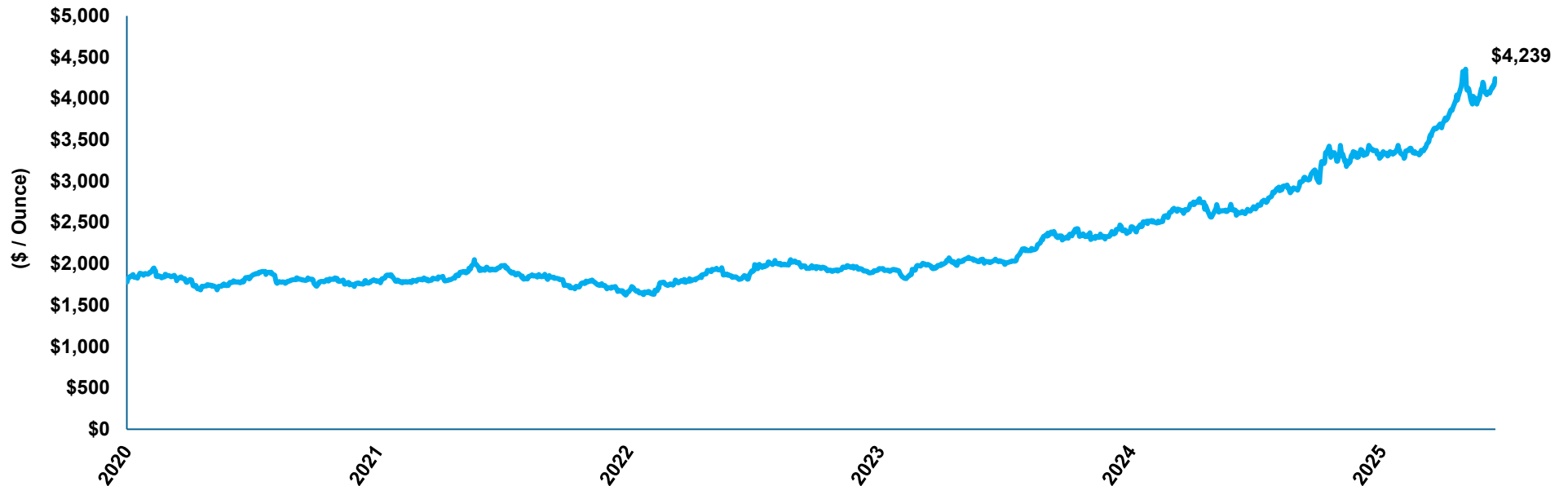
Transition Into Serious Delinquency (90+ Days) for Student Loans¹



- The restarting of student loan payments and reporting for those in default could add further pressures to consumers.
- During the pandemic, student loan repayments were suspended with an estimated 43 million borrowers deferring payments.
- Pressures have been growing in the student loan market with roughly 9 million borrowers missing at least one loan payment in 2025.
- Approximately 14.3% of student debt has moved into seriously delinquent status.

¹ Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of September 30, 2025. Percent of student loan holders transitioning in serious default (90-days or more) based on four quarter moving average. Delays in reporting may cause fluctuations.

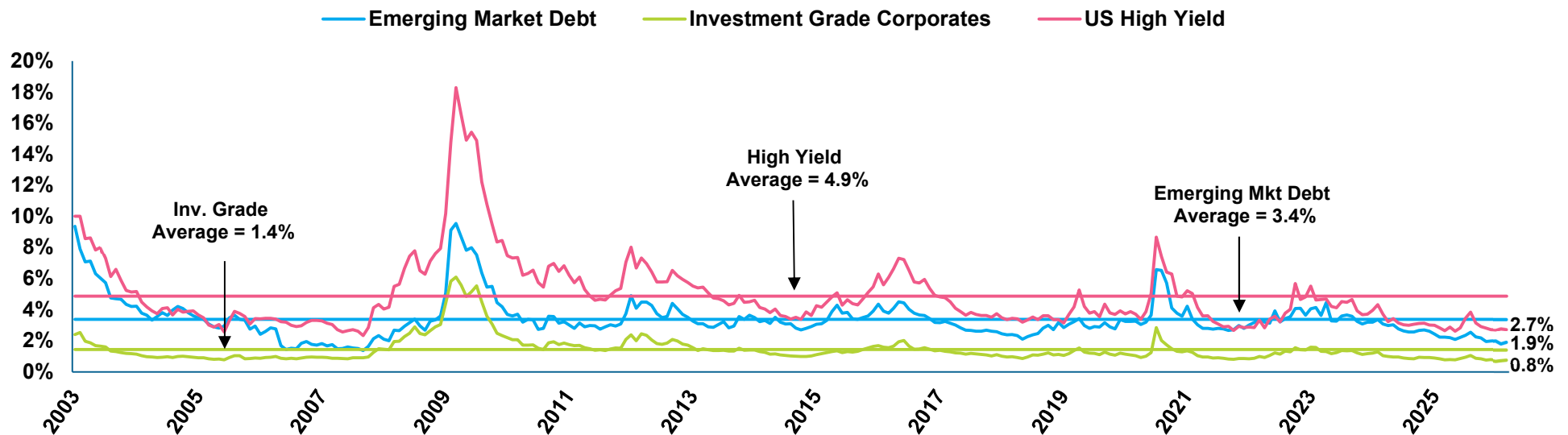
Gold¹



- In a period where risk assets have done particularly well, gold, which is usually perceived as a safe-haven, has done even better, gaining over 60% year-to-date through November.
- Key drivers of gold's strong year include central bank demand, a weaker US dollar, inflation concerns, central banks purchasing bullion, and expectations for lower rates.
- In November gold increased over \$200/ounce after its October decline largely driven by expectations of lower interest rates.

¹ Source: Bloomberg as of November 30, 2025. Gold Spot Price is quoted as US Dollars per Troy Ounce.

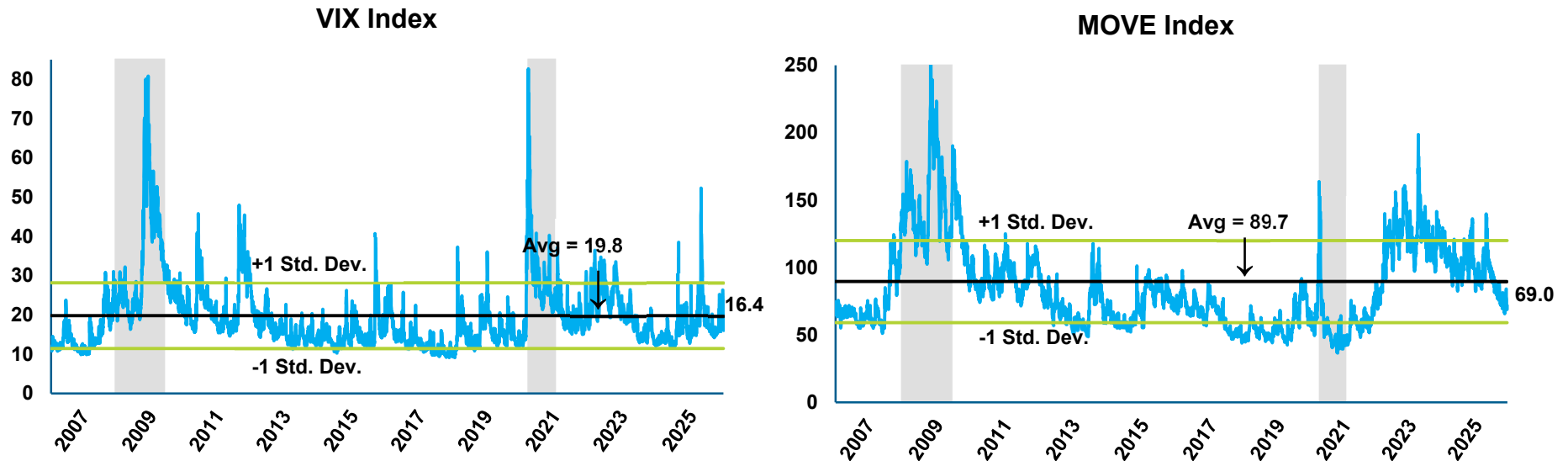
Credit Spreads vs. US Treasury Bonds¹



- Credit spreads remain historically tight, helped by the resilient US economy, strong corporate balance sheets/low default rates, and investor demand for yield.
- Investment grade spreads (the difference in yield from a comparable Treasury) remained below 1.0% in November.
- High yield spreads fell slightly from 2.8% to 2.7% for the month, while emerging market spreads rose from 1.8% to 1.9%.
- All yield spreads remained well below their respective long-run averages, especially high yield (2.7% versus 4.9%).

¹ Source: Bloomberg. Data is as of November 30, 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.

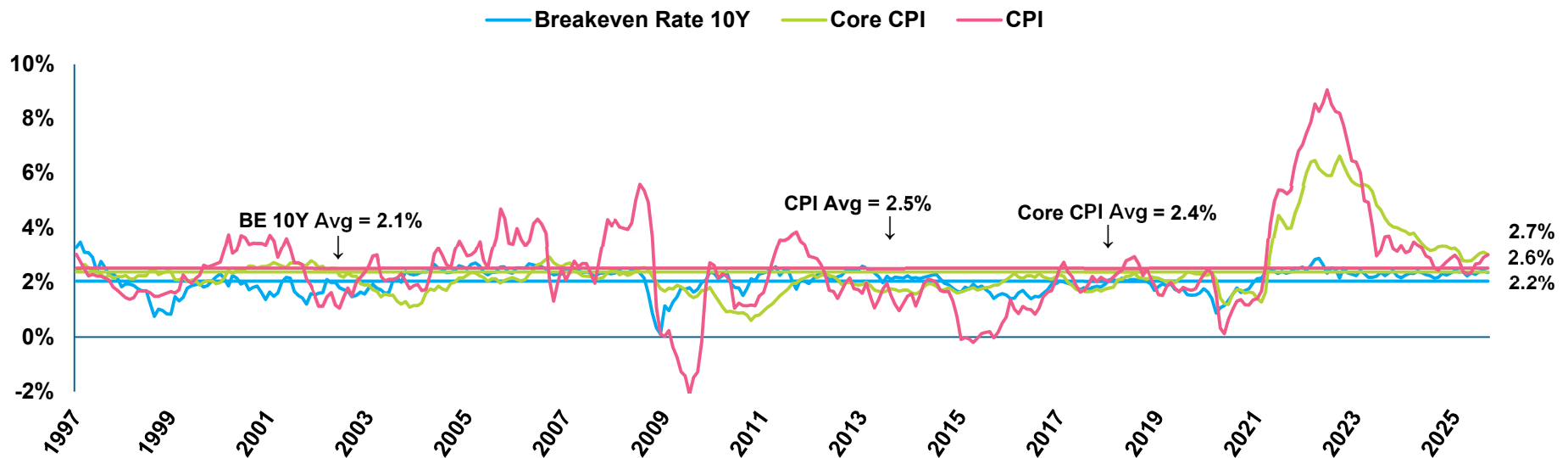
Equity and Fixed Income Volatility¹



- Volatility rose mid-month on AI valuation concerns and rate uncertainty but subsequently fell toward month-end as expectations grew for a December rate cut by the Fed.
- Overall, resilient earnings data, optimism over AI-related stocks, and a general risk-on environment have all kept equity market volatility (VIX) relatively low.
- Despite fiscal policy uncertainty and debt concerns, the MOVE index has largely declined as confidence increased in the Fed cutting rates.

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 November 30, 2025. The average line indicated is the average of the VIX and MOVE values between January 2005 and November 2025.

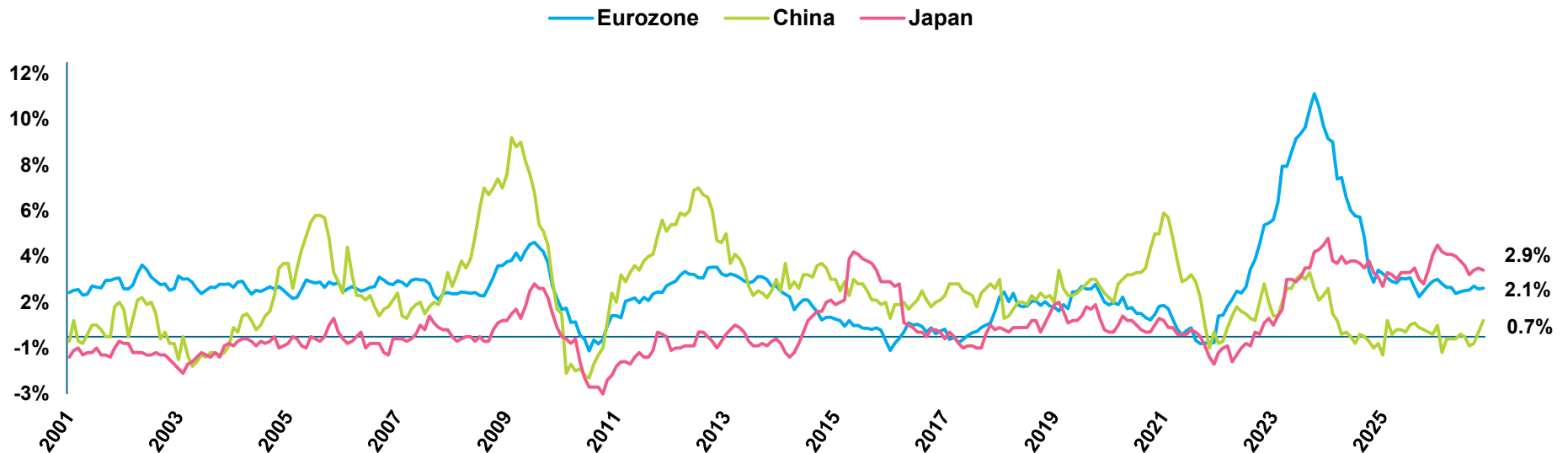
US Inflation¹



- During the government shutdown the BLS was unable to conduct price surveys in October, raising some questions regarding the November CPI annual gain of just 2.7%, below expectations of 3.1%. While data collection resumed in mid-November, some survey collected data remains outstanding.
- The energy index rose 4.2% year-on-year through November while food prices increased 2.6% year-on-year.
- Core inflation rose 2.6% year-on-year, below expectations of 3.0%, with shelter costs a key driver of elevated inflation levels rising just 1.8% over the period.
- Long term inflation expectations remain well anchored at 2.2% close to their long-run average of 2.1%.

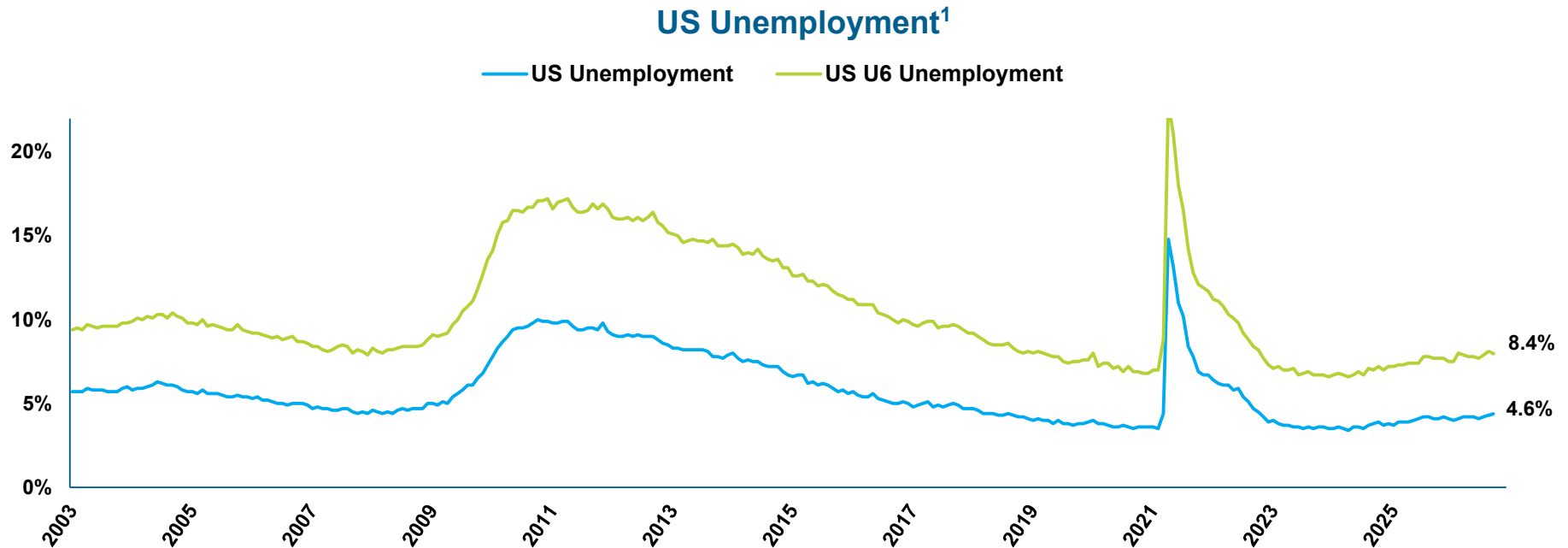
¹ Source: FRED. Data is as of November 30, 2025. This represents the latest inflation data. The October report was canceled given the government shutdown.

Global Inflation (CPI Trailing Twelve Months)¹



- With inflation around its 2.0% target, the ECB held policy rates steady at 2% in December with no further rate cuts expected in 2026.
- The Bank of Japan raised interest rates to highest level in three decades from 0.5% to 0.75%. Inflation in Japan fell slightly in November (3.0% to 2.9%). Despite the slight drop, inflation levels continue to be roughly 1% above the Bank of Japan's target level.
- China's annual inflation rate rose in November from 0.2% to 0.7% driven by food prices moving from falling to rising. Clothing, healthcare, and education also experienced price increases, contributing to the overall rise in CPI. Despite higher levels, inflation pressures remain weak even with significant policy stimulus.

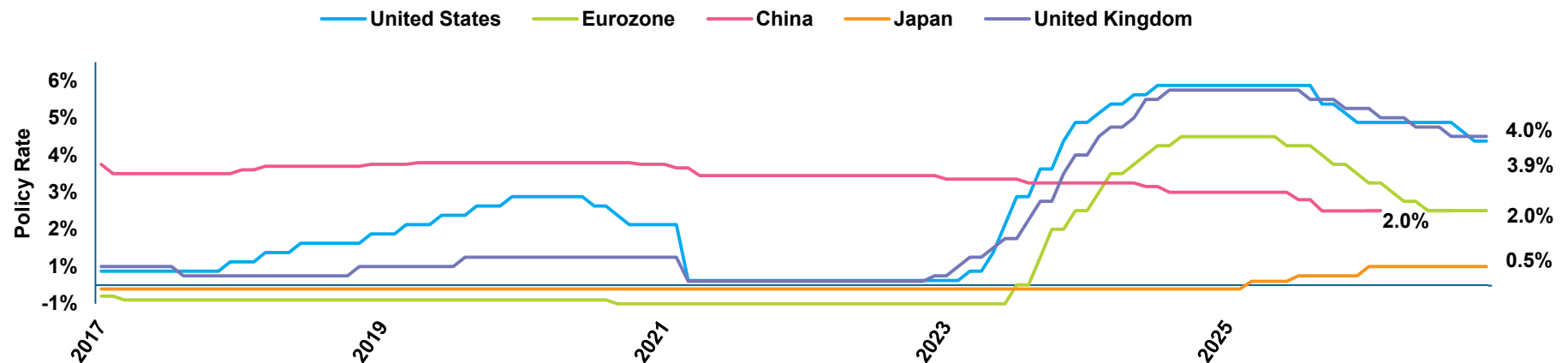
¹ Source: Bloomberg. Data is as of November 2025.



- In November the US added 64 thousand jobs above expectations of 50 thousand. The health care (+46 thousand), construction (+28 thousand), and social assistance (+18 thousand) sectors added jobs, while the transportation/warehousing (-18 thousand) and government sectors (-6 thousand) reduced jobs.
- The unemployment rate rose from the September level of 4.4% to 4.6% in November (the BLS did not calculate October given the shutdown) driven by reentrants into the labor force.
- Weekly initial jobless claims remain relatively low, averaging slightly more than 200 thousand on a four-week moving average. Continuing unemployment claims continue to hover around 1.9 million, a level higher than levels coming out of the pandemic but still historically low.

¹ Source: FRED. Data is as of November 30, 2025.

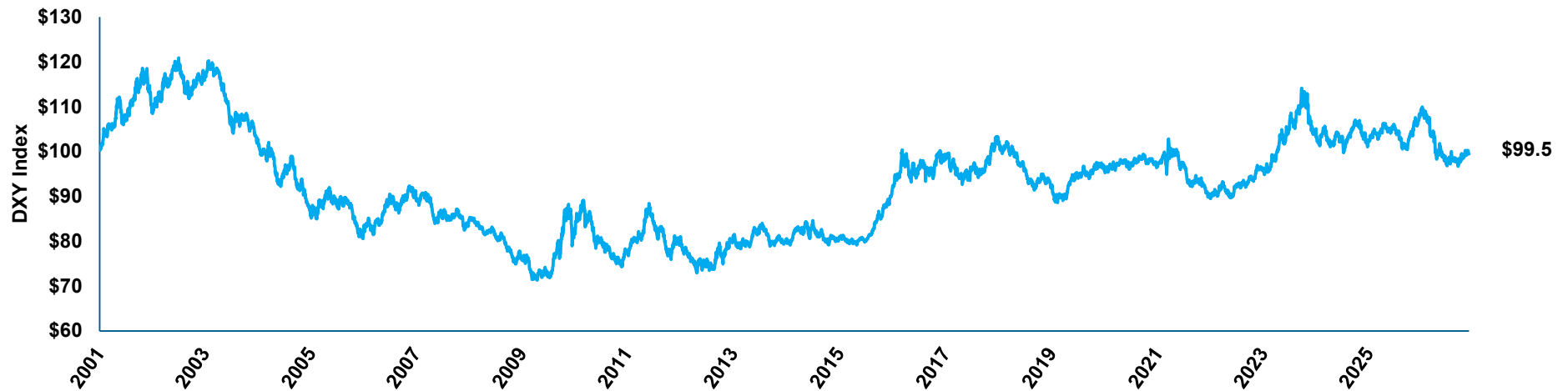
Global Policy Rates¹



- It appears that we are moving into an environment in which the Fed continues to cut interest rates while other central banks are on hold or moving rates higher.
- The Fed cut interest rates again after month-end to a range of 3.5% to 3.75% with market expectations for roughly two more cuts over the next 12 months. Based on comments after the recent meeting it appears the Fed is going to take a cautious approach going forward, given inflation remaining elevated despite signs of weakness in the labor market.
- The ECB held rates steady since the summer. In 2026, there are no expectations of further cuts by the ECB, but markets are pricing in several additional cuts from the BOE.
- After cutting rates in May of last year, China's central bank has held rates steady, although disinflationary pressures continue to be a concern.
- After month-end the BOJ increased rates by 0.25% with markets expecting potentially one more hike in 2026, given inflation levels remaining above their 2% target.

¹ Source: Bloomberg. Data is as of November 30, 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 Currencies¹



- The US dollar declined slightly in November after its recent gains from the September lows on relatively higher growth and interest rates in the US.
- Despite the recent increase, headwinds remain for the US dollar including a growing fiscal deficit and slowing growth.

¹ Source: Bloomberg. Data as of November 30, 2025.

Key Trends

- According to the International Monetary Fund's (IMF) October's World Economic Outlook, the global economy will decelerate from 3.2% in 2025 to 3.1% in 2026. The US is expected to modestly accelerate economic growth in 2026 to 2.1% from 2.0% in 2025. The euro area will slow slightly from 1.2% in 2025 to 1.1% in 2026. China's economy is expected to slow from 4.8% in 2025 to 4.2% in 2026.
- Despite the decline in tariff rhetoric since early April, many questions remain including how they will ultimately impact inflation. Overall, higher tariff levels and continued uncertainty could weigh on growth while increasing prices. Inflation levels and potential developments with tariffs combined with a weakening labor market will complicate the Fed's rate cutting path.
- Some signs of US consumer stress have started to emerge, with growing weakness in the jobs market and sentiment weakening since the start of the year. Consumers are particularly concerned about losing 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 an even weaker job market. The resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- US equities have fully recovered from substantial losses experienced during the first week of April and have reached new highs. A relatively strong third quarter earnings season, ongoing AI optimism, and rate cuts from the Fed all helped drive stocks higher. How earnings track from here, particularly for the large AI-related companies that make up a significant portion of the market, will be key going forward. Many questions remain about the return on investment for companies making significant investments in building AI infrastructure.
- Trade tensions between the US and China will remain an important focus as well as the overall health of China's economy. President Trump and President Xi met in late October and agreed to suspend trade sanctions for a year. However, it is not clear if China and the US will indeed de-escalate strategic high tech and rare earth tensions despite the official truce. How China manages its slowing economy, and deflationary pressures will also be important.

November 2025 Performance Review

Manager Performance - Net of Fees | As of November 30, 2025

	Market Value (\$)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
EBMUDERS Total Plan Composite	3,027,582,076	0.3	13.6	13.3	8.9
<i>Total Plan Bench</i>		<i>0.4</i>	<i>13.8</i>	<i>13.2</i>	<i>8.5</i>
US Equity	1,171,458,372	0.3	13.1	19.6	14.1
<i>Russell 3000 Hybrid</i>		<i>0.3</i>	<i>13.6</i>	<i>19.8</i>	<i>14.2</i>
Northern Trust Russell 3000	1,170,630,813	0.3	13.1	19.7	14.1
<i>Russell 3000 Index</i>		<i>0.3</i>	<i>13.6</i>	<i>19.8</i>	<i>14.2</i>
Non US Equity Composite	785,535,317	0.0	26.4	15.5	8.9
<i>MSCI ACWI xUS (blend)</i>		<i>0.0</i>	<i>26.7</i>	<i>16.5</i>	<i>9.0</i>
Northern Trust ACWI ex US	785,535,317	0.0	26.4	15.5	8.7
<i>MSCI AC World ex USA Index</i>		<i>0.0</i>	<i>26.7</i>	<i>16.5</i>	<i>9.0</i>
Covered Calls	221,878,322	0.8	11.2	14.4	10.9
<i>Cboe S&P 500 Buy Write Index</i>		<i>2.2</i>	<i>9.5</i>	<i>12.4</i>	<i>9.4</i>
Parametric BXM	165,377	0.3	3.6	11.1	9.1
<i>Cboe S&P 500 Buy Write Index</i>		<i>2.2</i>	<i>9.5</i>	<i>12.4</i>	<i>9.4</i>
Parametric Delta Shift	221,712,945	0.8	12.7	17.0	13.0
<i>Cboe S&P 500 Buy Write Index</i>		<i>2.2</i>	<i>9.5</i>	<i>12.4</i>	<i>9.4</i>

Manager Performance - Net of Fees | As of November 30, 2025

	Market Value (\$)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Core Fixed Income Composite	514,300,138	0.7	6.0	4.6	0.4
<i>Fixed Income Core Composite Bench</i>		<i>0.6</i>	<i>5.7</i>	<i>4.4</i>	<i>0.1</i>
CS McKee	259,896,312	0.7	5.8	5.2	-0.1
<i>Blmbg. U.S. Aggregate Index</i>		<i>0.6</i>	<i>5.7</i>	<i>4.6</i>	<i>-0.3</i>
Garcia Hamilton	254,403,825	0.8	6.3	4.1	0.8
<i>Garcia Hamilton Blended Benchmark</i>		<i>0.6</i>	<i>5.7</i>	<i>4.2</i>	<i>0.6</i>
Non-Core Fixed Income Composite	276,678,837	0.3	4.8	7.2	4.5
<i>Fixed Income Non-Core Composite Bench</i>		<i>0.4</i>	<i>6.7</i>	<i>8.4</i>	<i>5.4</i>
MacKay Shields (HY)	67,849,653	0.6	6.2	8.0	5.5
<i>Mackay Shields Blended Benchmark</i>		<i>0.6</i>	<i>7.5</i>	<i>9.0</i>	<i>5.5</i>
Aristotle Bank Loans	70,029,570	0.5	--	--	--
<i>S&P UBS Leveraged Loan Index</i>		<i>0.2</i>	<i>5.8</i>	<i>9.2</i>	<i>6.5</i>
Beach Point Bank Loans	68,955,385	0.1	--	--	--
<i>S&P UBS Leveraged Loan Index</i>		<i>0.2</i>	<i>5.8</i>	<i>9.2</i>	<i>6.5</i>
Brigade High Yield	69,712,441	0.2	--	--	--
<i>Blmbg. U.S. Corp: High Yield Index</i>		<i>0.6</i>	<i>7.5</i>	<i>9.6</i>	<i>4.8</i>
Federated Investment Counseling (Bank Loans)	131,788	0.3	3.1	6.3	3.4
<i>Federated Investment Counseling Blended Benchmark</i>		<i>0.2</i>	<i>5.8</i>	<i>7.8</i>	<i>5.3</i>

RREEF results are lagged 1 quarter.

Manager Performance - Net of Fees | As of November 30, 2025

	Market Value (\$)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Core Private Real Estate	53,424,845	0.0	1.7	1.2	6.1
<i>Real Estate Composite Benchmark</i>		<i>0.0</i>	<i>4.2</i>	<i>3.4</i>	<i>6.8</i>
RREEF America II Lag	53,424,845	0.0	1.7	-7.0	2.5
<i>NCREIF NPI Lag</i>		<i>0.0</i>	<i>4.2</i>	<i>-2.8</i>	<i>3.7</i>
Cash Composite	4,306,246	0.0	4.5	4.7	3.1
Cash LAIF	4,306,246	0.0	4.5	4.7	3.1
<i>FTSE 3 Month T-Bill</i>		<i>0.3</i>	<i>4.5</i>	<i>5.0</i>	<i>3.2</i>

Benchmark History		
From Date	To Date	Benchmark
EBMUDERS Total Plan Composite		
07/01/2025	Present	35.0% Russell 3000 Index, 7.5% Cboe S&P 500 Buy Write Index, 25.0% MSCI AC World ex USA Index, 20.0% Blmbg. U.S. Aggregate Index, 5.0% Blmbg. U.S. Corp: High Yield Index, 5.0% S&P UBS Leveraged Loans, 2.5% NCREIF NPI Lag
10/01/2024	06/30/2025	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	09/30/2024	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	01/31/2023	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	11/30/2019	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	02/28/2019	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	06/30/2018	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	03/31/2014	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	02/28/2014	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	10/31/2011	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	12/31/2007	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	12/31/2006	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	09/30/2005	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	03/31/2005	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)

Benchmark History | As of November 30, 2025

From Date	To Date	Benchmark
07/01/1978	08/31/1998	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
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	09/30/2024	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	01/31/2023	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	11/30/2019	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	02/28/2019	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	06/30/2018	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	03/31/2014	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	02/28/2014	100.0% Blmbg. U.S. Universal Index
01/01/1976	12/31/2007	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	01/31/2023	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	09/30/2024	50.0% 60% CredSuisLevLoan/40% BBStGovCorp, 50.0% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
03/01/2019	11/30/2019	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	02/28/2019	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%
Core Private Real Estate		
10/01/2024	Present	100.0% NCREIF NPI Lag
11/01/2011	09/30/2024	50.0% NCREIF NPI Lag, 50.0% FTSE NAREIT Equity REIT Index
10/01/1998	10/31/2011	100.0% NCREIF NPI Lag

From Date	To Date	Benchmark
04/01/1978	09/30/1998	100.0% NCREIF Property Index
Fixed Income Blended Benchmarks		
Garcia Hamilton		
02/01/2023	Present	100.0% Blmbg. U.S. Aggregate Index
11/01/2019	01/31/2023	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	09/30/2024	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	09/30/2024	100.0% 60% CredSuisLevLoan/40% BBStGovCorp

Appendix

Glossary of Terms

Alpha: The premium an investment earns above a set standard. This is usually measured in terms of a common index (i.e., how the stock performs independent of the market). An Alpha is usually generated by regressing a security's excess return on the S&P 500 excess return.

Annualized Performance: The annual rate of return that when compounded t times generates the same t-period holding return as actually occurred from period 1 to period t.

Batting Average: Percentage of periods a portfolio outperforms a given index.

Beta: The measure of an asset's risk in relation to the Market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a security with a Beta of 1.5 will have moved, on average, 1.5 times the market return.

Bottom-up: A management style that de-emphasizes the significance of economic and market cycles, focusing instead on the analysis of individual stocks.

Dividend Discount Model: A method to value the common stock of a company that is based on the present value of the expected future dividends.

Growth Stocks: Common stock of a company that has an opportunity to invest money and earn more than the opportunity cost of capital.

Information Ratio: The ratio of annualized expected residual return to residual risk. A central measurement for active management, value added is proportional to the square of the information ratio.

R-Squared: Square of the correlation coefficient. The proportion of the variability in one series that can be explained by the variability of one or more other series a regression model. A measure of the quality of fit. 100% R-square means perfect predictability.

Standard Deviation: The square root of the variance. A measure of dispersion of a set of data from its mean.

Sharpe Ratio: A measure of a portfolio's excess return relative to the total variability of the portfolio.

Style Analysis: A returns-based analysis using a multi-factor attribution model. The model calculates a product's average exposure to particular investment styles over time (i.e., the product's normal style benchmark).

Top-down: Investment style that begins with an assessment of the overall economic environment and makes a general asset allocation decision regarding various sectors of the financial markets and various industries.

Tracking Error: The standard deviation of the difference between the performance of a portfolio and an appropriate benchmark.

Turnover: For mutual funds, a measure of trading activity during the previous year, expressed as a percentage of the average total assets of the fund. A turnover rate of 25% means that the value of trades represented one-fourth of the assets of the fund.

Value Stocks: Stocks with low price/book ratios or price/earnings ratios. Historically, value stocks have enjoyed higher average returns than growth stocks (stocks with high price/book or P/E ratios) in a variety of countries.

Definition of Benchmarks

BC Aggregate: an index comprised of approximately 6,000 publicly traded investment-grade bonds including U.S. Government, mortgage-backed, corporate, and yankee bonds with an approximate average maturity of 10 years.

BC High Yield: covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. Must be rated high-yield (Ba1/BB+ or lower) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. All issues must have at least one year to final maturity regardless of call features and have at least \$150 million par amount outstanding.

BC Multiverse Non-US Hedged: provides a broad-based measure of the international fixed-income bond market. The index represents the union of the BC Global Aggregate Index and the BC Global High Yield Index. In this sense, the term "Multiverse" refers to the concept of multiple universes in a single macro index.

BC US Credit: includes publicly issued U.S. corporate and foreign debentures and secured notes that which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investor's Service, with all issues having at least one year to maturity and an outstanding par value of at least \$250 million. Issues must be publicly issued, dollar-denominated and non-convertible.

BC US Government: includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government).

BC Universal: includes market coverage by the Aggregate Bond Index fixed rate debt issues, which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investor's Service, with all issues having at least one year to maturity and an outstanding par value of at least \$100 million) and includes exposures to high yield CMBS securities. All returns are market value weighted inclusive of accrued interest.

Citigroup 3-Month Treasury Bills (T-bills): tracks the performance of U.S. Treasury bills with 3-month maturity.

MSCI ACWI x US ND: comprises both developed and emerging markets less the United States. As of August 2008, the index consisted of 23 countries classified as developed markets and 25 classified as emerging markets. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

MSCI EAFE Free (Europe, Australasia, Far East) ND: is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

MSCI EM (Emerging Markets) GD: is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the entire dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI Europe is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, this index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Pacific is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. As of June 2007, this index consisted of the following 5 Developed Market countries: Australia, Hong Kong, Japan, New Zealand, and Singapore.

NAREIT Index: consists of all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted.

NCREIF Property Index: the NPI contains investment-grade, non-agricultural, income-producing properties which may be financed in excess of 5% gross market value; were acquired on behalf of tax exempt institutions; and are held in a fiduciary environment. Returns are gross of fees; including income, realized gains/losses, and appreciation/depreciation; and are market value weighted. Index is lagged one quarter.

Russell 1000: measures the performance of the 1,000 largest securities in the Russell 3000 Index. Russell 1000 is highly correlated with the S&P 500 Index and capitalization-weighted.

Russell 1000 Growth: measures the performance of those Russell 1000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.

Russell 1000 Value: measures the performance of those Russell 1000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

Russell 2000: measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Growth: measures the performance of those Russell 2000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-to-earnings ratios.

Russell 2000 Value: measures the performance of those Russell 2000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-to-earnings ratios.

Russell 3000: represents the largest 3,000 US companies based on total market capitalization, representing approximately 98% of the investable US equity market.

Value Relative Ratio (VRR): Performance metric used to evaluate long-term manager performance relative to a benchmark and to highlight compounded over/under performance data over a certain time frame. VRR is calculated by the growth of a dollar invested with the manager divided by the growth of a dollar invested in the benchmark for the same time period.

Risk Metric Description – Rationale for Selection and Calculation Methodology**US Equity Markets**

Metric: P/E ratio = Price / "Normalized" earnings for the S&P 500 Index

To represent the price of US equity markets, we have chosen the S&P 500 index. This index has the longest published history of price, is well known, and also has reliable, long-term, published quarterly earnings. The price=P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the S&P 500 index). Equity markets are very volatile. Prices fluctuate significantly during normal times and extremely during periods of market stress or euphoria. Therefore, developing a measure of earnings power (E) which is stable is vitally important, if the measure is to provide insight. While equity prices can and do double, or get cut in half, real earnings power does not change nearly as much. Therefore, we have selected a well known measure of real, stable earnings power developed by Yale Professor Robert Shiller known as the Shiller E-10. The calculation of E-10 is simply the average real annual earnings over the past 10 years. Over 10 years, the earnings shenanigans and boom and bust levels of earnings tend to even out (and often times get restated). Therefore, this earnings statistic gives a reasonably stable, slow-to-change estimate of average real earnings power for the index. Professor Shiller's data and calculation of the E-10 are available on his website at <http://www.econ.yale.edu/~shiller/data.htm>. We have used his data as the base for our calculations. Details of the theoretical justification behind the measure can be found in his book *Irrational Exuberance* [Princeton University Press 2000, Broadway Books 2001, 2nd ed., 2005].

Developed Equity Markets Excluding the US

Metric: P/E ratio = Price / "Normalized" earnings for the MSCI EAFE Index

To represent the price of non-US developed equity markets, we have chosen the MSCI EAFE index. This index has the longest published history of price for non-US developed equities. The price=P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the MSCI EAFE index). The price level of this index is available starting in December 1969. Again, for the reasons described above, we elected to use the Shiller E-10 as our measure of earnings (E). Since 12/1972, a monthly price earnings ratio is available from MSCI. Using this quoted ratio, we have backed out the implied trailing-twelve month earnings of the EAFE index for each month from 12/1972 to the present. These annualized earnings are then inflation adjusted using CPI-U to represent real earnings in US dollar terms for each time period. The Shiller E-10 for the EAFE index (10 year average real earnings) is calculated in the same manner as detailed above.

However, we do not believe that the pricing and earnings history of the EAFE markets are long enough to be a reliable representation of pricing history for developed market equities outside of the US. Therefore, in constructing the Long-Term Average Historical P/E for developed ex-US equities for comparison purposes, we have elected to use the US equity market as a developed market proxy, from 1881 to 1982. This lowers the Long-Term Average Historical P/E considerably. We believe this methodology provides a more realistic historical comparison for a market with a relatively short history.

Emerging Market Equity Markets

Metric: Ratio of Emerging Market P/E Ratio to Developed Market P/E Ratio

To represent the Emerging Markets P/E Ratio, we have chosen the MSCI Emerging Market Free Index, which has P/E data back to January 1995 on Bloomberg. To represent the Developed Markets PE Ratio, we have chosen the MSCI World Index, which also has data back to January 1995 on Bloomberg. Although there are issues with published, single time period P/E ratios, in which the denominator effect can cause large movements, we feel that the information contained in such movements will alert investors to market activity that they will want to interpret.

US Private Equity Markets

Metrics: S&P LCD Average EBITDA Multiples Paid in LBOs and US Quarterly Deal Volume

The Average Purchase Price to EBITDA multiples paid in LBOs is published quarterly by S&P in their LCD study. This is the total price paid (both equity and debt) over the trailing-twelve month EBITDA (earnings before interest, taxes, depreciation and amortization) as calculated by S&P LCD. This is the relevant, high-level pricing metric that private equity managers use in assessing deals. Data is published monthly.

US quarterly deal volume for private equity is the total deal volume in \$ billions (both equity and debt) reported in the quarter by Thomson Reuters Buyouts. This metric gives a measure of the level of activity in the market. Data is published quarterly.

US Private Real Estate Markets

Metrics: US Cap Rates, Cap Rate Spreads, and Transactions as a % of Market Value

Real estate cap rates are a measure of the price paid in the market to acquire properties versus their annualized income generation before financing costs (NOI=net operating income). The data, published by NCREIF, describes completed and leased properties (core) on an unleveraged basis. We chose to use current value cap rates. These are capitalization rates from properties that were revalued during the quarter. This data relies on estimates of value and therefore tends to be lagging (estimated prices are slower to rise and slower to fall than transaction prices). The data is published quarterly.

Spreads between the cap rate (described above) and the 10-year nominal Treasury yield, indicate a measure of the cost of properties versus a current measure of the cost of financing.

Transactions as a % of Market Value Trailing-Four Quarters is a measure of property turnover activity in the NCREIF Universe. This quarterly metric is a measure of activity in the market.

Credit Markets Fixed Income

Metric: Spreads

The absolute level of spreads over treasuries and spread trends (widening / narrowing) are good indicators of credit risk in the fixed income markets. Spreads incorporate estimates of future default, but can also be driven by technical dislocations in the fixed income markets. Abnormally narrow spreads (relative to historical levels) indicate higher levels of valuation risk, wide spreads indicate lower levels of valuation risk and / or elevated default fears. Investment grade bond spreads are represented by the Barclays Capital US Corporate Investment Grade Index Intermediate Component. The high yield corporate bond spreads are represented by the Barclays Capital US Corporate High Yield Index.

Measure of Equity Market Fear / Uncertainty

Metric: VIX – Measure of implied option volatility for US equity markets

The VIX is a key measure of near-term volatility conveyed by implied volatility of S&P 500 index option prices. VIX increases with uncertainty and fear. Stocks and the VIX are negatively correlated. Volatility tends to spike when equity markets fall.

Measure of Monetary Policy

Metric: Yield Curve Slope

We calculate the yield curve slope as the 10 year treasury yield minus the 1 year treasury yield. When the yield curve slope is zero or negative, this is a signal to pay attention. A negative yield curve slope signals lower rates in the future, caused by a contraction in economic activity. Recessions are typically preceded by an inverted (negatively sloped) yield curve. A very steep yield curve (2 or greater) indicates a large difference between shorter-term interest rates (the 1 year rate) and longer-term rates (the 10 year rate). This can signal expansion in economic activity in the future, or merely higher future interest rates.

Measures of US Inflation Expectations

Metrics: Breakeven Inflation and Inflation Adjusted Commodity Prices

Inflation is a very important indicator impacting all assets and financial instruments. Breakeven inflation is calculated as the 10 year nominal treasury yield minus the 10 year real yield on US TIPS (treasury inflation protected securities). Abnormally low long-term inflation expectations are indicative of deflationary fears. A rapid rise in breakeven inflation indicates an acceleration in inflationary expectations as market participants sell nominal treasuries and buy TIPS. If breakeven inflation continues to rise quarter over quarter, this is a signal of inflationary worries rising, which may cause Fed action and / or dollar decline.

Commodity price movement (above the rate of inflation) is an indication of anticipated inflation caused by real global economic activity putting pressure on resource prices. We calculate this metric by adjusted in the Dow Jones UBS Commodity Index (formerly Dow Jones AIG Commodity Index) by US CPI-U. While rising commodity prices will not necessarily translate to higher US inflation, higher US inflation will likely show up in higher commodity prices, particularly if world economic activity is robust.

These two measures of anticipated inflation can, and often are, conflicting.

Measures of US Treasury Bond Interest Rate Risk

Metrics: 10-Year Treasury Forward-Looking Real Yield and 10-Year Treasury Duration

The expected annualized real yield of the 10 year US Treasury Bond is a measure of valuation risk for US Treasuries. A low real yield means investors will accept a low rate of expected return for the certainty of receiving their nominal cash flows. Meketa estimates the expected annualized real yield by subtracting an estimate of expected 10 year inflation (produced by the Survey of Professional Forecasters as collected by the Federal Reserve Bank of Philadelphia), from the 10 year Treasury constant maturity interest rate.

Duration for the 10-Year Treasury Bond is calculated based on the current yield and a price of 100. This is a measure of expected percentage movements in the price of the bond based on small movements in percentage yield. We make no attempt to account for convexity.

Definition of “Extreme” Metric Readings

A metric reading is defined as “extreme” if the metric reading is in the top or bottom decile of its historical readings. These “extreme” reading should cause the reader to pay attention. These metrics have reverted toward their mean values in the past.

RISK METRICS DESCRIPTION – Meketa Market Sentiment Indicator

What is the Meketa Market Sentiment Indicator (MMSI)?

The MMSI is a measure meant to gauge the market's sentiment regarding economic growth risk. Growth risk cuts across most financial assets, and is the largest risk exposure that most portfolios bear. The MMSI takes into account the momentum¹ (trend over time, positive or negative) of the economic growth risk exposure of publicly traded stocks and bonds, as a signal of the future direction of growth risk returns; either positive (risk seeking market sentiment), or negative (risk averse market sentiment).

How do I read the Meketa Market Sentiment Indicator (MMSI) graph?

Simply put, the MMSI is a color coded indicator that signals the market's sentiment regarding economic growth risk. It is read left to right chronologically. A green indicator on the MMSI indicates that the market's sentiment towards growth risk is positive. A gray indicator indicates that the market's sentiment towards growth risk is neutral or inconclusive. A red indicator indicates that the market's sentiment towards growth risk is negative. The black line on the graph is the level of the MMSI. The degree of the signal above or below the neutral reading is an indication the signal's current strength.

How is the Meketa Market Sentiment Indicator (MMSI) Constructed?

The MMSI is constructed from two sub-elements representing investor sentiment in stocks and bonds:

1. Stock return momentum: Return momentum for the S&P 500 Equity Index (trailing 12-months)
2. Bond yield spread momentum: Momentum of bond yield spreads (excess of the measured bond yield over the identical duration U.S. Treasury bond yield) for corporate bonds (trailing 12-months) for both investment grade bonds (75% weight) and high yield bonds (25% weight). The scale of this measure is adjusted to match that of the stock return momentum measure.

The black line reading on the graph is calculated as the average of the stock return momentum measure and the bonds spread momentum measure. The color reading on the graph is determined as follows:

1. If both stock return momentum and bond spread momentum are positive = GREEN (positive)
2. If one of the momentum indicators is positive, and the other negative = GRAY (inconclusive)
3. If both stock return momentum and bond spread momentum are negative = RED (negative)

What does the Meketa Market Sentiment Indicator (MMSI) mean? Why might it be useful?

There is strong evidence that time series momentum is significant and persistent.² In particular, across an extensive array of asset classes, the sign of the trailing 12-month return (positive or negative) is indicative of future returns (positive or negative) over the next 12 month period. The MMSI is

¹ Momentum is defined as the persistence of relative performance. There is a significant amount of academic evidence indicating that positive momentum (e.g., strong performing stocks over the recent past continue to post strong performance into the near future) exists over near-to-intermediate holding periods. See, for example, "Understanding Momentum," *Financial Analysts Journal*, Scowcroft, Sefton, March, 2005.

² "Time Series Momentum" Moskowitz, Ooi, Pedersen, August 2010 <http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf>

constructed to measure this momentum in stocks and corporate bond spreads. A reading of green or red is agreement of both the equity and bond measures, indicating that it is likely that this trend (positive or negative) will continue over the next 12 months. When the measures disagree, the indicator turns gray. A gray reading does not necessarily mean a new trend is occurring, as the indicator may move back to green, or into the red from there. The level of the reading (black line) and the number of months at the red or green reading, gives the user additional information on which to form an opinion, and potentially take action.

THIS REPORT (THE "REPORT") HAS BEEN PREPARED FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT, AND IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. THE INFORMATION CONTAINED HEREIN, INCLUDING ANY OPINIONS OR RECOMMENDATIONS, REPRESENTS OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND IS SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK, AND THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

THE INFORMATION USED TO PREPARE THIS REPORT MAY HAVE BEEN OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. SOME OF THIS REPORT MAY HAVE BEEN PRODUCED WITH THE ASSISTANCE OF ARTIFICIAL INTELLIGENCE ("AI") TECHNOLOGY. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY, ADEQUACY, VALIDITY, RELIABILITY, AVAILABILITY, OR COMPLETENESS OF ANY INFORMATION CONTAINED HEREIN, WHETHER OBTAINED EXTERNALLY OR PRODUCED BY THE AI.

THE RECIPIENT SHOULD BE AWARE THAT THIS REPORT MAY INCLUDE AI-GENERATED CONTENT THAT MAY NOT HAVE CONSIDERED ALL RISK FACTORS. THE RECIPIENT IS ADVISED TO CONSULT WITH THEIR MEKETA ADVISOR OR ANOTHER PROFESSIONAL ADVISOR BEFORE MAKING ANY FINANCIAL DECISIONS OR TAKING ANY ACTION BASED ON THE CONTENT OF THIS REPORT. WE BELIEVE THE INFORMATION TO BE FACTUAL AND UP TO DATE BUT DO NOT ASSUME ANY RESPONSIBILITY FOR ERRORS OR OMISSIONS IN THE CONTENT PRODUCED. UNDER NO CIRCUMSTANCES SHALL WE BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES OR ANY DAMAGES WHATSOEVER, WHETHER IN AN ACTION OF CONTRACT, NEGLIGENCE, OR OTHER TORT, ARISING OUT OF OR IN CONNECTION WITH THE USE OF THIS CONTENT. IT IS IMPORTANT FOR THE RECIPIENT TO CRITICALLY EVALUATE THE INFORMATION PROVIDED.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

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

SUBJECT: MacKay Shields Investment Manager Market Education and Update

SUMMARY

The Retirement System's High Yield manager, MacKay Shields, will give the Retirement Board an update on the High Yield market and the portfolio that they manage. MacKay has been one of the Retirement System's Non-Core Fixed-Income managers since 2019. As of December 31, 2025, the High Yield portfolio MacKay Shields manages for the Retirement System has \$105.7 million in assets representing 3.47 percent of the total portfolio.

SDS:SGL

Attachment: Presentation – MacKay Update

EAST BAY MUNICIPAL UTILITY DISTRICT EMPLOYEES' RETIREMENT SYSTEM INVESTMENT REVIEW

JANUARY 29, 2026

Representing MacKay Shields

ANDREW SUSSER

Executive Managing Director
Head of High Yield Team

THERESE M. HERNANDEZ

Managing Director
Institutional Business Development

Independent boutique founded in 1938

Acquired by New York Life Insurance Company in 1984

177 employees including 73 investment professionals in New York, Princeton, Los Angeles and London

\$159 billion in AUM¹

Signatory of UN Principles for Responsible Investment Initiative (PRI)

Supporter of Task Force on Climate-Related Financial Disclosures (TCFD)

Separate and distinct investment groups within MacKay Shields



FIXED INCOME

Municipal Managers	High Yield	Global Fixed Income & Emerging Markets Debt	Convertibles
\$82 Bn	\$37 Bn	\$36 Bn	\$3 Bn

MacKay Shields High Yield Team Overview

Experienced and stable team of High Yield credit experts

Focused on High Yield and our clients' portfolios since inception in 1991

Transparent, repeatable, and disciplined investment process

Consistent return profile driven by security selection¹

Proactive client partnership and access to senior investment team

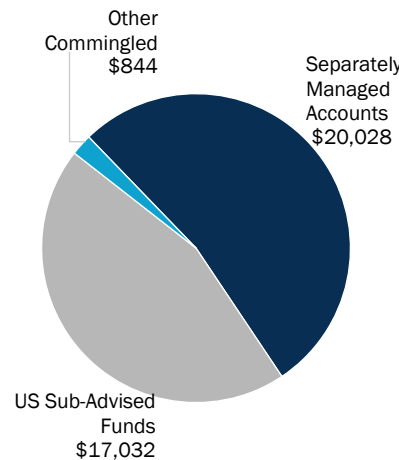
High Yield Composite | As of September 30, 2025

ESTVMENT PERCENTILE²

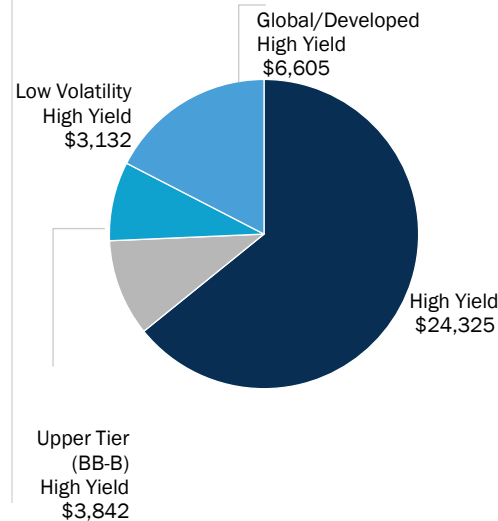


AUM

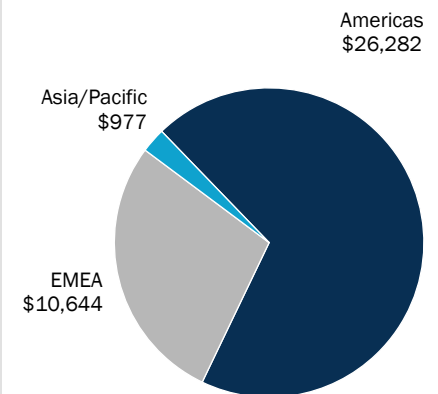
BY ACCOUNT³



BY STRATEGY³ | \$36.7 BN



BY REGION³



1. Based on attribution and performance metrics. Not an indication of current or future profitability. **Past performance is not indicative of future results.**

2. Gross of fees, Source: eVestment Alliance; eVestment Universe: US High Yield Fixed Income. Run date 10/31/2025. Provided as supplemental to the GIPS reports in the Appendix

3. AUM and other data shown on this page is as of September 30, 2025. Due to rounding the sum of the items may not equal 100% or any expressed totals as applicable.

Experienced Team and Ownership Culture

Investment Professional	Years of Experience	Years at Firm	Education & Investment Experience
Andrew Susser Lead Portfolio Manager	35	20	JD/MBA, UPenn Wharton GoldenTree, Salomon Brothers, BofA Securities
Dohyun Cha, CFA Energy	28	20	BS, Boston College Credit Suisse; CIBC World Markets
Won Choi, CFA Metals/Mining, Financials ESG Coordinator	29	23	BA, Yale University Fenway Partners, Salomon Smith Barney
Nate Hudson, CFA Automotive, Services	34	18	BA, Yale University BofA Securities, Nomura (NCRAM)
Ryan Bailes, CFA Healthcare, Homebuilders, Special Situations	30	10	BS, University of Kansas BofA Securities, Nomura (NCRAM)
Thomas Metcalf, CFA Retail, Consumer/Food, Leisure	15	14	MS, University of Durham
Parul Miglani Chemicals, Aerospace/Defense, Technology,	19	4	MBA, Columbia University Muzinich & Co.; H.I.G. Bayside Capital
John Pace, CFA Airlines, Building Materials, Gaming, Manufacturing, Packaging, Paper	34	4	MBA, University of Chicago Symetra Investment Management
Kevi Begolli Telecom/Media	11	<1	BCom, University of Toronto M&G Investments, Fidelity Investments
Richard Lee, CFA Utilities, Telecom	11	11	BS, Georgetown University
May Wong, CFA Generalist Analyst	12	10	BA, Columbia University
Gabriela Pérez, CFA Generalist Analyst	10	10	MBA, Pace University
Riley Osborn Generalist Analyst	4	4	BA, University of Chicago
J. Alex Leites Trading	33	24	BS, New York University Lazard, Prudential
Scott Mallek Trading	30	24	BA, Fairfield University Salomon Smith Barney
Debbie Akua Boadu Trading	6	6	MS, Fairleigh Dickinson University
Joseph Maietta, CFA Client Portfolio Manager	18	11	MS, NYU/HKUST PIMCO, JPMorgan
Olivia Jania Client Portfolio Manager	2	<1	BBA, Villanova University Nomura

Team

Cohesive team with non-bureaucratic culture

25 years average investment experience across senior investment professionals

Supported by generalist analysts and dedicated HY traders

Longstanding relationships with high yield market participants

Communication

Senior members are sector specialists with lead research responsibilities and accountability for specific sectors

Sector specialists present their research conclusions to lead PM & subset of the group; leads to efficient decision making process

Continuous daily discussions with weekly Investment Team meeting to review the portfolio, discuss risks, correlations, and potential changes to the high yield market

Margin-of-Safety Analysis Is Key to Our Credit Selection

High Yield Investment Process



All numbers and ranges referred to above are approximations only, assume normal market conditions and the application of MacKay Shields' standard investment guidelines and are subject to change without notice. There is no assurance that investment objectives will be met.

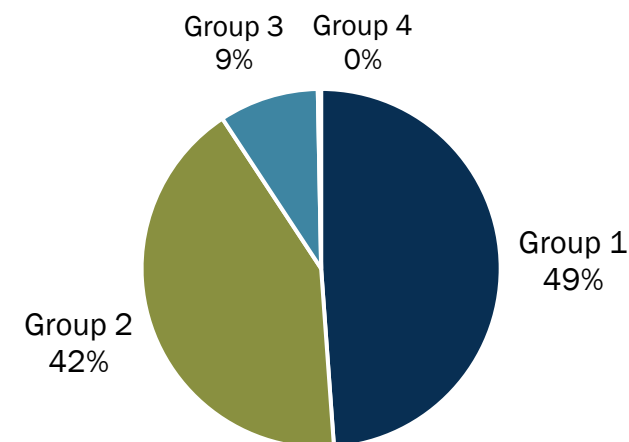
Portfolio Construction — Proper Compensation for Risk

Every security is categorized into a Risk Group based on strength of asset coverage and potential for default

Portfolio construction is determined by the default-adjusted spread and relative value between Risk Groups

	Initial Spread		Default Adjustment		Required Minimum Spread
Group 1 – Highest Quality					
<ul style="list-style-type: none"> Strongest credit profile Lowest volatility 	100 bps	+	100 bps (1% Long Term Default Rate)	=	200 bps
Group 2 – Seasoned Issuers					
<ul style="list-style-type: none"> Significant equity value Strong credit statistics 	100 bps	+	200 bps (2% Long Term Default Rate)	=	300 bps
Group 3 – Risk Credits					
<ul style="list-style-type: none"> Trading at discount More research intensive 	100 bps	+	400 bps (4% Long Term Default Rate)	=	500 bps
Group 4 – Special Situations					
<ul style="list-style-type: none"> Significant discount to asset value 					

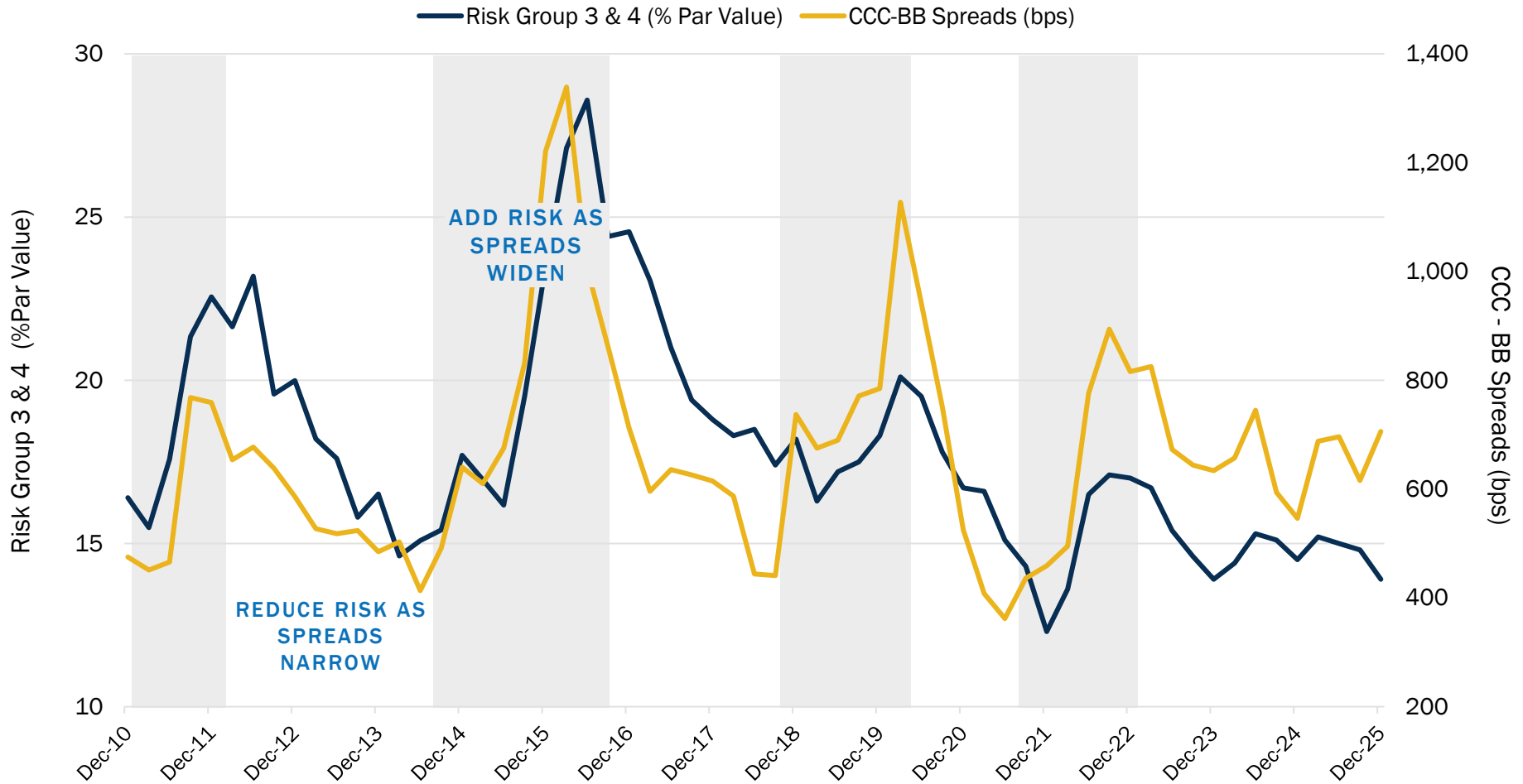
Current Risk Group Allocation¹ (%)



¹Represents a breakdown of holdings in the portfolio as of December 31, 2025.

Disciplined through Market Environments

The strategy seeks to opportunistically increase (decrease) exposure to Risk Groups 3 & 4 when credit risk becomes more (less) attractive



Represents a breakdown of the High Yield Strategy representative account. As of December 31, 2025.

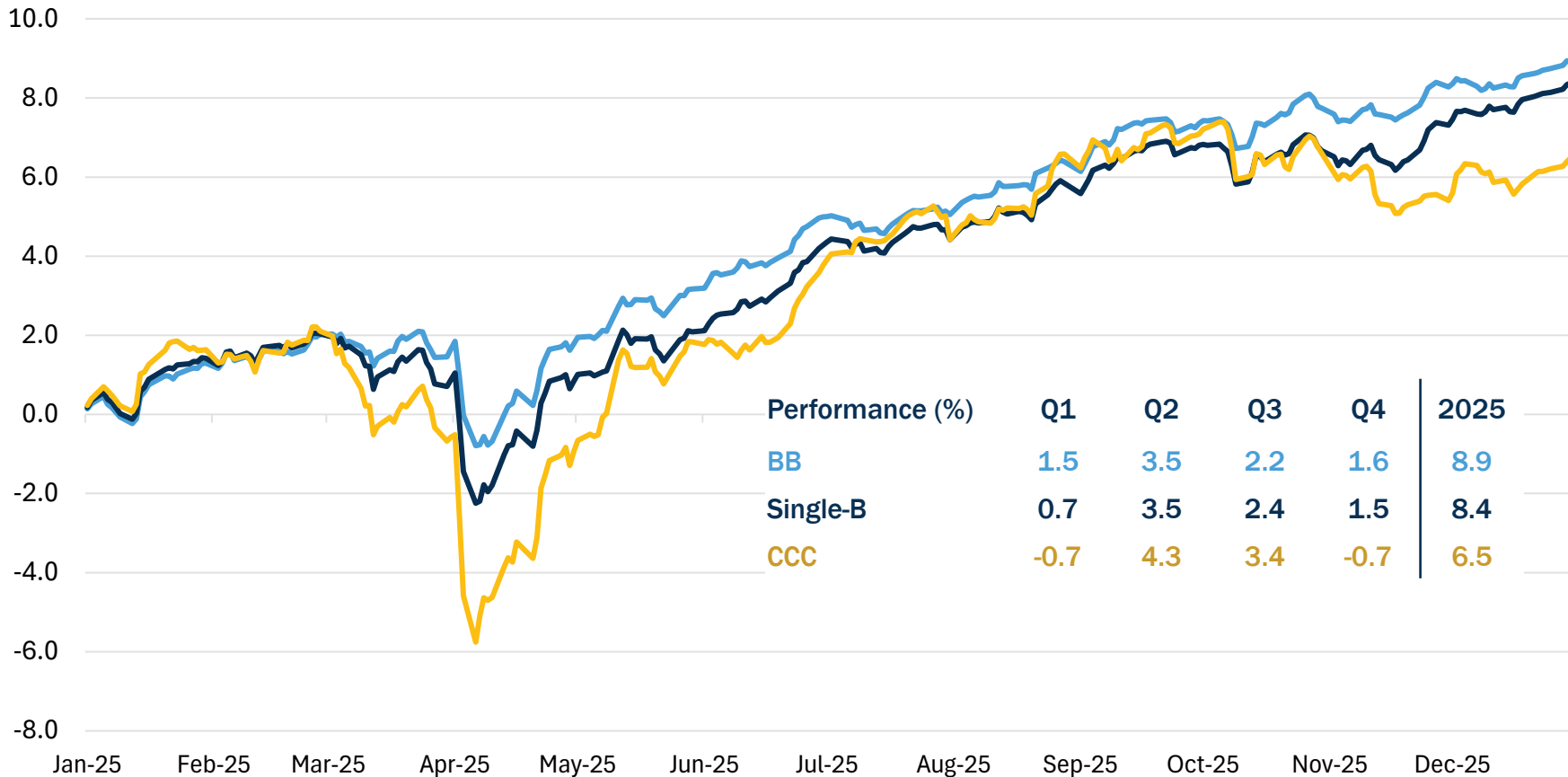
The representative portfolio was selected because it is the largest account in the High Yield Composite that has not experienced a significant change in assets under management due to recent client strategic rebalancing. The representative portfolio was not selected based on performance. The representative portfolio is actively managed and its portfolio characteristics are subject to change without notice.

Source: ICE BofA High Yield BB Index, ICE BofA High Yield CCC & Lower Index.

Please refer to the end of the presentation for a definition of each Risk Group. Please see disclosures pages for the ICE BofA Credit Rating Disclosure.

BBs Outperform Late in the Year, with Minimal Performance Dispersion

Performance by Credit Quality (%)



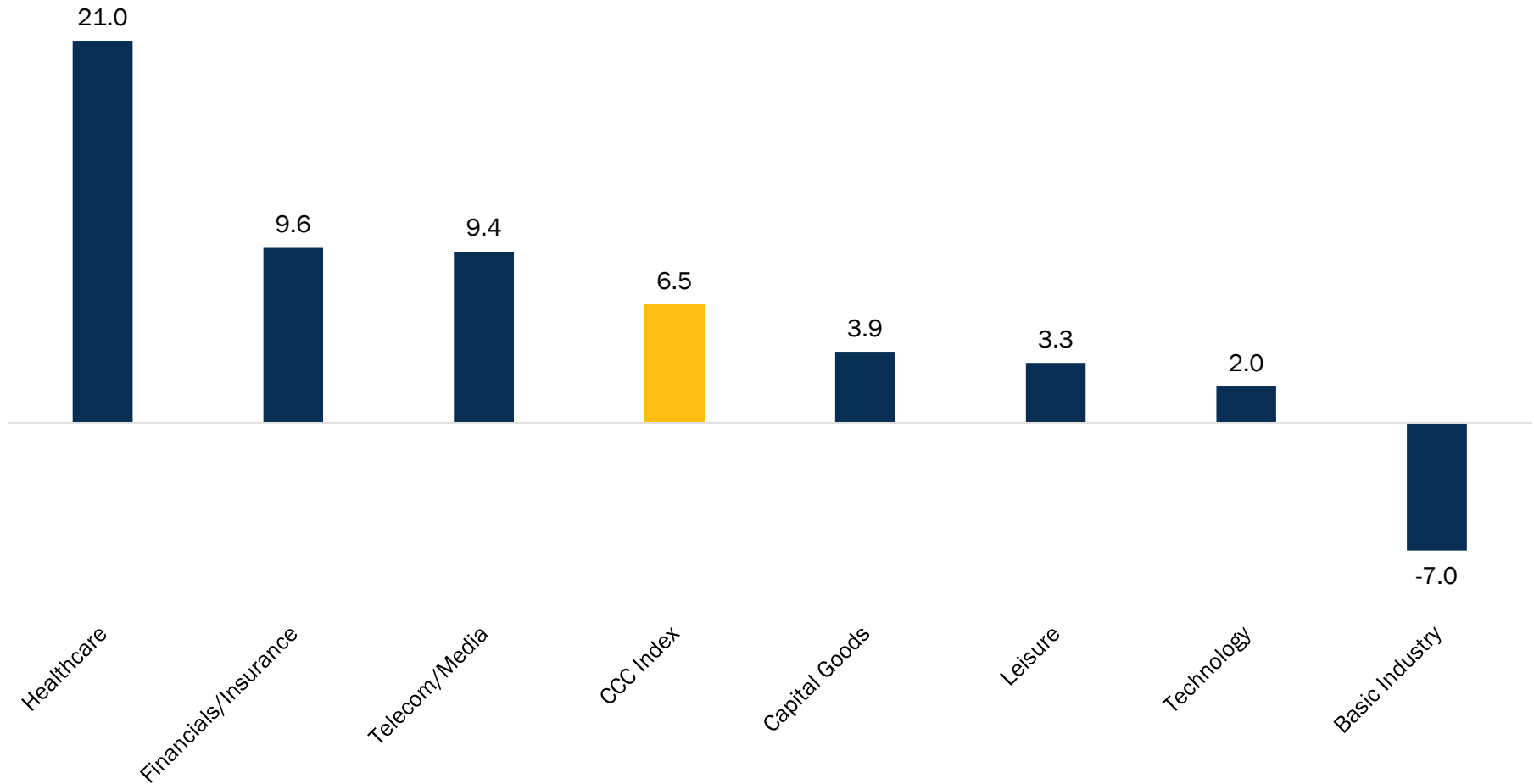
As of December 31, 2025

Source: ICE Data. Index = ICE BofA US High Yield Index.

It is not possible to invest directly into an index. Please see disclosures at the end of this presentation for important benchmark information, including disclosures related to comparisons to an index and index descriptions. **Past performance is not indicative of future performance.**

CCC Performance Varied Significantly by Sector

FY 2025 Performance – CCC Sectors (%)



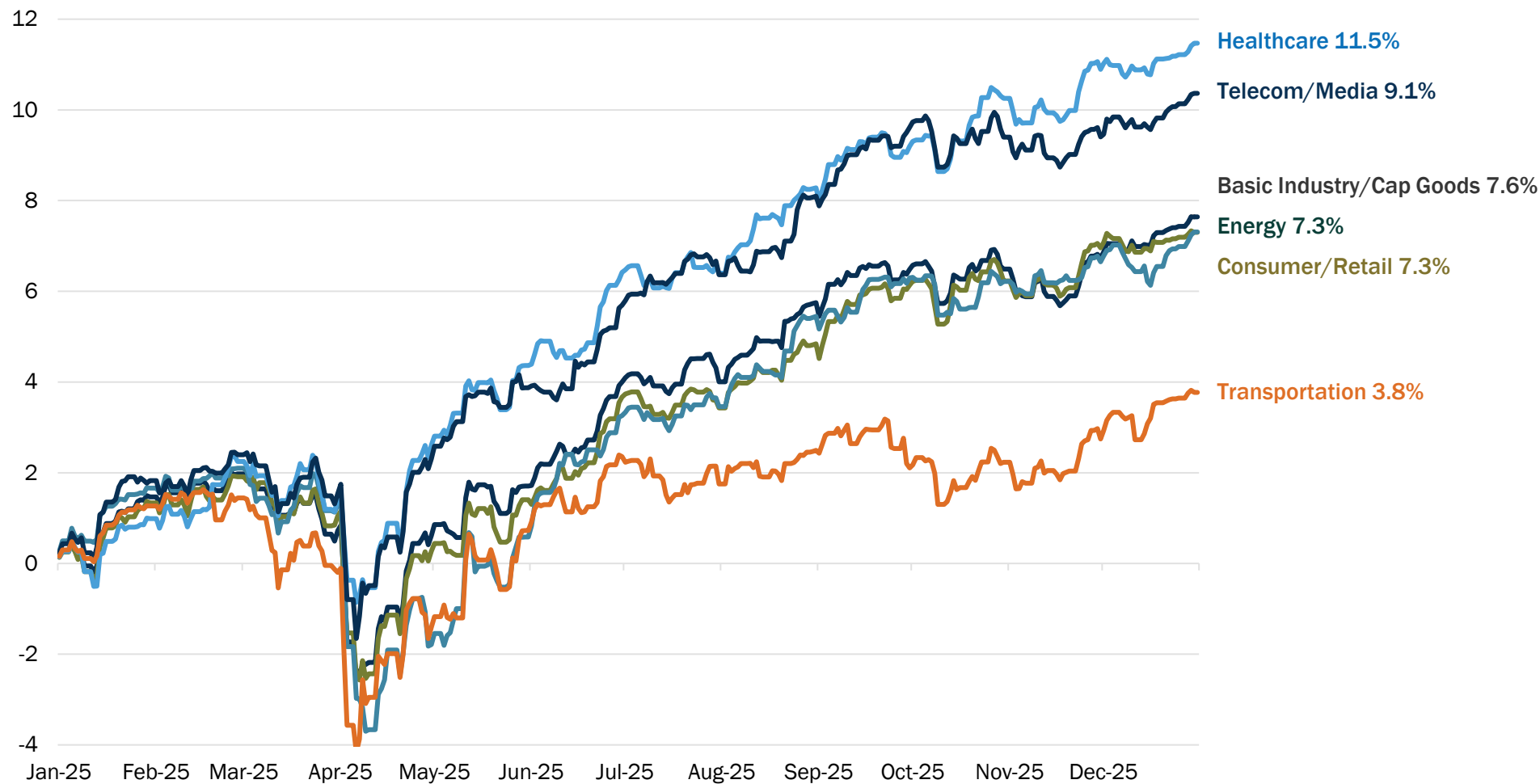
As of December 31, 2025

Source: ICE Data. Index = ICE BofA US High Yield Index.

It is not possible to invest directly into an index. Please see disclosures at the end of this presentation for important benchmark information, including disclosures related to comparisons to an index and index descriptions. **Past performance is not indicative of future performance.**

Defensive Sectors Have Led Cyclical Since Tariff Announcements

Performance YTD to December by Sector (%)



As of December 31, 2025

Source: ICE Data. Index = ICE BofA US High Yield Index.

It is not possible to invest directly into an index. Please see disclosures at the end of this presentation for important benchmark information, including disclosures related to comparisons to an index and index descriptions. **Past performance is not indicative of future performance.**

East Bay Municipal Utility District Employees' Retirement System

Historical Rates of Return (%) | Periods Ending December 31, 2025

	EBMUDERS ¹	Index ²	Difference
4Q 2025	1.24	1.31	-0.07
One Year	7.50	8.62	-1.12
Three Years – <i>Annualized</i>	8.61	9.00	-0.39
Five Years – <i>Annualized</i>	5.82	5.12	+0.70
Since Inception – <i>Annualized</i> (3/1/2019)	6.10	5.19	+0.91

¹Gross of fees

²The Custom Benchmark consists of the ICE BofA 1-5 Year BB-B Cash Pay High Yield Index from inception through 9/30/2024 and the Bloomberg US Corporate High Yield Index thereafter. Past performance is not indicative of future results.

Portfolio Attribution

Sector	2025			
	Relative Weight (%)	Allocation (bps)	Selection (bps)	Total (bps)
Banking	-0.4	(0)	0	(0)
Basic Industry	1.8	(4)	(15)	(19)
Brokerage/Asset Managers	1.8	0	0	1
Capital Goods	-1.2	2	16	18
Communications	-5.3	(14)	(42)	(55)
Consumer Cyclical	3.2	(2)	(59)	(60)
Consumer Non-Cyclical	3.0	4	(1)	2
Electric	0.3	1	7	8
Energy	2.0	(2)	(2)	(4)
Finance Companies	-4.0	(5)	1	(4)
Insurance	-1.9	(1)	1	(0)
Other Industrial	1.1	1	(1)	(1)
REITS	-0.7	(3)	3	0
Technology	-0.8	1	8	9
Transportation	-0.7	2	(2)	1
Cash	1.8			(8)
Total		(20)	(85)	(113)

East Bay Municipal Utility District Employees' Retirement System

Market Value: \$105,656,162
As of December 31, 2025

Statistics

	Portfolio*	Index ¹
Current Yield (%)	6.47	6.71
Yield to Worst (%)	6.38	6.56
Modified Duration (years)	2.54	2.85
Average Credit Quality	BB-	B+

Top Ten Issuers (%)

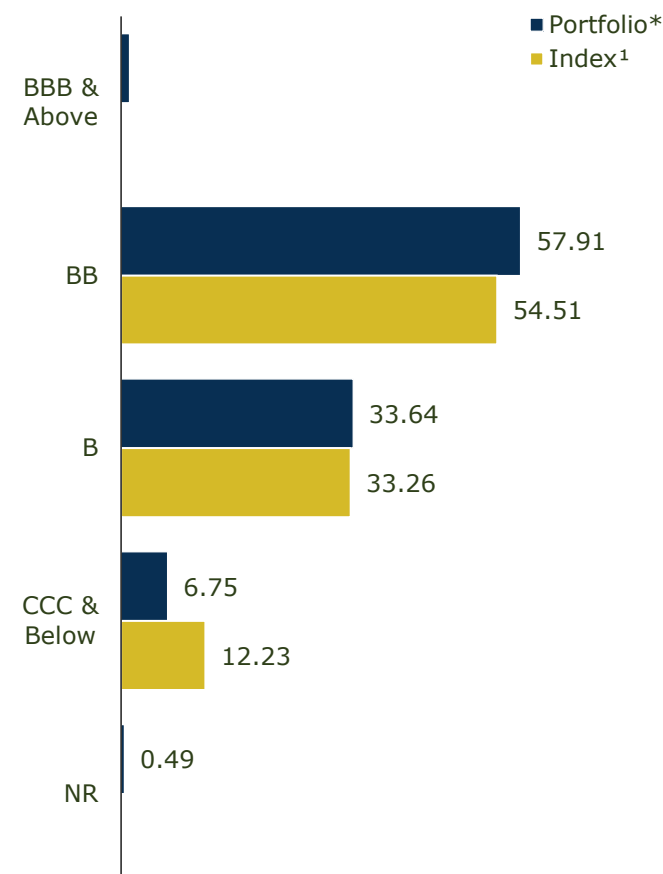
	Portfolio*
TransDigm Group Incorporated	2.73
Charter Communications, Inc.	1.81
Hilton Worldwide Holdings Inc.	1.58
Churchill Downs Incorporated	1.55
Clarivate Plc	1.29
Boyd Gaming Corporation	1.28
Lamar Advertising Company	1.23
Venture Global Partners	1.22
Cloud Software Group, Inc.	1.16
Jane Street Group, LLC	1.15

¹Bloomberg US Corporate High Yield Index

²Using median rating of S&P, Moody's, and Fitch, split low if only two ratings. Please see Credit Quality disclosures at the end of this document for additional important information.

*excluding cash due to large inflow

Quality Exposure (%)²



East Bay Municipal Utility District Employees' Retirement System

As of December 31, 2025

Duration to Worst (%)

	Portfolio*	Index ¹
0 to 3	58.00	52.70
3 to 7	41.75	45.92
7 to 10	0.25	0.92
Greater than 10	0.00	0.50

Sector (%)

	Portfolio*	Index ¹
Banking	0.00	0.14
Basic Industry	6.57	6.35
Brokerage/Asset Managers/Exch.	3.25	1.18
Capital Goods	9.02	10.29
Communications	11.96	14.89
Consumer Cyclical	21.11	19.15
Consumer Non-Cyclical	15.05	11.31
Electric	4.02	3.60
Energy	12.98	11.04
Finance Companies	1.05	5.39
Insurance	1.27	2.96
Other Industrial	2.00	1.22
REITS	1.68	2.08
Technology	8.13	8.30
Transportation	1.92	2.10

¹Bloomberg US Corporate High Yield Index
*excluding cash due to large inflow

ESG Integration



High Yield Environmental, Social, and Governance Risk Groups

ESG factors are integrated into the Investment Process; ESG Risk Group Framework created in 2014

Credit Analysts assign each issuer an ESG Risk Group (1 to 4) based on assessment of the company's potential long-term risk and value creation

Assignment of ESG Risk Group is based on the scope and scale of specific ESG factors and their materiality on the business

ESG Risk Group 1 – Best in Class

ESG Risk Group 3 – Material Risk

ESG Risk Group 2 – Low Material Risk

ESG Risk Group 4 – Significant Risk

Environmental



Biodiversity

Carbon Emissions

Climate Change

Pollution & Waste

Regulatory Risk

Renewable/Green Energy Transition

Resource Management

Sustainability

Water Stress

Social



Community Relations

Employee Well-Being

Global Norms

Health and Safety

Job Creation

Labor & Management Relationship

Product Quality & Safety

Governance



Accounting Practices

Board Structure & Ownership

Business Ethics (“Good Actors”)

Corruption & Instability

Financial/Capital Structure Policy

Incentive Structure

Long-term Stakeholder & Customer Focus

Transparency/Accountability

High Yield Environmental, Social, and Governance Risk Groups - Framework

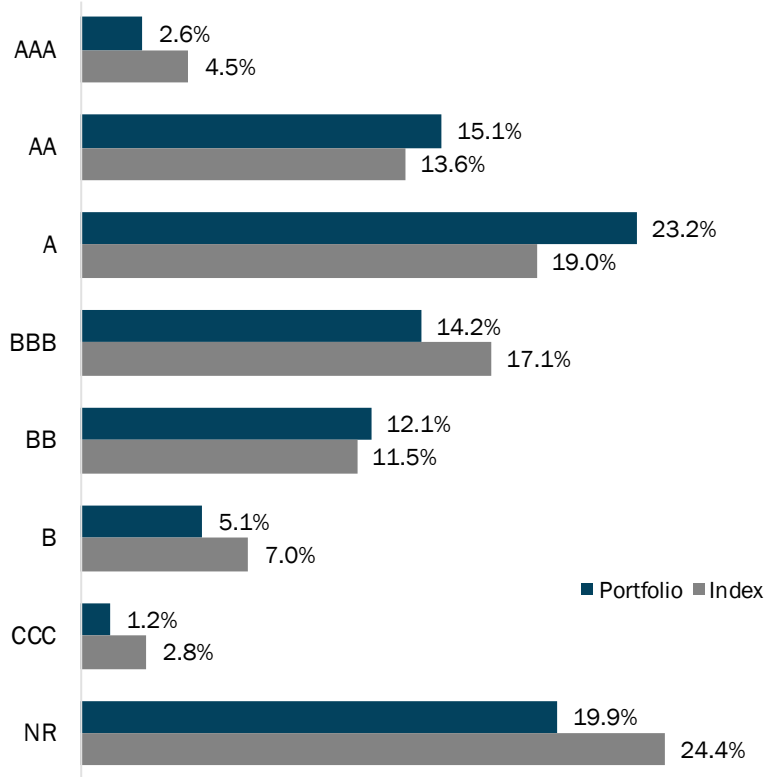
ESG Factors	ESG Risk Group 1 Best in Class	ESG Risk Group 2 Low Material Risk	ESG Risk Group 3 Material Risk	ESG Risk Group 4 Significant Risk
Environmental	<p>Few significant past incidents and low potential for future incidents</p> <p>No material environmental liabilities</p> <p>Low risk of increased regulatory scrutiny and proposed legislation</p> <p>High potential to benefit from Energy transition</p> <p>Low carbon emission/environmental metrics</p>	<p>May have had significant past incidents but low potential for future incidents</p> <p>May have some environmental liabilities</p> <p>Some risk of increased regulatory scrutiny and proposed legislation</p> <p>Potential to benefit from Energy transition</p> <p>Moderate carbon emission/environmental metrics; has clear objective to improve</p>	<p>May have had significant past incidents –low to medium potential for future incidents</p> <p>Material environmental liabilities; potential for more in future</p> <p>Some potential for increased regulatory scrutiny and proposed legislation</p> <p>Medium to high carbon emission/environmental metrics; has clear objective to improve</p>	<p>Significant past incidents and high potential for future incidents</p> <p>Material environmental liabilities; potential for more in future</p> <p>High likelihood of increased regulatory scrutiny and proposed legislation</p> <p>Medium to high carbon emission/environmental metrics; no clear objective to improve</p>
Social	<p>No material past incidents related to product quality & safety</p> <p>Excellent track record of worker safety</p> <p>Excellent track record of customer privacy and protections</p> <p>Excellent relationship between management and unions/employees – aligned incentives</p> <p>High potential to benefit from changes in Health & Nutrition</p> <p>Positive perception regarding company or industry</p>	<p>No material past incidents related to product quality & safety</p> <p>Good track record of worker safety</p> <p>Good track record of customer privacy and protections</p> <p>Positive relationship between management and unions/employees</p> <p>Potential to benefit from changes in Health & Nutrition</p> <p>Neutral/Positive perception regarding company or industry</p>	<p>Material past incidents related to product quality & safety</p> <p>Past issues with worker safety but proper measures taken; on path to improve</p> <p>Past issues with customer privacy and protections; on path to improve</p> <p>Satisfactory relationship between management and unions/employees</p> <p>Negative perception regarding company or industry - has clear objective to divest assets or shift business if there is</p>	<p>Significant past incidents related to product quality & safety</p> <p>Poor track record of worker safety</p> <p>Poor track record of customer privacy and protections</p> <p>History of tensions between management and unions/employees</p> <p>Questionable financial ability and willingness to pay out retirement benefits</p> <p>Negative perception regarding company or industry – high potential for regulatory scrutiny</p>
Governance	<p>Transparent corporate structure and strategic ownership</p> <p>Stable firm and management team</p> <p>No history of significant changes to the organizational structure</p> <p>Transparent and stable accounting practices</p> <p>Evidence of fair treatment for all stakeholders</p> <p>Minimal significant related party transactions</p> <p>Willingness to engage or improve disclosure</p>	<p>Transparent corporate structure and ownership</p> <p>Relatively stable firm and management team</p> <p>Infrequent changes to organizational structure</p> <p>Transparent accounting practices</p> <p>Evidence of fair treatment to creditors</p> <p>Full disclosure of related party transactions</p> <p>Willingness to engage or improve disclosure</p>	<p>Largely transparent corporate structure and ownership; may be financial owner rather than strategic</p> <p>History of firm and management team changes</p> <p>Transparent accounting practices; may have history of changes in reporting</p> <p>Past but infrequent instances of unfair treatment to creditors</p> <p>Material related party transactions with adequate disclosure</p> <p>Limited willingness to engage or improve disclosure</p>	<p>Opaque corporate structure and ownership</p> <p>Frequent changes to firm structure or management team</p> <p>Overly litigious company management</p> <p>No evidence of fair treatment to stakeholders</p> <p>Questionable reporting or accounting practices; history of changes in reporting</p> <p>Significant related party transactions with poor disclosure</p> <p>No willingness to engage or improve disclosure</p>

Portfolio ESG Metrics

As of December 31, 2025

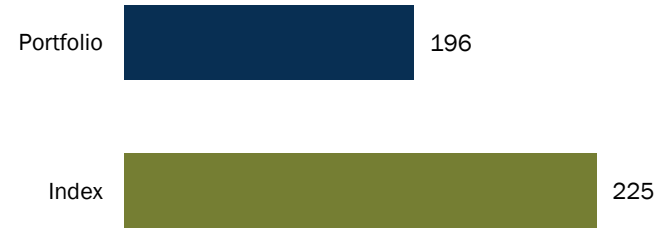
ESG Ratings Distribution¹ (%)

	Portfolio	Index
ESG Quality Score (0-10)	5.62	5.54

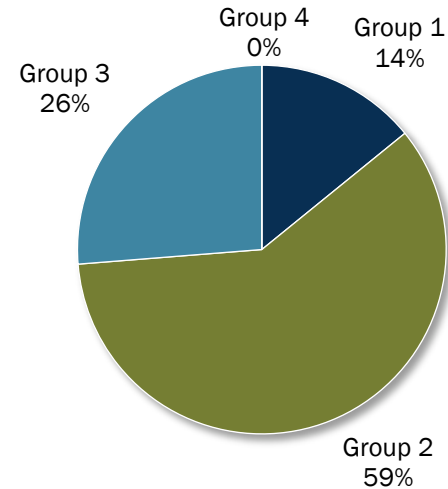


Weighted Average Carbon Intensity²

(T CO2e/\$M Revenue)



MKS ESG Risk Group Breakdown



Index: Bloomberg US Corporate High Yield Index.

¹Source MSCI Research llc. ESG Quality Score measures the ability of underlying holdings to manage key medium to long term risks and opportunities arising from environmental, social, and governance factors. It is based on MSCI ESG Ratings and is measured on a scale of 0 to 10 (worst to best).

²Source ISS Research llc. This factor identifies the issuer's Scope 1 and 2 emissions intensity. Carbon intensity is expressed as the issuer's total carbon emissions per million USD of revenue as a proxy of the carbon efficiency per unit of output

High Yield Market Overview



US High Yield Market Spreads

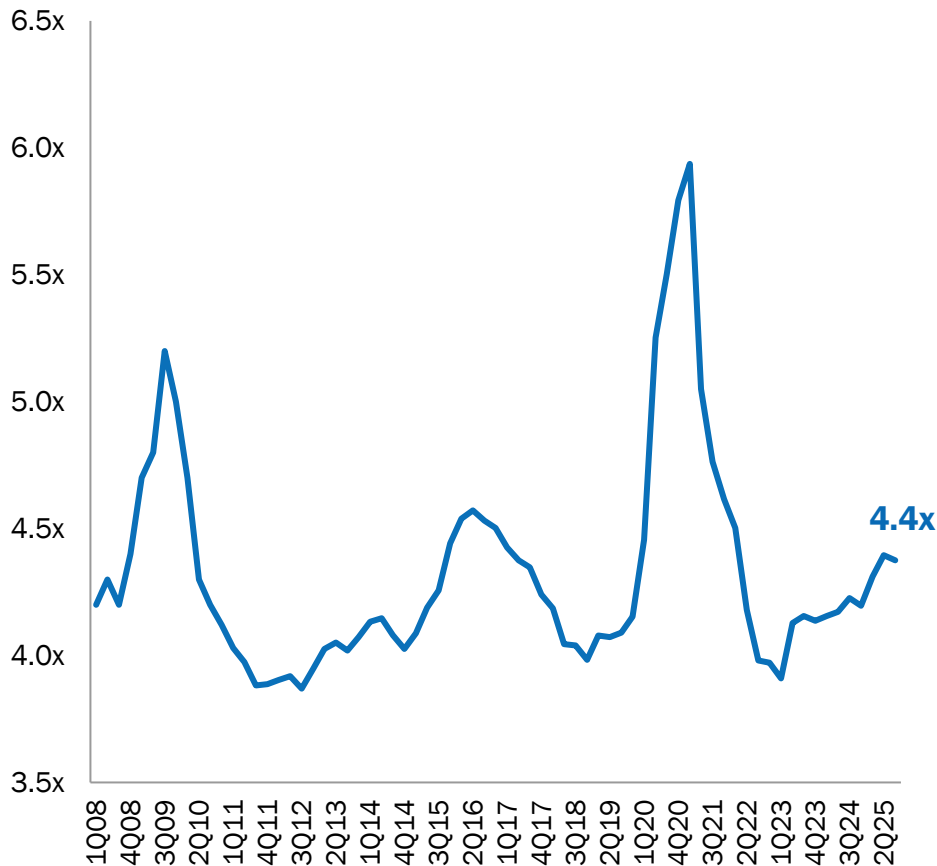


As of December 31, 2025
Source: ICE Data.
Index: ICE BofA US High Yield Index

High Yield Credit Fundamentals Have a Solid Base

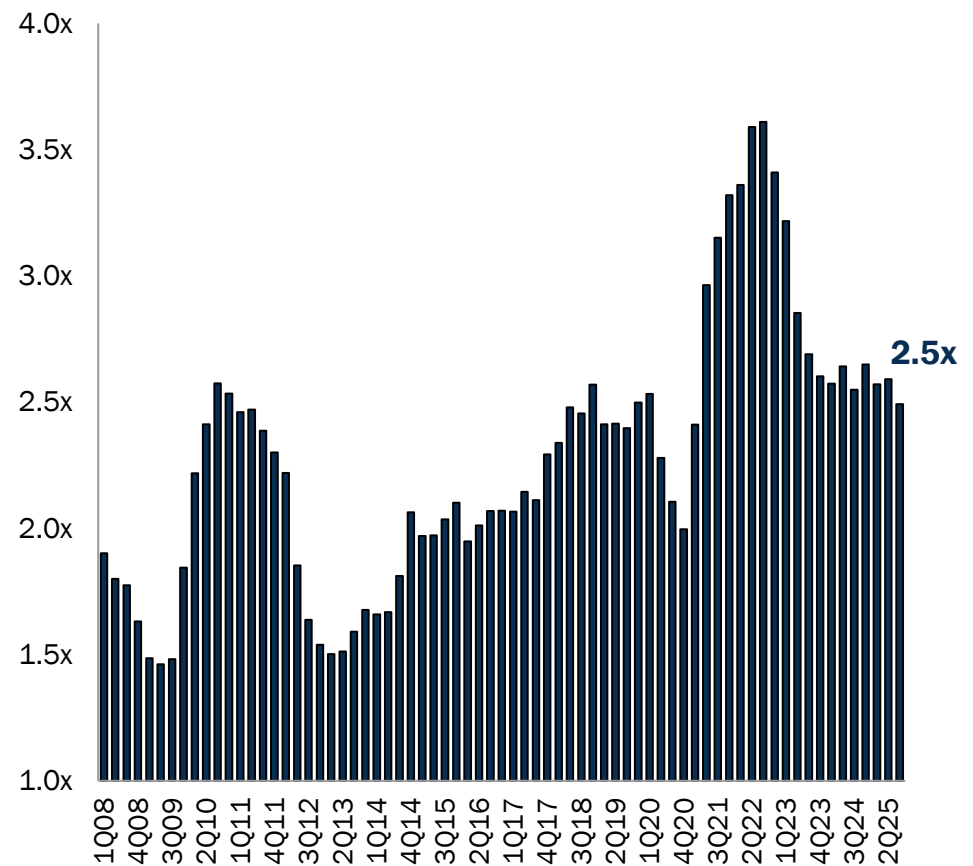
High Yield Leverage

LTM Debt/EBITDA



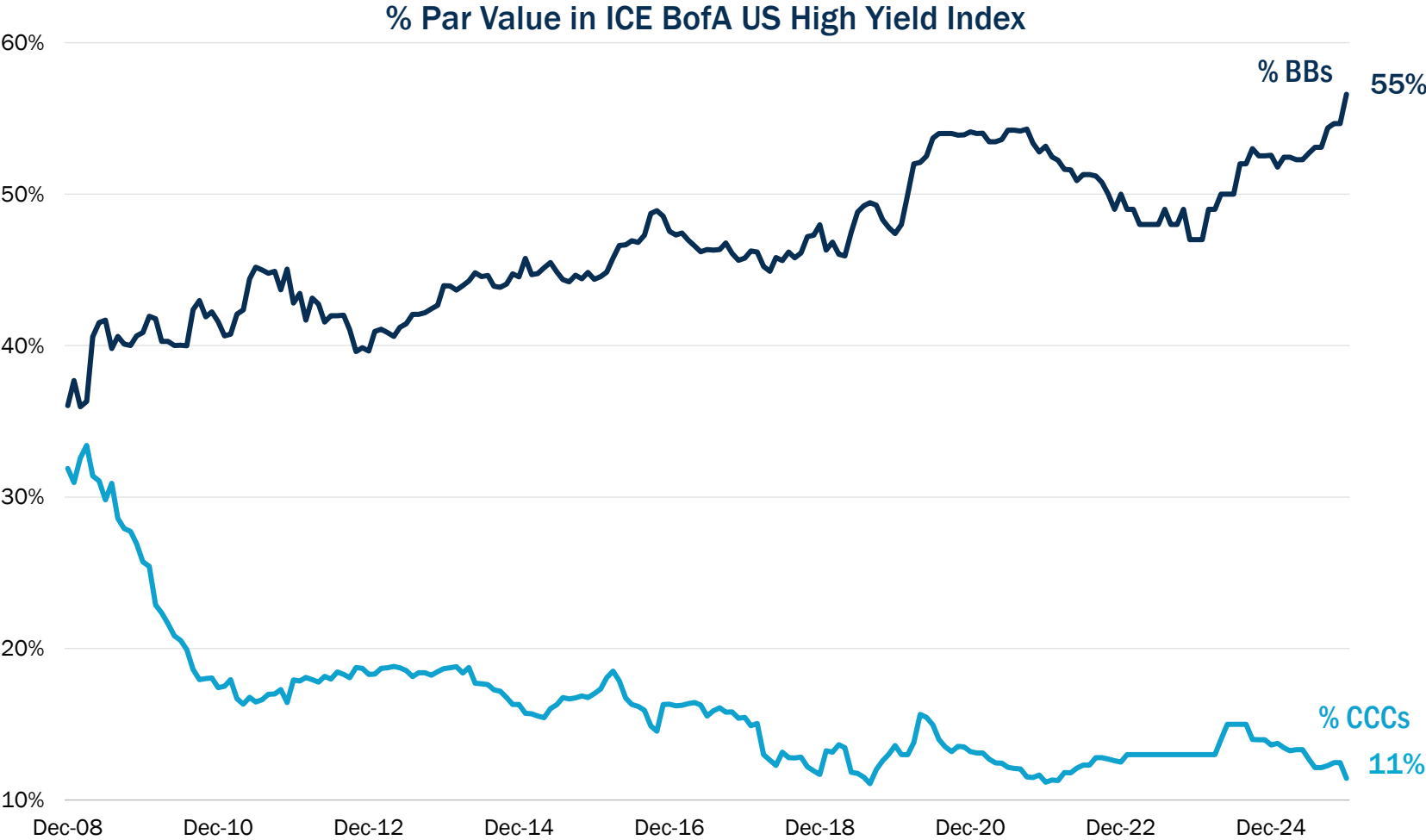
High Yield Interest Coverage

EBITDA-CapEx/Interest Expense



As of December 31, 2025
Source: JP Morgan, US High Yield Universe.

US High Yield Continues Trend to Higher Quality Companies

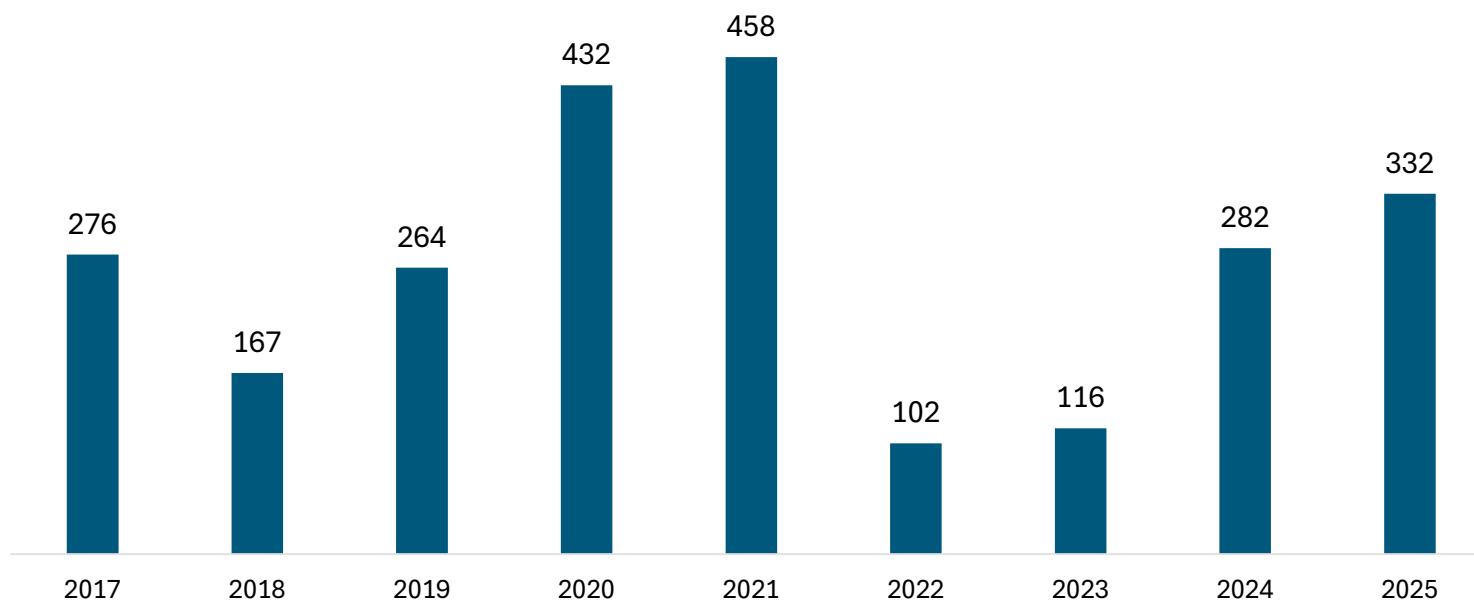


As of December 31, 2025
Source: ICE Data.

Gross Issuance Has Increased; Quality Trends Remain

CCC Issuance over the past three years has been muted; secured issuance trend has persisted

US HY Annual Gross Issuance (\$bn)

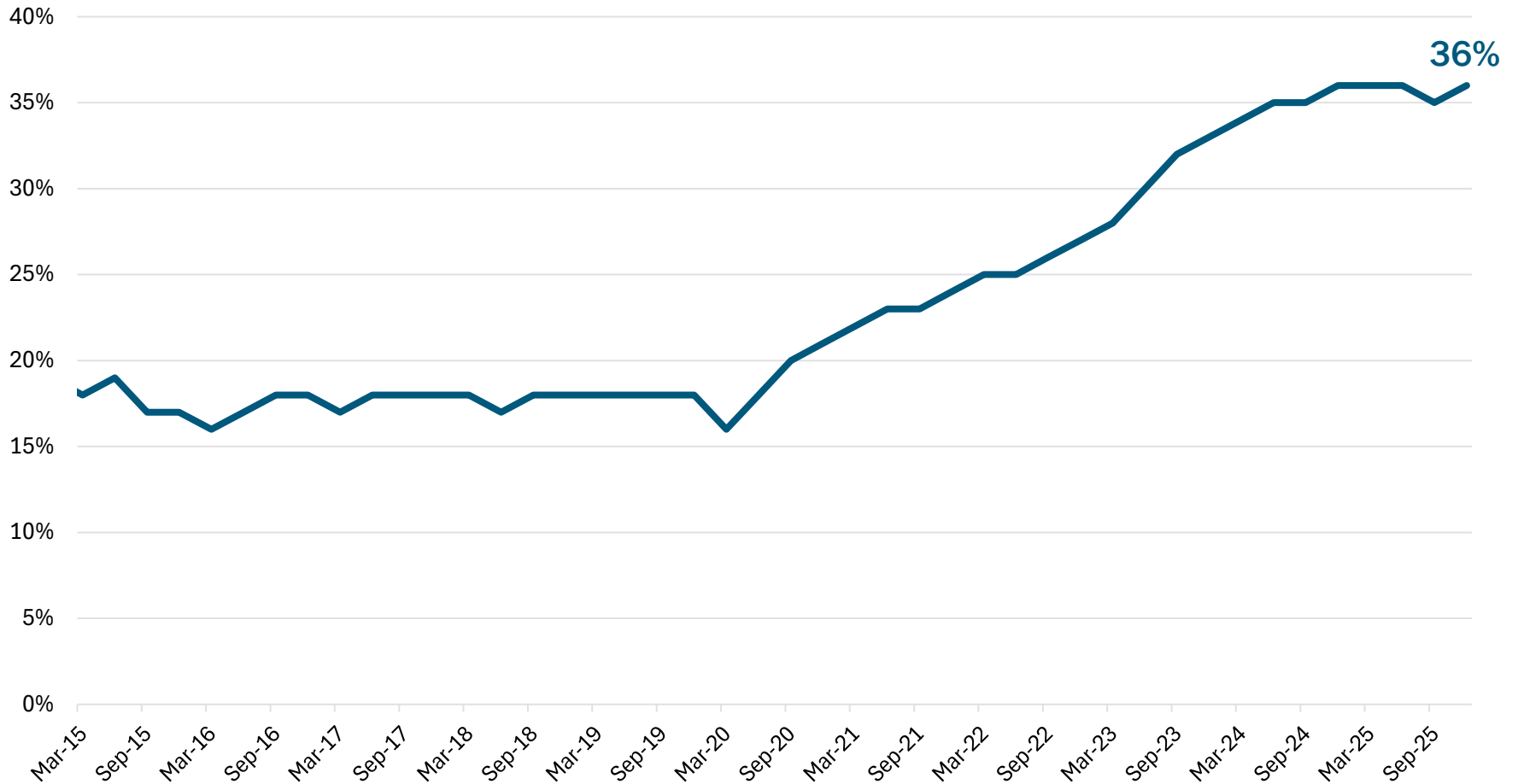


	2017	2018	2019	2020	2021	2022	2023	2024	2025
% CCC Issuance	10	9	6	7	10	12	3	4	2
% Secured Issuance	20	21	27	31	30	31	56	44	41
% Refinancing	65	63	67	68	63	47	65	71	70

As of December 31, 2025
Source: Citi Research, US High Yield Universe.

Percentage of Secured Bonds in US HY Has Increased

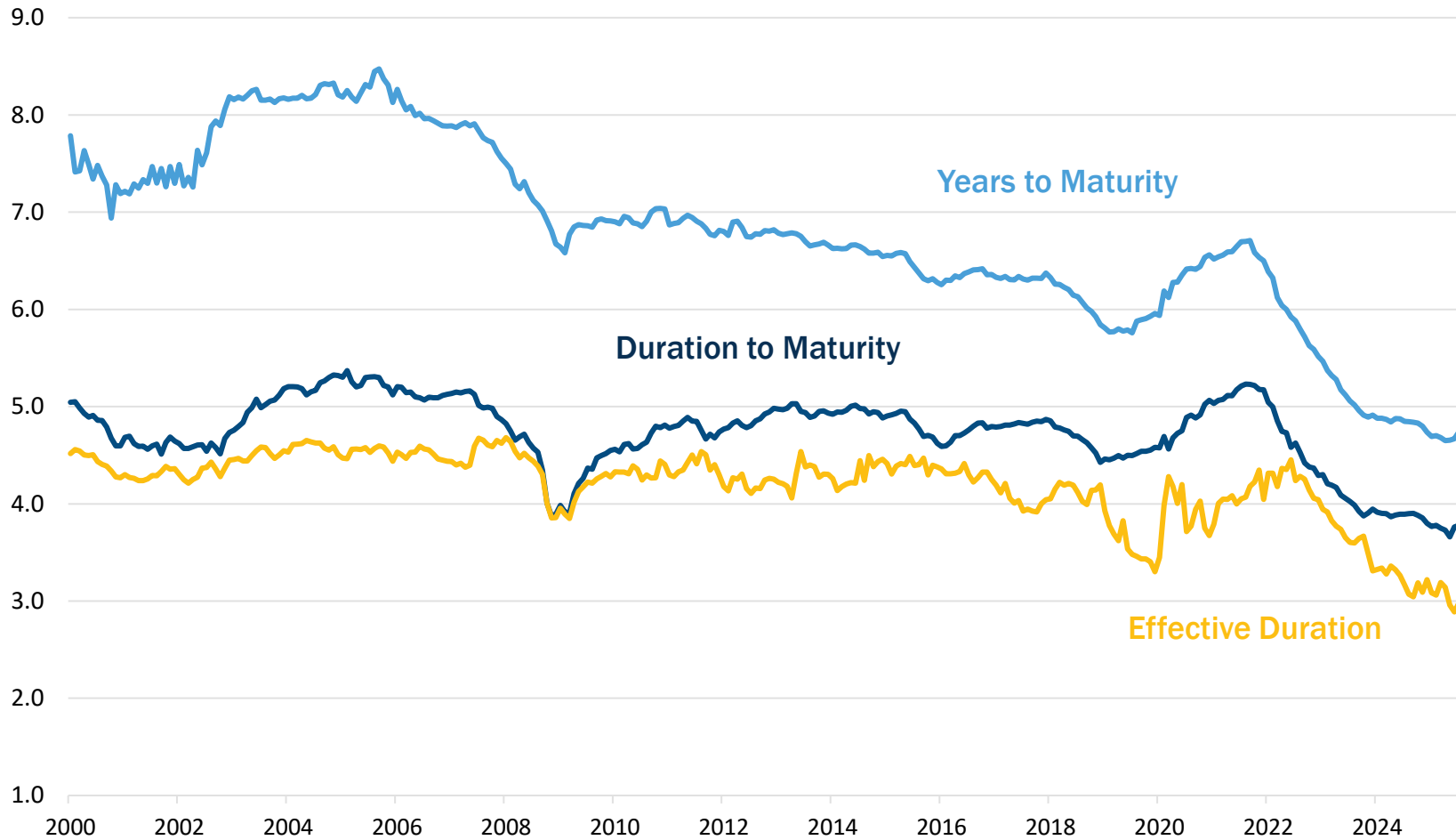
% Secured Bonds of US High Yield Market



As of December 31, 2025
Source: ICE Data, US High Yield Universe.

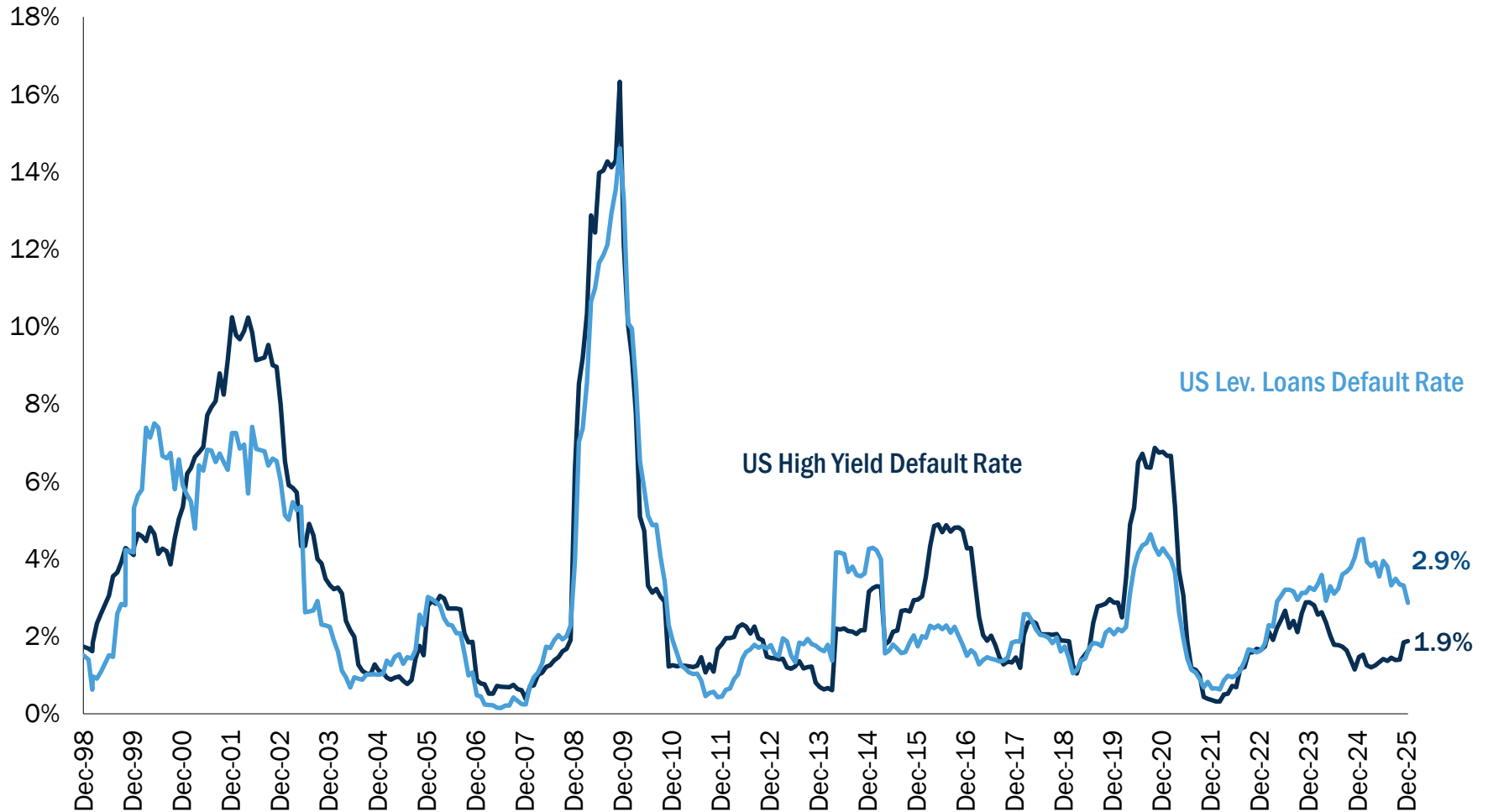
US HY Duration and Maturity Decline to Record Lows

ICE BofA US High Yield Index - Duration & Maturity



US High Yield and Leveraged Loan Default Rates

Default Rate Including Distressed Exchanges (%)

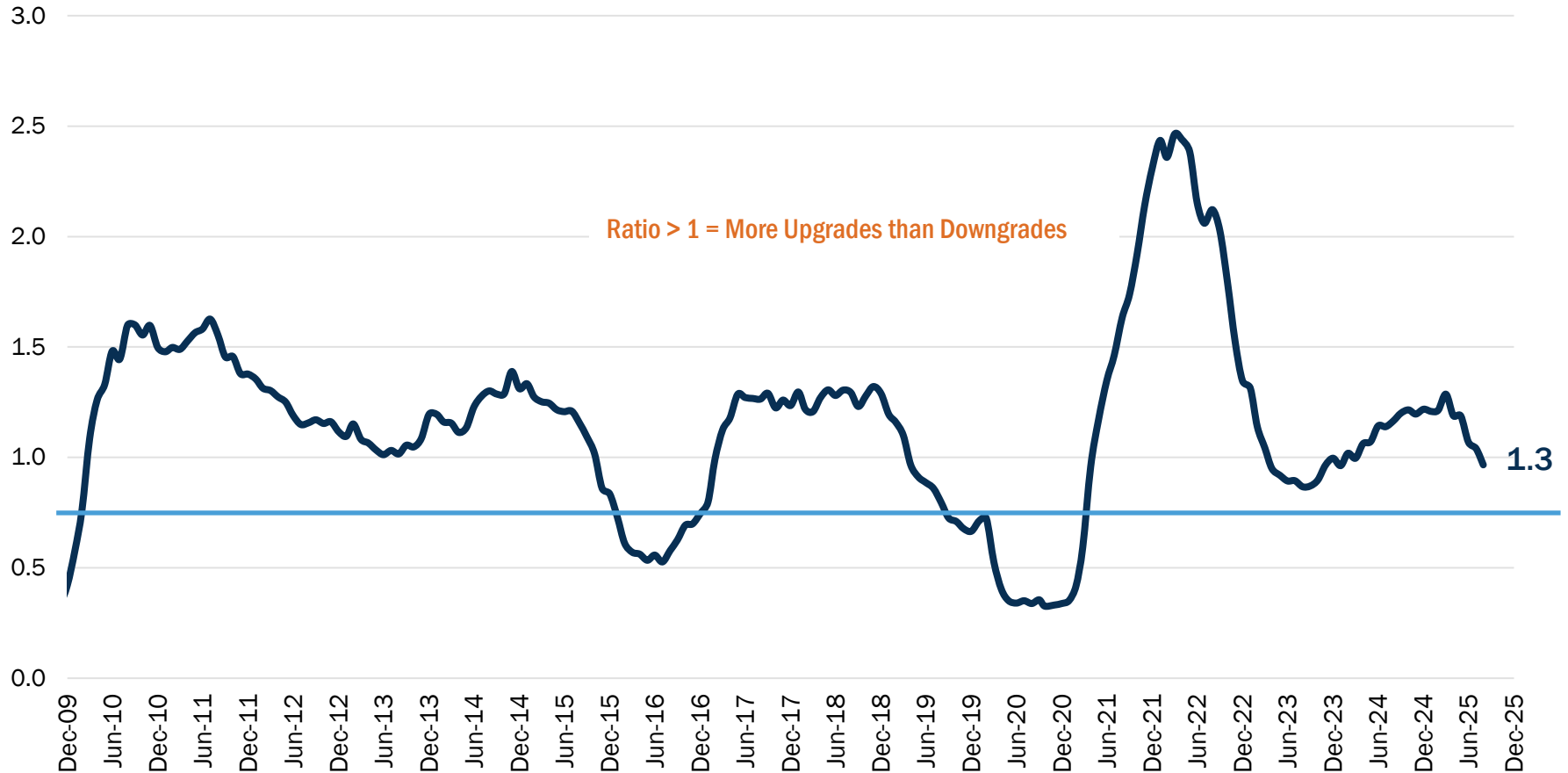


As of December 31, 2025

Source: JP Morgan, US High Yield Universe. Includes distressed exchanges.

High Yield Credit Trends Remain Strong

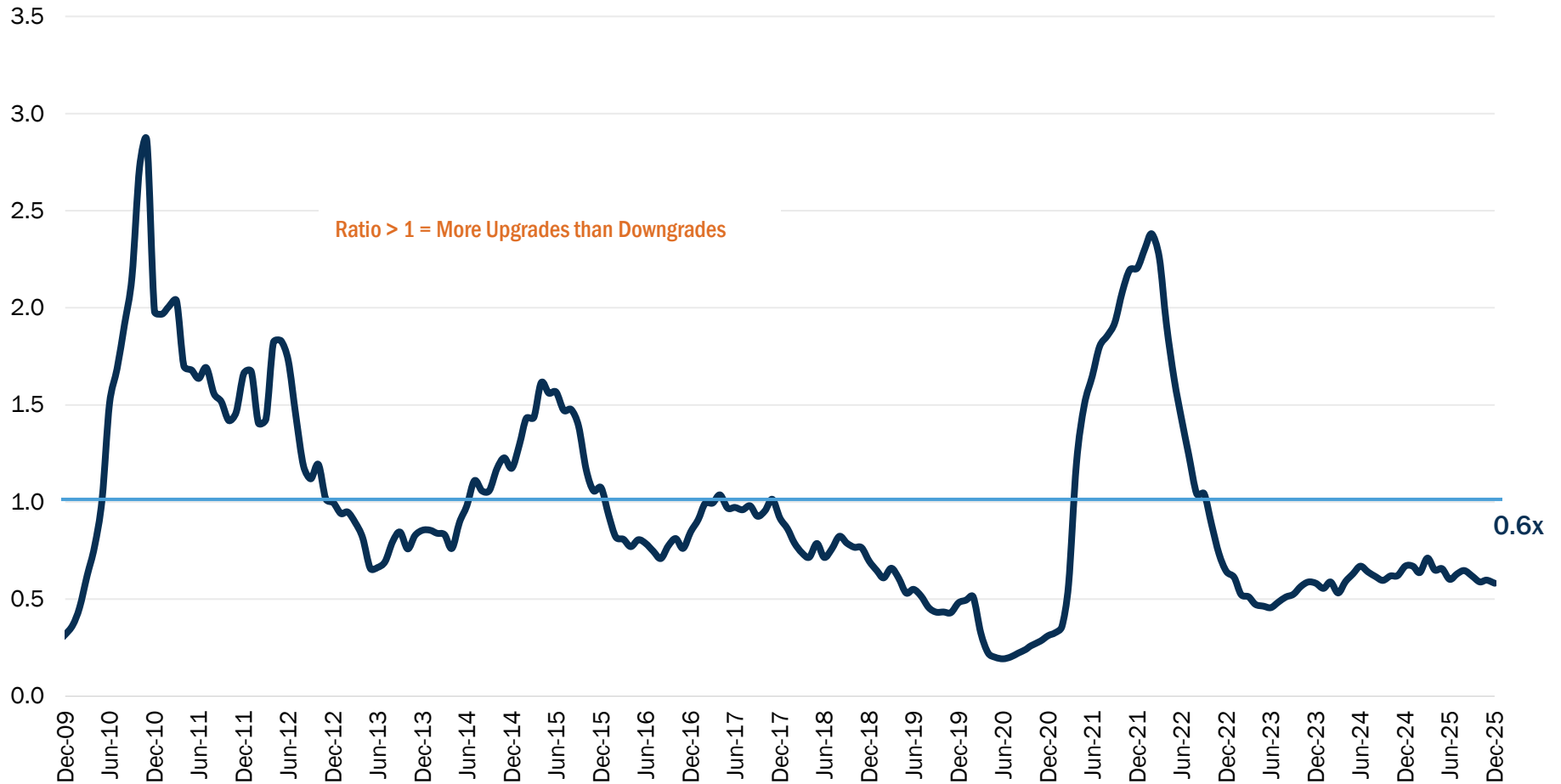
Last 12 Months US HY Upgrade to Downgrade Ratio (by Par)



As of December 31, 2025
Source: JP Morgan, US High Yield Universe.

Loans Downgrades Persist

Last 12 Months Leveraged Loans Upgrade to Downgrade Ratio (by Par)

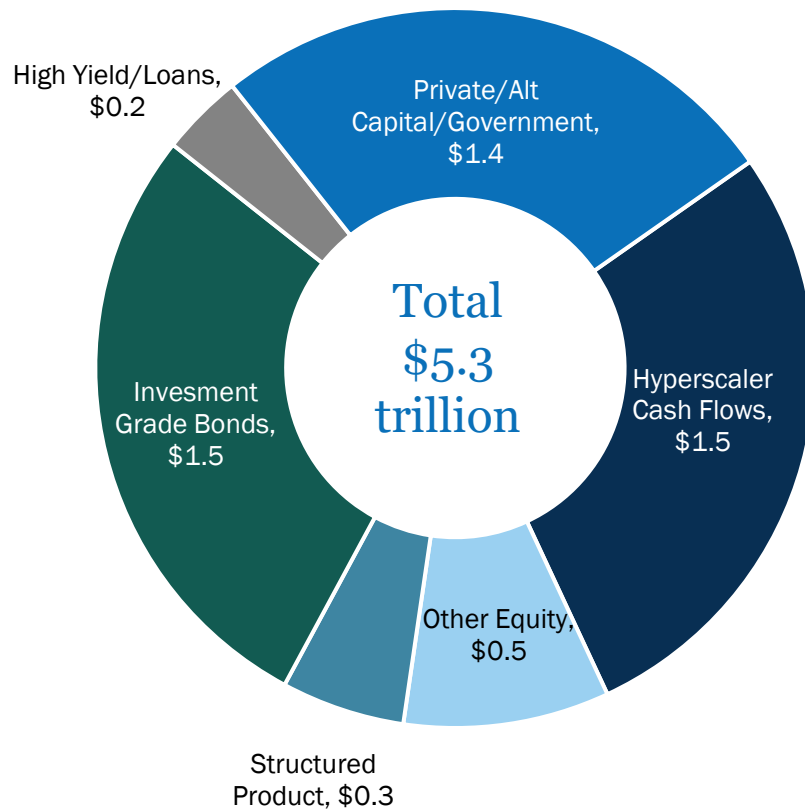


As of December 31, 2025
Source: JP Morgan, US Leveraged Loan Universe.

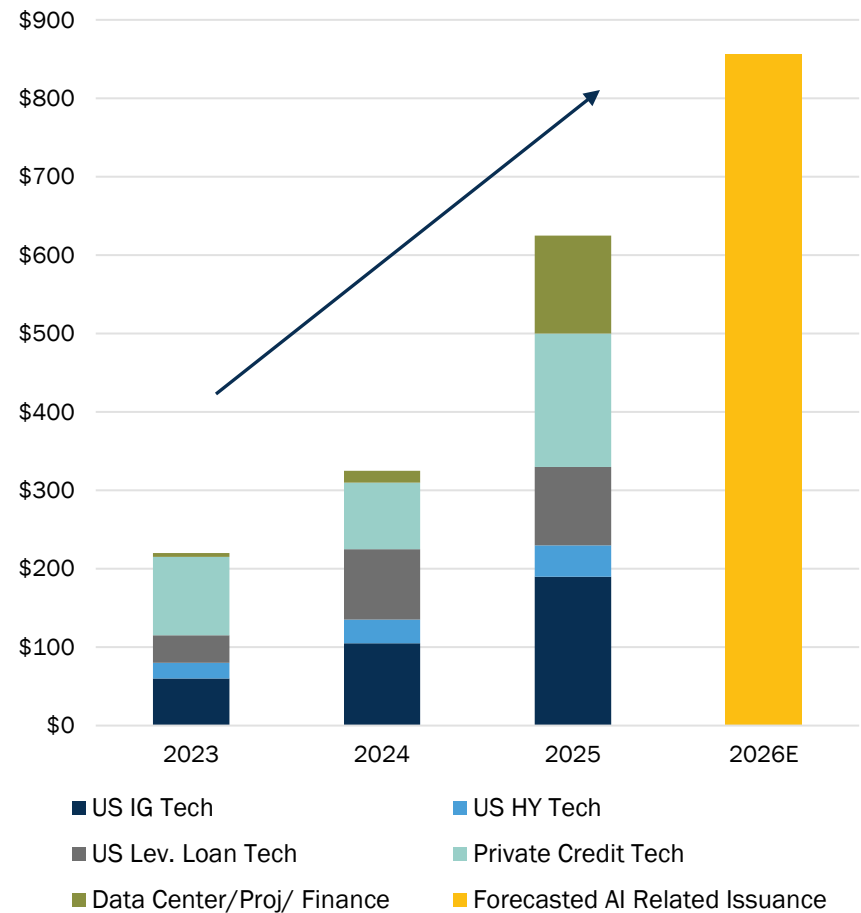
AI Capex and Issuance Forecasts are Significant

Consensus estimates from analysts/consultants put total global AI capex, including power, at roughly \$5–7 trillion by 2030

Estimated AI/Data Center Funding Sources
Cumulative to 2030 (\$trillion)



Global Tech/AI Related Sector Issuance (\$bn)

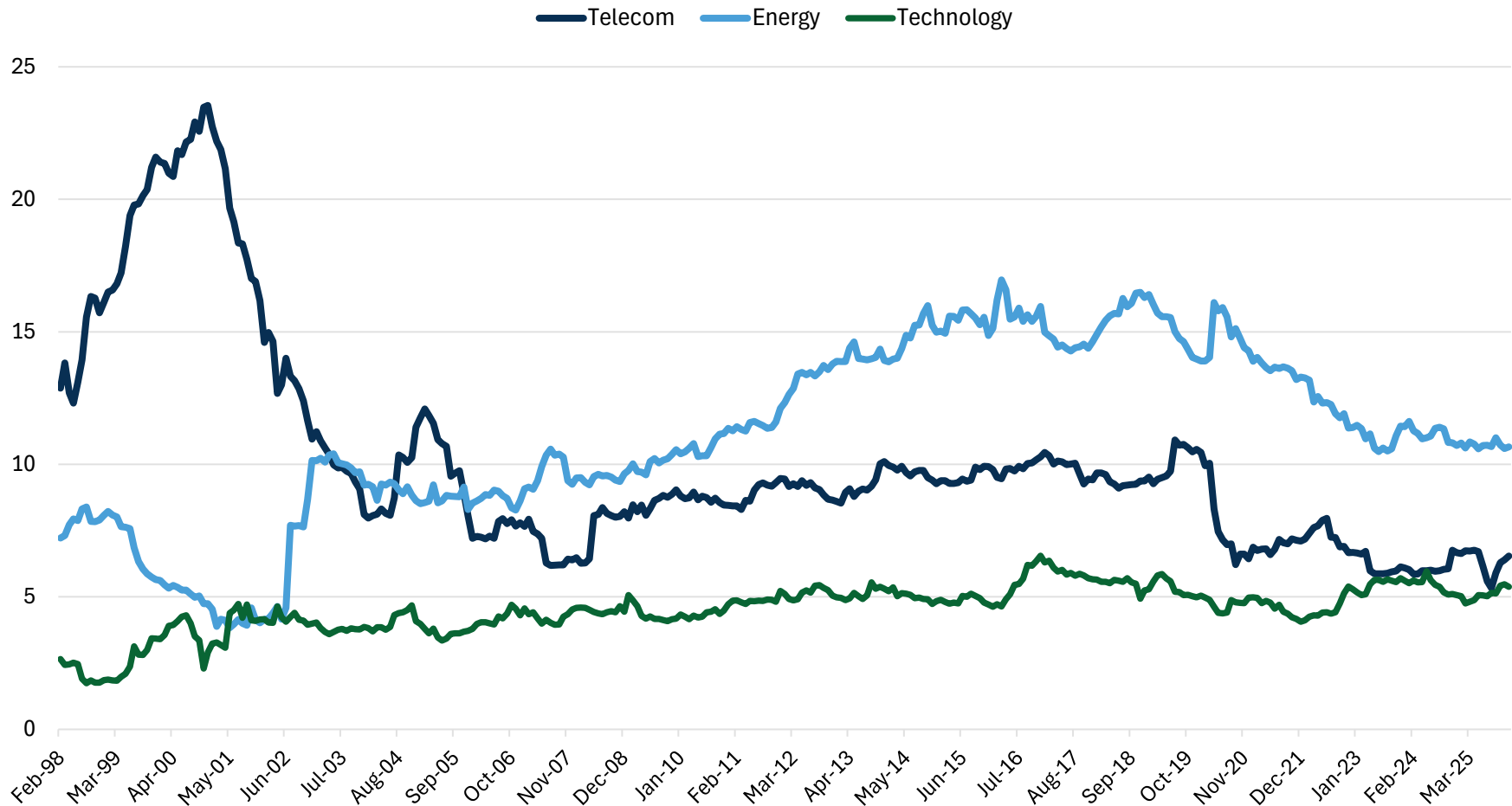


Source: JP Morgan (Left), UBS Research (Right)

AI Capex and Issuance Forecasts are Significant

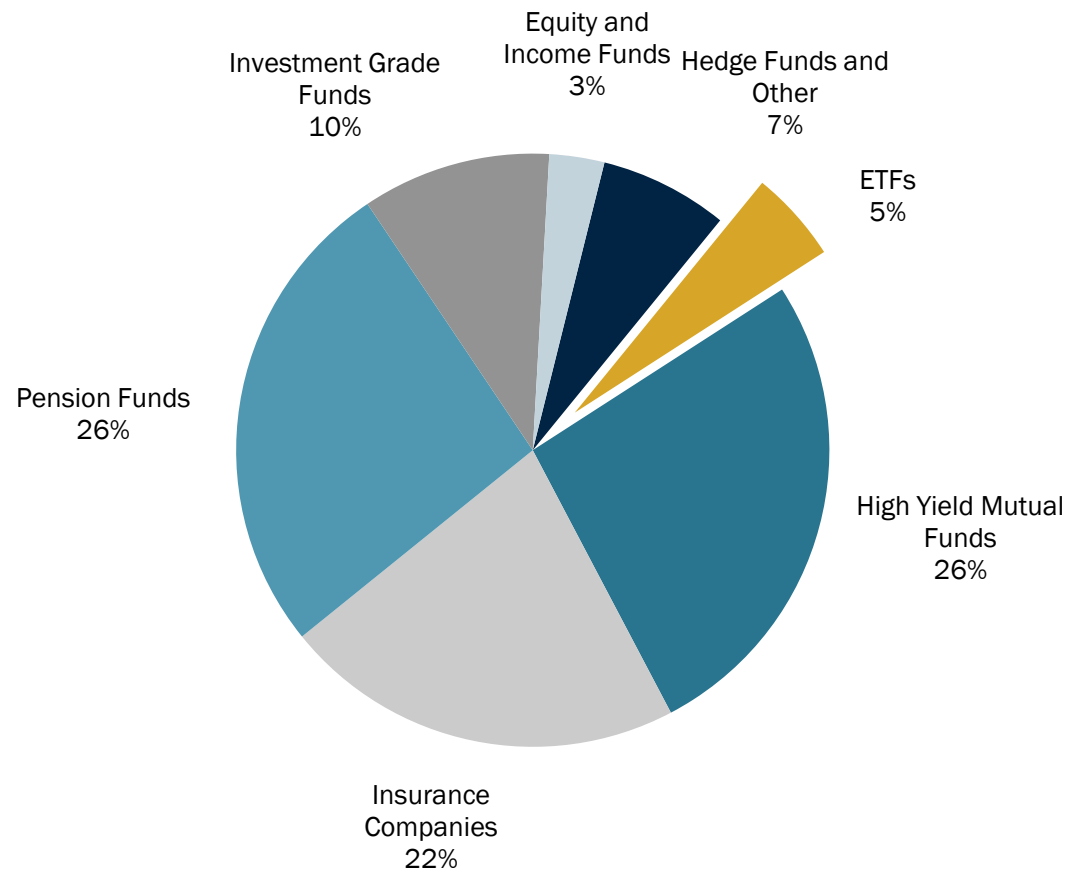
US High Yield saw rapid issuance in Telecom (1998 to 2000) and in Energy (2011 to 2015)

Sector by Par Value % of the ICE BofA US High Yield Index



High Yield Investor Base Is Diverse and Unleveraged

High Yield Investor Base 2025



Source: JP Morgan.
Due to rounding, sum of items may not equal 100% or expressed totals as applicable.

Appendix



High Yield Team

Andrew Susser

*Executive Managing Director
Head of High Yield*

Andrew Susser is an Executive Managing Director and Head of High Yield, responsible for the group's implementation of its investment process. Prior to joining MacKay Shields in 2006, he was a Portfolio Manager with GoldenTree Asset Management. Previously, he was a Managing Director and Head of High Yield Bond Research at Banc of America Securities covering the gaming, lodging and leisure sectors. From 1999 to 2004, Andrew was named to the Institutional Investor All-America Fixed Income Research Team; from 2002 to 2004, he was ranked by Institutional Investor as the No. 1 analyst in the high yield sector. Andrew also worked as a Fixed Income Analyst for Salomon Brothers, as a Senior Analyst at Moody's Investors Service and as a Market Analyst and Institutional Trading Liaison for Merrill Lynch Capital Markets. He began his career as a Corporate Finance and M&A Attorney at Shearman & Sterling in their New York office.

Andrew received a BA from Vassar College, an MBA from the Wharton Graduate School of Business and a JD from the University of Pennsylvania Law School. He has been working in the investment industry since 1986.

Ryan Bailes, CFA

Managing Director

Ryan Bailes is a Managing Director on the High Yield Team, where he follows the healthcare and home building. Prior to joining MacKay Shields in 2015, he was an Executive Director at Nomura Corporate Research and Asset Management where his research focus over time included the healthcare, forest products and home building sectors. Previously, Ryan was a Vice President at Banc of America Securities where he was ranked #3 in Institutional Investor Magazines' 2005 All American High Yield Fixed Income Research poll in the Metals and Mining sector. Ryan also worked as an analyst at Duma Capital and ING Barings Furman Selz.

Ryan received a BS from the University of Kansas and is a CFA Charterholder. He has been working in the investment industry since 1996.

Dohyun Cha, CFA

Managing Director

Dohyun Cha is a Managing Director on the High Yield Team, where he follows the energy sector. Prior to joining MacKay Shields in 2006, he was a Vice President at Credit Suisse, where he was an equity analyst covering the basic materials sector. Previously, he was a Financial Analyst in the Investment Banking Division of CIBC World Markets.

Dohyun received a BS from Boston College and is a CFA Charterholder. He has been working in the investment industry since 1997.

Institutional Investor Award Disclosures

For more than 30 years, Institutional Investor has recognized people and firms in the financial service industry for excellence. Institutional Investor Research is the premier source of survey-based rankings, identifying top analysts covering equity and fixed-income markets in the United States, Europe, Asia, Japan and Latin America. Awards are determined by Institutional Investor using a proprietary methodology which incorporates polling leading asset management firms from around the world which are listed in Institutional Investor's proprietary database. Both individual-based rankings and team rankings are determined solely by numerical score. For additional information about Institutional Investor's rankings and awards, please visit: <https://www.institutionalinvestor.com/Research-FAQs#6>. Receipt of any award is not indicative of future performance and no representation is being made by MacKay Shields LLC that receipt of any award by one of more of its employees is representative of any client's experience. No fee was paid to be considered for an award. The analysts were not employed by MacKay Shields LLC at the time the awards were received.

High Yield Team

Won Choi, CFA
Managing Director

Won Choi is a Managing Director on the High Yield Team, where he follows the financials and metals & mining sectors. He is also the Team's ESG Coordinator. Prior to joining MacKay Shields in 2002, he was an Associate at Fenway Partners, Inc, a middle market private equity firm. Previously, he was a Financial Analyst in the Investment Banking Division of Salomon Smith Barney.

Won received a BA from Yale University and is a CFA Charterholder. He has been working in the investment industry since 1997.

Nate Hudson, CFA
Managing Director

Nate Hudson is a Managing Director on the High Yield Team, where he follows the automotive and services sectors. Prior to joining MacKay Shields in 2008, he was a Senior Analyst of High Yield Credit in Strategic Capital's (White Ridge Advisors) proprietary investment group at Banc of America Securities. Previously, he was a sell-side High Yield Analyst at Banc of America Securities and a High Yield Credit Analyst at Nomura Corporate Research & Asset Management (NCRAM).

Nate received a BA from Yale University and is a CFA Charterholder. He has been working in the investment industry since 1991.

Thomas Metcalf, CFA
Managing Director

Tom Metcalf is a Managing Director on the High Yield Team, where he follows the retail, consumer/food, and leisure sectors. Prior to joining MacKay Shields in 2011, he was a Content Publisher at iO Global Ltd.

Tom received a BS and an MS from the University of Durham and is a CFA charterholder. He has been working in the investment industry since 2011.

Kevi Begolli
Director

Kevi Begolli is a Director on the High Yield Team where she follows the telecommunications and media sectors. Prior to joining MacKay Shields in 2025, Kevi was a Senior Credit Analyst at M&G Investments covering TMT. Prior to M&G she worked for Fidelity Investments International as a Credit Analyst.

Kevi received a BCom in finance and economics from the University of Toronto. She has been working in the investment industry since 2014.

John Pace, CFA
Director

John Pace is a Director on the High Yield Team, where he follows the airlines, building products, gaming, manufacturing, and paper sectors. Prior to joining MacKay Shields in 2021, John was a Partner at Stone Harbor Investment Partners and credit analyst within their Global High Yield and Leveraged Loan Team. Most recently, John served as a Director and credit analyst at Symetra Investment Management.

John earned a MBA from the University of Chicago and a BA from Kenyon College. He is a CFA Charterholder and has been in the investment management industry since 1997.

High Yield Team

Richard Lee, CFA
Director

Richard Lee is a Director on the High Yield Team where he follows the utilities sector. Prior to joining MacKay Shields in 2014, Richard was an Equity Derivatives intern at GFI Group. Richard received a BS in finance and accounting from Georgetown University's McDonough School of Business.

Parul Miglani
Director

Parul Miglani is a Director on the High Yield Team, where she follows the aerospace/defense, chemicals, and technology sectors. Prior to joining MacKay Shields in 2021, Parul was a Senior Credit Analyst at Muzinich & Co. for the firm's high yield, leveraged loans, and hedge fund strategies. Prior to Muzinich, she was a Senior Analyst at H.I.G. Bayside Capital focusing on stressed and distressed investments across the capital structure. Prior to H.I.G Bayside, she worked as an Associate in Leveraged Finance at Lehman Brothers (now Barclays Capital). Parul earned a BS from the University of Mumbai and a MBA from Columbia University. She has been working in the investment industry since 2006.

May Wong, CFA
Associate Director

May Wong is an Associate Director and generalist analyst on the High Yield Team. Prior to joining MacKay Shields, May was a Reconciliation Associate and worked on system analysis for client and product onboarding in Middle Office Solutions at BNY Mellon.

May received a BA in Economics from Columbia University. She is a CFA Charterholder and has been working in the investment industry since 2014.

Gabriela Pérez, CFA
Director

Gabriela Pérez is a generalist analyst on the High Yield Team. Gabriela joined the firm in 2015 and previously served as a member of the firm's Client Service group and Investment Operations. Prior to joining MacKay Shields, Gabriela was an accountant at Nardello & Co.

Gabriela received a BA in Classical Philology from Bard College and an MBA in Financial Management from Pace University. She is a CFA Charterholder and has been in the investment industry since 2015.

Riley Osborn
Associate Director

Riley Osborn is an Associate Director and generalist analyst on the High Yield Team. Riley received a BA in economics and minor in computer science from the University of Chicago.

High Yield Team

J. Alex Leites

Managing Director

Alex Leites is a Managing Director and trader on the High Yield Team. Prior to joining MacKay Shields in 2002, he was a Settlements Specialist at Credit Suisse First Boston. He previously worked at Kinexus, Inc., Bank of New York, Lazard Asset Management and Prudential Securities.

Alex received a BS from New York University's Stern School of Business and has been in the investment industry since 1993.

Scott D. Mallek

Managing Director

Scott Mallek is a Managing Director and trader on the High Yield Team. Prior to joining MacKay Shields in 2002, he was an Assistant Vice President involved with IFG High Yield Trading at Salomon Smith Barney.

Scott received a BA from Fairfield University and has been working in the investment industry since 1996.

Debbie Boadu

Associate

Debbie Boadu is a trading assistant on the High Yield Team. She received her Masters in Public Health Administration from Fairleigh Dickinson University and has been working in the investment industry since 2019.

Joseph A. Maietta, CFA

Managing Director

Joseph Maietta is a Managing Director and client portfolio manager on the High Yield Team. Prior to joining MacKay Shields in 2014, he was a Senior Associate in the Institutional Client Management Group at PIMCO and was previously an Associate in the Investment Analytics and Consulting area at JPMorgan Chase & Co.

He earned a B.S. in Finance from Hofstra University Honors College and holds a dual M.S. in Global Finance from New York University's Leonard N. Stern School of Business and Hong Kong University of Science and Technology. He is a CFA Charterholder and has been in the investment management industry since 2008.

Olivia Jania

Associate

Olivia Jania is an Associate and client portfolio manager on the High Yield Team. Prior to joining MacKay Shields in 2025, she was an analyst in Nomura's Risk Solutions Group, offering FX and interest rate hedging solutions.

Olivia earned a BBA in Finance from Villanova University and has been in the investment industry since 2022.

Marketing & Client Service

Therese M. Hernandez

*Managing Director
Institutional Business
Development*

Therese is Managing Director of Institutional Business Development responsible for relationship management and business development in the U.S. institutional space for the New York Life family of investment boutiques. Prior to her current and expanded role at New York Life Investments, she was with MacKay Shields where she joined as Director of Institutional Business Development in 2000 and was promoted to Managing Director in 2007. Her primary area of responsibility was marketing the firm's capabilities to the public fund community. Prior to joining MacKay Shields, Therese was Vice President of Public Fund Sales at MFS Institutional Management. She was previously with Norwest as a Vice President of Sales and New Business Development and earlier in her career was with Northern Trust Company as an Assistant Vice President providing relationship management to endowment and foundation clients. Therese began her career with the Chicago Board of Trade. She attended the University of Denver where she earned her BSBA in Finance. Therese earned an athletic scholarship during her collegiate career. She is a current member of the finance committee for the Community Memorial Foundation in Illinois. Community Memorial Foundation aims to measurably improve the health of those who live and work in the western suburbs of Chicago. She has been in the industry since 1989.

Alexandria Jonke

*Associate
Client Service*

Alexandria joined MacKay Shields in March of 2022. Prior to joining the firm, she was with Bose Corporation on their Data Enablement Team, where she helped support their data literacy and governance practices, and with Deloitte, where she worked with their technology consulting team. Alexandria received her B.S. in Management with a concentration in Supply Chain and Operations, and a double minor in Information and Process Management, and Psychology from Bentley University and has been in the investment industry since 2022.

Alpha

Alpha represents the historical return from an asset, based on factors unrelated to the underlying factors affecting the market. As such, Alpha is a measure of the return for asset specific (or residual) risk. Alpha is used as a measure of a manager's contribution to performance due to security or sector selection. A positive (negative) Alpha indicates that a portfolio was positively (negatively) rewarded for the residual risk taken for a given level of market exposure. If the market excess return is 2% and the portfolio Beta is 1.1, then the manager would have to have an excess return greater than 2.2% for the manager to have contributed to performance above and beyond the performance of the market.

Beta

The measure of an asset's risk in relation to the market (for example, the S&P500) or to an alternative benchmark or factors. Roughly speaking, a security with a beta of 1.5, will have move, on average, 1.5 times the market return. [More precisely, that stock's excess return (over and above a short-term money market rate) is expected to move 1.5 times the market excess return.] According to asset pricing theory, beta represents the type of risk, systematic risk, that cannot be diversified away. When using beta, there are a number of issues that you need to be aware of: (1) betas may change through time; (2) betas may be different depending on the direction of the market (i.e. betas may be greater for down moves in the market rather than up moves); (3) the estimated beta will be biased if the security does not frequently trade; (4) the beta is not necessarily a complete measure of risk (you may need multiple betas). Also, note that the beta is a measure of co-movement, not volatility. It is possible for a security to have a zero beta and higher volatility than the market

Information Ratio

The Information Ratio is a risk statistic that measures the excess return per unit of residual "non-market" risk in a portfolio. The ratio is equal to the Alpha divided by the Residual Risk. Because the Information Ratio represents a residual-risk adjusted measure of the excess returns of a portfolio, the resulting value can be looked at as the excess return per unit of risk that is due solely to the specific risks associated with the securities in the portfolio and by definition could be diversified away.

Sharpe Ratio

Sharpe Ratio is a measure of the risk-adjusted return of a portfolio. The ratio represents the return gained per unit of risk taken. The risk of the portfolio is the Standard Deviation of the portfolio returns. The Sharpe ratio can be used to compare the performance of managers. Two managers with the same excess return for a period but different levels of risk will have Sharpe ratios that reflect the difference in the level of risk. The performance of the manager with the lower Sharpe ratio would be interpreted as exhibiting comparatively more risk for the desired return compared to the other manager. If the two managers had the same level of risk but different levels of excess return, the manager with the higher Sharpe ratio would be preferable because the manager achieved higher return with the same level of risk as the other manager. The Sharpe ratio is most helpful when comparing managers with both different returns and different levels of risk. In this case, the Sharpe ratio provides a per-unit measure of the two managers that enables a comparison. The Sharpe Ratio is a risk statistic that measures the excess return per unit of Total Risk taken in a portfolio. The excess return is the total excess return without adjustment for risk. The ratio is equal to the excess return divided by the Standard Deviation of the portfolio.

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Top US High Yield Peers Exclusion Disclosures

Short Duration High Yield – Strategies managed to a preferred benchmark that is a shorter duration high yield index or has an effective duration of less than 2 years

Higher Quality High Yield – Strategies managed to a preferred benchmark that is a higher quality or BB-B high yield index

Multi-Asset Strategies – Strategies where the Style Emphasis is “Opportunistic Credit” or where the Strategy allocates more than 15% to bank loans

Risk Group Definitions

- Risk Group 1 – Highest Quality – Strongest Credit Profile and Lowest Volatility – (Initial Spread: 100 bps) + (Default Adjustment: 100 bps) = (Required Minimum Spread: 200 bps)
- Risk Group 2 – Seasoned Issuers – Significant Equity Value and Strong Credit Statistics – (Initial Spread: 100 bps) + (Default Adjustment: 200 bps) = (Required Minimum Spread: 300 bps)
- Risk Group 3 – Risk Credits – Trading At Discount and More Research Intensive – (Initial Spread: 100 bps) + (Default Adjustment: 400 bps) = (Required Minimum Spread: 500 bps)
- Risk Group 4 – Special Situations – Significant discount to asset value

Average Credit Quality Disclosure

Average credit quality figures provided for information purposes only and are based on internal calculations by MacKay Shields using data obtained from independent third party rating agencies and internal ratings assigned to securities that are unrated by third party rating agencies. The average credit quality of a portfolio or fund is not obtained from, nor calculated by, third party rating agencies. No representation or warranty is made as to the accuracy of such calculations, or the accuracy of information provided by third parties.

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Comparisons to a financial index are provided for illustrative purposes only. Comparisons to an index are subject to limitations because portfolio holdings, volatility and other portfolio characteristics may differ materially from the index. Unlike an index, portfolios within the composite are actively managed and may also include derivatives. There is no guarantee that any of the securities in an index are contained in any managed portfolio. The performance of an index may assume reinvestment of dividends and income, or follow other index-specific methodologies and criteria, but does not reflect the impact of fees, applicable taxes or trading costs which, unlike an index, may reduce the returns of a managed portfolio. Investors cannot invest in an index. Because of these differences, the performance of an index should not be relied upon as an accurate measure of comparison.

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The following indices may be referred to in this presentation:

ICE BofA Corporates Cash Pay BB-B 1-5 Year Index

A subset of the ICE BofA U.S. Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 5 years and rated BB1 through B3 inclusive. Index results assume the reinvestment of all capital gain and dividend distributions. An investment cannot be made directly into an index.

ICE BofA US High Yield Index

The ICE BofA US High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The ICE BofA US High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Original issue zero coupon bonds, "global" securities (debt issued simultaneously in the eurobond and U. S. domestic bond markets), 144a securities and pay-in-kind securities, including toggle notes, qualify for inclusion in the Index. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to-floating rate securities also qualify provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security. DRD-eligible and defaulted securities are excluded from the Index.

ICE BofA High Yield CCC & Lower Index

The ICE BofA High Yield CCC & Lower Index is a subset of the ICE BofA US High Yield Index including all securities rated CCC1 or lower.

ICE BofA US Fallen Angel High Yield Index

The ICE BofA US Fallen Angel High Yield Index is comprised of below investment grade corporate debt instruments denominated in U.S. dollars that were rated investment grade at the time of issuance. Qualifying securities must be issued in the U.S. domestic market and have a below investment grade rating (based on an average of Moody's, Standard & Poor's Rating Services, or Fitch International Rating Agency).

ICE BofA US High Yield BB Index

The ICE BofA High Yield BB Index is a subset of the ICE BofA US High Yield Index including all securities rated between BB1 and BB3.

JP Morgan Leveraged Loan Index

The JP Morgan Leveraged Loan Index is designed to mirror the investable universe of U.S. dollar institutional leveraged loans, including U.S. and international borrowers.

Credit Suisse Leveraged Loan Index

The Credit Suisse Leveraged Loan Index tracks the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated "5B" or lower, meaning that the highest rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+.

Bloomberg US Aggregate Index

US Aggregate Bond Index Represents securities that are taxable, registered with the Securities and Exchange Commission, and US dollar-denominated. The index covers the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Global Aggregate Index

The Bloomberg Global Aggregate Index measures the performance of the global investment grade, fixed-rate bond markets. The benchmark includes government, government-related and corporate bonds, as well as asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

ICE BofA US High Yield Constrained Index

The ICE BofA US High Yield Constrained Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market and caps issuer exposure at 2%. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Original issue zero coupon bonds, "global" securities (debt issued simultaneously in the eurobond and U. S. domestic bond markets), 144a securities and pay-in-kind securities, including toggle notes, qualify for inclusion in the Index. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to-floating rate securities also qualify provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security. DRD-eligible and defaulted securities are excluded from the Index.

Morningstar LSTA Leveraged Loan Index

The Morningstar LSTA Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments.

The ICE BofA BB-B US Non-Financial High Yield Constrained Index

The ICE BofA BB-B US Non-Financial High Yield Constrained Index contains all securities in The ICE BofA US High Yield Index that are rated BB1 through B3, inclusive, except those of financial issuers, but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issuers in the Index, each is equally weighted and the face values of their respective bonds are increased or decreased on a pro-rata basis.

ICE BofA US Emerging Markets External Debt Sovereign & Corporate Plus Index

The ICE BofA US Emerging Markets External Debt Sovereign & Corporate Plus Index tracks the performance of US dollar (USD) and Euro denominated emerging markets non-sovereign debt publicly issued within the major domestic and Eurobond markets.

ICE BofA US Corporate Index

The ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade rated corporate debt publicly issued in the US domestic market.

S&P 500

The Standard and Poor's 500, or simply the S&P 500, is a stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States.

CREDIT RATING DISCLOSURES (FOR INDEX)

ICE BofA Credit Ratings

ICE BA utilizes its own composite scale, similar to those of Moody's, S&P and Fitch, when publishing a composite rating on an index constituent (eg. BBB3, BBB2, BBB1). Index constituent composite ratings are the simple averages of numerical equivalent values of the ratings from Moody's, S&P and Fitch. If only two of the designated agencies rate a bond, the composite rating is based on an average of the two. Likewise, if only one of the designated agencies rates a bond, the composite rating is based on that one rating.

Bloomberg Credit Ratings

For rated securities, credit quality for index classification purposes is assigned as the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used.

Credit Suisse Leveraged Loan Credit Ratings

The Credit Suisse Leveraged Loan Index uses a single "blended" Moody/S&P rating to compute averages sorted by rating. There are nine blended ratings: Investment Grade (which, of course, is excluded from the index), Split BBB, BB, Split BB, B, Split B, CCC/Split CCC, Distressed/Default and Not Rated. Credit Suisse developed the blended ratings because Moody's and S&P do not always agree on equivalent ratings for a loan facility.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

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

SUBJECT: Annual Report on Proxy Voting

SUMMARY

Proxy voting on behalf of the Retirement System's assets is done by two parties. Voting on behalf of equity shares held in actively managed accounts is conducted by Glass, Lewis & Co (Glass Lewis), and voting for shares held within passively managed commingled funds is conducted by Northern Trust Asset Management (NTAM). The Retirement System has additional assets, such as bonds and bank loans, which are not subject to proxy voting.

The following three attachments related to proxy voting will be presented at the January 29, 2026 Retirement Board Meeting:

- The Retirement System's General Investment Consultant, Meketa Investment Group, Inc., will present an overview of proxy voting results for the 2025 proxy voting season.
- Glass Lewis will present an overview of their proxy voting activity for the Retirement System's actively managed funds.
- NTAM will present an overview of their proxy voting for the Retirement System's domestic and international passive index strategies.

SDS:SGL

Attachments: 1. EBMUDERS Proxy Voting Results Highlights Memorandum
2. Glass Lewis Presentation
3. Northern Trust Asset Management Presentation

MEMORANDUM

TO: East Bay Municipal Utility District Employees' Retirement System ("EBMUDERS")
FROM: Meketa Investment Group ("Meketa")
DATE: January 29, 2026
RE: EBMUDERS Proxy Voting Results Highlights: July 1, 2024 – June 30, 2025

This report is the seventh annual overview of EBMUDERS' proxy voting results. In 2017, EBMUDERS revised its approach to proxy voting to have Glass Lewis vote proxies according to the Glass Lewis Public Plan Policy for its securities held in EBMUDERS' separately managed accounts, which represent actively managed equities (including Covered Calls). Northern Trust Asset Management (NTAM) votes EBMUDERS' proxies in accordance with the NTAM proxy voting policy for commingled funds, which hold EBMUDERS passively managed securities. As EBMUDERS has continued to shift assets from active equity to passive equity, the number of EBMUDERS actively managed accounts has dropped significantly. With the recent asset allocation decisions, it is anticipated that EBMUDERS equities will all be passively managed by mid-to-late of 2026, leaving no actively managed equities for Glass Lewis proxy voting services after this point. As Meketa and Staff look at opportunities for EBMUDERS, we will be reviewing other services offered by Glass Lewis.

Please find below Meketa's highlights from the 2024-2025 proxy voting season. For the seventh year in a row, Glass Lewis conducted additional analysis to provide EBMUDERS with a coherent summary of all votes. The analysis includes a comparison of how Glass Lewis and Northern Trust voted on proposals where Glass Lewis voted on behalf of an active EBMUDERS equity manager via a position that was also held in EBMUDERS' passive equity accounts and voted on by NTAM.

EBMUDERS 2024-25 Proxy Season Highlights

- EBMUDERS' 63,846 proxies were voted during the July 1, 2024 – June 30, 2025 year. Overall NTAM voted 57,112 proxies, and Glass Lewis voted 6,734 proxies for EBMUDERS, of which 6,346 were the same proxies as those voted on by NTAM (94% overlap).
- Glass Lewis and NTAM both voted for EBMUDERS on 6,346 proposals that were the same proposals, where EBMUDERS active managers held securities that were also held in EBMUDERS passive equity accounts voted by NTAM. This overlap accounted for 94% of the proposals voted by Glass Lewis, nearly the same percentage as last year.
- Glass Lewis and NTAM voted differently on 1,063 proposals, or 16% of the 6,734 proposals that they both voted on behalf of EBMUDERS, compared to 25% last year (and 25% in the year prior). This was a small share (~2%) of the total 63,846 proposals voted this proxy season on behalf of EBMUDERS.
- Glass Lewis and NTAM voted differently on 15% (894 of 5,954) of the management proposals that they both voted on behalf of EBMUDERS – down from 23% in the prior year (and 24% in the year

prior). **For management proposals, 97% of the differences were a result of higher levels of *Against* votes under the Glass Lewis Public Pension Policy compared to NTAM.**

- Primary rationales on issues: excessive auditor tenure; the company is not a UNGC participant or signatory or the Human Rights Policy does not align with UDHR; the nominee is a male member of the nominating and/or governance committee and there is insufficient female representation on the board of directors; the nominee is the CEO of a for-profit company and serves on more than two public company board.

→ The difference between Glass Lewis and NTAM in voting on EBMUDERS shareholder proposals of 43% (169 out of 392) was down from 48% in 2023-2024. **For shareholder proposals, 82% of the differences were from higher *For* votes under the Glass Lewis Public Pension Policy compared to NTAM.**

- Primary rationales on issues: a 10% threshold for calling a special meeting is appropriate; existing special meeting right is overly onerous; allowing one vote per share generally operates as a safeguard for common shareholders.

NTAM Voting Results Compared to Largest Asset Managers

In the report "Voting 2024" ShareAction compared the voting results of 70 of the largest global asset managers for the previous proxy season. NTAM ranked 57th out of 70, outranking the three largest passive managers globally, all US based: BlackRock ranked 67th, SSGA ranked 63rd and Vanguard ranked 70th. For 2024, 2023, 2022, 2021 and 2020, NTAM's rank stayed out of the bottom 10 worst performers, where they ranked in 2019.



GLASS LEWIS

EBMUD – Employees' Retirement System

Presenter:


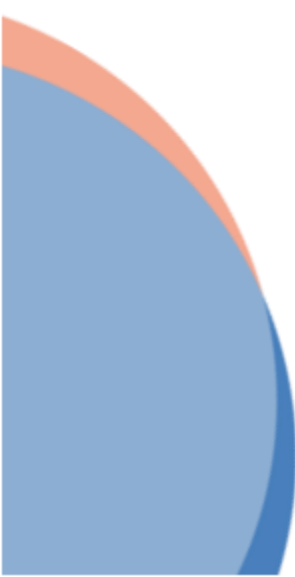
Matt Seufert – Senior Director, Client Services

November 2025

Agenda

- EBMUDERS 2024-2025 Voting Summary
 - Voting Summary
 - Public Pension vs NTAM Policy
 - Policy Comparisons
- Appendix
 - 2025 U.S. Proxy Season Trends
 - 2024-2025 Voting Activity Reports

Our Mission: To partner with our customers in driving value creation through solutions that promote good governance and stewardship.



EBMUDERS 2024-2025 Voting Summary

2024-2025 Voting Summary

2024-2025 Volumes

- 510 Meetings across 11 Countries, 1,022 Ballots, 6,734 Proposals

Management Proposals

- Slight increase in support in current versus prior period (77% vs 73%). The main driver was an increase of supported Changes to Company Statute proposals
- **Main rationales driving AGAINST votes:** Excessive auditor tenure; Insufficient gender diversity and/or disclosure; Insufficient sustainability/human rights policies; Insufficient climate targets and/or disclosure; Overboarding

Shareholder Proposals

- Lower overall support levels in current versus prior period (52% vs 64%) due to more prescriptive requests, lack of materiality and rise in anti-ESG proposals
- Support by Proposal Category
 - **Environmental (12%):** Environmental Report; Reporting/Reducing GHG Emissions
 - **Social (38%):** Political Spending and Lobbying; Compliance with International Human Rights Standards; Racial Equity Audit
 - **Governance (83%):** Right to Call a Special Meeting; Board Independence / Separation of Chair & CEO; Elimination of Supermajority Provisions

GL Public Pension* vs NTAM Policy

2024-2025 Volumes

- 94% of proposals (6,346 out of 6,734) voted by Glass Lewis were also vote by NTAM

Management Proposals

- Differences on 15% of proposals (894 out of 5,954) versus 23% in the prior period
- 97% of the differences (867 of 894) were a result of higher Against votes under the GL Public Pension Policy
- **Main rationales driving difference in AGAINST votes:** The auditor's tenure is excessive; The company is not a UNGC participant or signatory or the Human Rights Policy does not align with UDHR; The nominee is a male member of the nominating and/or governance committee and there is insufficient female representation on the board of directors; The nominee is the CEO of a for-profit company and serves on more than two public company boards

Shareholder Proposals

- Differences on 43% of proposals (169 out of 392) versus 48% in the prior period
- 82% of the differences (138 of 169) were a result of higher For votes under the GL Public Pension Policy
- **Main rationales driving difference in FOR votes:** A 10% threshold for calling a special meeting is appropriate; Existing special meeting right is overly onerous; Allowing one vote per share generally operates as a safeguard for common shareholders

Comparison of Support Levels by Policy

Proposal Type	Glass Lewis Public Pension*	Glass Lewis Benchmark	NTAM
Audit/Financials	30%	99%	99%
Board Related	80%	94%	97%
Capital Management	96%	96%	100%
Company Statutes	89%	89%	98%
Compensation	85%	90%	93%
M&A	100%	100%	100%
Meeting Administration	88%	88%	75%
SHP: Compensation	85%	33%	44%
SHP: Environment	12%	9%	22%
SHP: Social	38%	30%	23%
SHP: Governance	76%	71%	33%

*GL Public Pension Policy is currently used by EBMUDERS

Orange indicates areas with material differences between Public Pension and NTAM policies

Appendix: 2025 U.S. Proxy Season Trends; 2024-2025 Voting Activity Reports

2025 U.S. Proxy Season Trends

Governance & Oversight

- In the Russell 3000 index, the number of failed directors dropped slightly from 39 directors in 2024 to 33 directors in 2025
 - The decrease in majority-opposed directors at Russell 3000 companies may indicate that more of these companies are taking steps to improve their governance practices and lessen shareholder dissent
- Board racial/ethnic diversity continued to slightly increase year over year. Russell 1000 companies rose to 24.8% where disclosed
 - However, there was an approximate 24% decrease in the number of companies within the Russell 1000 that disclosed the racial/ethnic diversity of directors on either the aggregate board or individual director level. Many U.S. companies revised their disclosures of board diversity in light of the landmark June 2023 Supreme Court decision, the current U.S. Administration's pronounced shift in its approach to diversity, equity and inclusion ("DEI") programs, and changing investor expectations

2025 U.S. Proxy Season Trends

Governance & Oversight – Cont'd

- Reincorporation proposals marked a three-year high this season as 28 U.S. companies sought to reincorporate (up from 17 in 2024, and 20 in 2023). Most of these companies have significant/controlling shareholders
 - Notably, 12 of these companies proposed reincorporating to Nevada, which has recently made changes to its corporate law regime that are widely seen as business-friendly
- Proposals to eliminate supermajority requirements jumped by nearly 71% from last year, following a high number of majority-supported shareholder proposals requesting such action in 2024.
 - Other increases in positive governance proposals included:
 - Repeal of classified boards
 - Right to call special meeting
 - Allowing shareholder action by written consent

2025 U.S. Proxy Season Trends

Compensation

- Compensations shareholder support remained stable in 2025, continuing the quiet trend from 2024
 - Say-on-pay vote failures increased slightly; 39 failures in 2025 vs 37 in 2024.
 - In terms of low support, figures also stayed consistent year-over-year, with 225 companies getting support between 50% and 75% in 2025 compared to 227 in 2024.
- Disclosure on sign-on awards saw a substantial increase in the citation of “make-whole” considerations, or referencing the structure and value of forfeited awards from a prior employer in determining such awards
- Equity proposals appear to have received increased shareholder scrutiny in 2025, with 20 receiving less than 50% support and 173 receiving significant opposition
 - Most failed equity proposals included evergreen provisions and repricing provisions, indicating general shareholder dissatisfaction with these terms

2025 U.S. Proxy Season Trends

Shareholder Proposals

- Despite a significant decline in number of shareholder proposals that went to a vote in 2025, average shareholder support remained consistent with 2024, largely as a result of strong support for governance-related
- The decrease was largely as a result of a smaller number of environmental and social proposals; the number of governance and compensation-related proposals remained relatively consistent with 2024
- In 2024, there were 46 majority-supported proposals, representing 7% of all proposals. However, in 2025, this number rose to 49, which represented 11% of all proposals that went to a vote

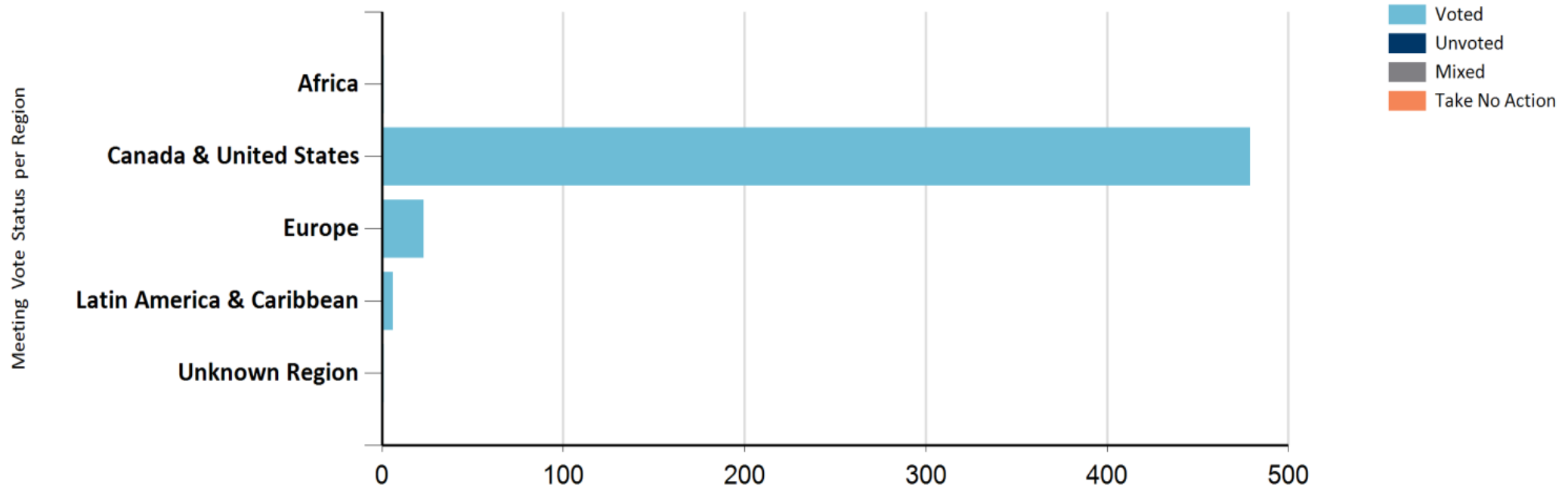
Voting Statistics - Meetings

Meeting Statistics Report

East Bay Municipal Utility District Employees Retirement System

From 7/1/2024 to 6/30/2025

Meetings by Region & Vote Status



Region	Country Of Origin	Voted	Unvoted	Mixed	Take No Action	Total
Total for all Regions		510	0	0	0	510

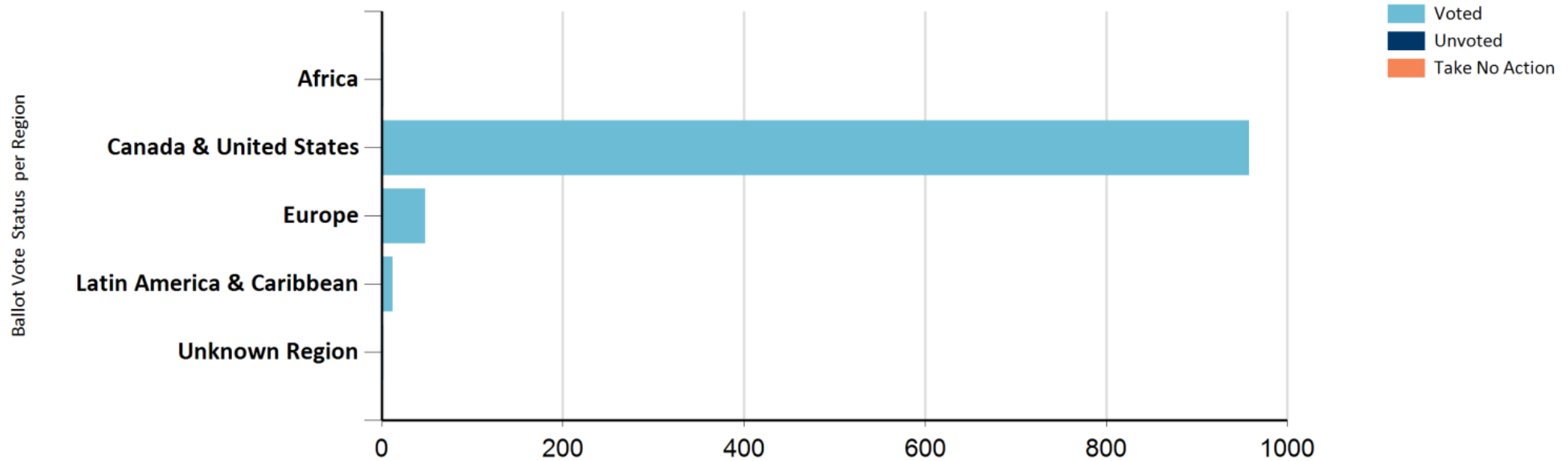
Voting Statistics - Ballots

Ballot Statistics Report

East Bay Municipal Utility District Employees Retirement System

From 7/1/2024 to 6/30/2025

Ballots by Region & Vote Status



Region	Country Of Origin	Voted	Unvoted	Take No Action	Total
Total for all Regions		1022	0	0	1022

Voting Statistics - Proposals

Proposal Statistics Report

East Bay Municipal Utility District Employees Retirement System

From 7/1/2024 to 6/30/2025

	Mgmt Proposals	SHP Proposals	Total Proposals
For	4847	227	5074
Against	1430	200	1630
Abstain	18	3	21
1 Year	9	0	9
2 Years	0	0	0
3 Years	0	0	0
Mixed	0	0	0
Take No Action	0	0	0
Unvoted	0	0	0
Totals	6304	430	6734

	Mgmt Proposals	SHP Proposals	Total Proposals
With Management	4847	200	5047
Against Management	1448	227	1675
N/A	4	8	12
Mixed	0	0	0
Take No Action	0	0	0
Unvoted	0	0	0
Totals	6299	435	6734

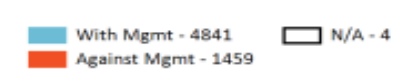
Management Proposals – Votes Cast



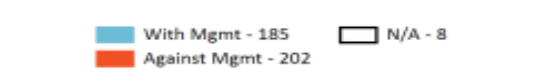
Shareholder Proposals – Votes Cast



Management Proposals – Votes versus Management



Shareholder Proposals – Votes versus Management



Voting Statistics - Proposal Categories

Proposal Category Report

East Bay Municipal Utility District Employees Retirement System

From 7/1/2024 to 6/30/2025

Proposal Categories - All Votes

Proposal Category Type	For	Against	Abstain	Take No Action	Unvoted	Mixed	1 Year	2 Years	3 Years	Total
Totals	5074	1630	21	0	0	0	9	0	0	6734
Audit/Financials	157	364	0	0	0	0	0	0	0	521
Board Related	3992	988	11	0	0	0	0	0	0	4991
Capital Management	51	2	0	0	0	0	0	0	0	53
Changes to Company Statutes	87	3	7	0	0	0	0	0	0	97
Compensation	531	91	0	0	0	0	9	0	0	631
M&A	15	0	0	0	0	0	0	0	0	15
Meeting Administration	14	2	0	0	0	0	0	0	0	16
SHP: Compensation	39	7	0	0	0	0	0	0	0	46
SHP: Environment	8	61	0	0	0	0	0	0	0	69
SHP: Governance	119	22	0	0	0	0	0	0	0	141
SHP: Misc	2	11	0	0	0	0	0	0	0	13
SHP: Social	54	84	3	0	0	0	0	0	0	141



GLASS LEWIS

Institutional Investors | GROW@glasslewis.com

Corporate Website | Glasslewis.com

Email | Info@glasslewis.com

Social | [@glasslewis](https://twitter.com/glasslewis)

[in](https://www.linkedin.com/company/glass-lewis-co) [Glass, Lewis & Co.](https://www.linkedin.com/company/glass-lewis-co)

ASSET MANAGEMENT

East Bay Municipal Utility District



Prepared by: **Northern Trust Asset Management**

January 29, 2026

IMPORTANT INFORMATION: For One-on-One Use with Institutional Investors Only. Not For Retail Use. This information is intended for one-on-one use with current or prospective clients. This information is confidential and may not be duplicated in any form or disseminated without prior consent.



NORTHERN TRUST

TABLE OF CONTENTS

- NTAM Stewardship Overview
- NTAM Proxy Voting Summary
- East Bay MUD Voting Summary
- Appendix
 - *Proxy Voting Choice Platform*

PRESENTER(S) BIOGRAPHIES



Chermaine Fullinck | Director, Public Funds

Chermaine Fullinck is a Director of Public Funds & Taft-Hartley Plans for the Institutional Group at Northern Trust Asset Management. In his role, Chermaine delivers investment solutions - including equity, fixed income, and alternative asset classes - for institutional segments in the West region.

He has over 20 years of financial industry experience, developing business and managing client relationships, with institutional investment programs across the United States.

Previously, Chermaine spent 10 years as a Regional Director and Vice President for Dimensional Fund Advisors (DFA), where he was responsible for developing and strengthening relationships with institutional investors. Prior to joining Dimensional, Chermaine served as an associate relationship manager with Fischer, Francis, Trees & Watts, assisting with client coverage for all US-based clients. Before that, he was part of an investment team at Libra Group charged with launching an alternative asset management business for Libra's family office. In addition, he spent time at CRT Capital Group LLC as a senior analyst and Investment Committee member for CRT's fund of hedge funds business.

Chermaine earned his bachelor's degree in economics from the University of Alaska-Fairbanks and currently holds FINRA Series 7 and 63 licenses.



Catherine Moyer | Head of North American Stewardship

Prior to joining Northern Trust, Catherine's work experience includes Institutional Shareholder Services, the Consumer Financial Protection Bureau, the Millennium Challenge Corporation, CT Corporation (a segment of Wolters Kluwer's legal services), and the World Bank. Over a decade+ of experience in governance, proxy voting, stewardship and international development, and 5+ years of experience in ethics management.

She holds an M.P.P. from the University of Maryland College Park, an M.S. from George Mason University, and an M.A. from the University of Malta.

PRESENTER(S) BIOGRAPHIES



Eric Geber | Investment Stewardship Analyst

Eric Geber is an Investment Stewardship Analyst within the Asset Management group at Northern Trust. He joined the Americas Stewardship team in July 2025.

Prior to Northern Trust Asset Management, Eric spent 2 years with the Illinois State Treasurer's Office (ISTO) as Deputy Director of Corporate Governance and Sustainable Investment. In that role he oversaw the Office's proxy voting activity, external fund manager due diligence, and corporate engagements. Prior to ISTO, Eric spent over 8 years in the United States Army, first as a Field Artillery officer and then as a Civil Affairs officer.

Eric received a Masters in Public Policy (MPP) degree from the University of Chicago's Harris School of Public Policy, and a Bachelor's in Psychology from the University of Illinois at Urbana-Champaign.

EAST BAY MUNICIPAL UTILITY DISTRICT

COLLECTIVE INVESTMENTS

Northern Trust Collective Russell 3000 Index Fund – Lending

Inception: July 1, 2018

Market Value: \$1,146,501,192.14

Northern Trust Collective All Country World Index (ACWI) ex-US Fund – Lending

Inception: July 1, 2018

Market Value: \$770,369,533.48

Market values as of 09/30/2025.

NTAM STEWARDSHIP OVERVIEW

October 2025



NORTHERN TRUST

ASSET MANAGEMENT

STEWARDSHIP OVERVIEW



WHO WE ARE

Global investment manager and corporate citizen

- **Long-term significant shareholder in more than 10,000 companies globally.**
- **250 companies directly engaged in 2024.**
- **Proud Signatory of UK Stewardship Code.**

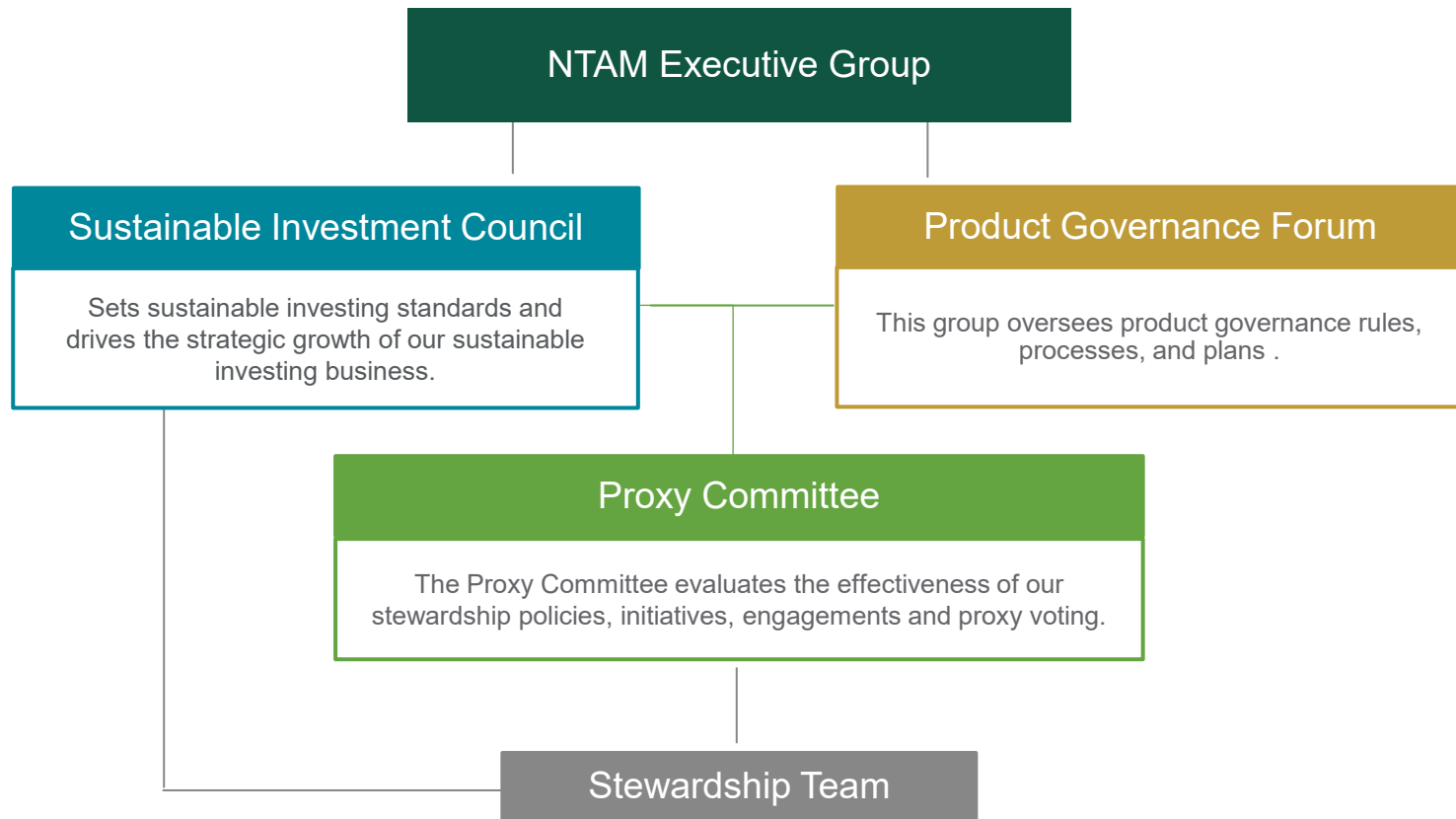


WHAT WE DO

Driving positive change through voting and engagement

- **Identify long-term material sustainability and corporate governance risks** that have the potential to pose challenges to shareholder value.
- **Encourage sustainable business practices** by regularly engaging with companies in our portfolio.
- **Promote higher industry standards** by promoting transparency and improvements in sustainability and corporate governance reporting.

STEWARDSHIP INTERNAL GOVERNANCE STRUCTURE



GLOBAL STEWARDSHIP TEAM

Sheri B. Hawkins, CFA
Head of Investment Platform Services

Paul Clark
Global Head of Stewardship

Patrick Hurless
Director, Business Enablement
for Sustainable Investing &
Stewardship

AMERICAS STEWARDSHIP

EMEA STEWARDSHIP

APAC & EMERGING MARKETS STEWARDSHIP

Chicago

Catherine Moyer
Head, Americas Stewardship

Nicole Sarby
Senior Stewardship Analyst

Chirag Acharya
Senior Stewardship Analyst

Eric Geber
Stewardship Analyst

Armin Ghafouri
Stewardship Support Specialist

Neha Kalwala
Graduate Program Trainee

London

Philip Vernardis
Head, EMEA Stewardship

Paul Britton
Senior Stewardship Analyst

Elizabeth Stuart
Stewardship Analyst

Richard Adeniyi-Jones
Senior Stewardship Analyst

Kazuki Shaw
Stewardship Analyst

Bangalore

Amandeep Singh
Stewardship Lead, APAC & EM

Harsh Rakesh Bassi
Stewardship Analyst

Open role
Stewardship Analyst

Open role
Stewardship Support Specialist

Melbourne

Wataru Terada
Stewardship Analyst

David Humphreys**
Stewardship Analyst

** Effective January 5, 2026

PROXY COMMITTEE – CHAIR, GLOBAL HEAD OF STEWARDSHIP

Jake Weaver, CFA, CPA
Head of Index Equity

John Ferguson
FIA CIO

Michael J. Towle
Manager, Investment Research

Sally Nolan Giegerich
WM Portfolio Advisor

Valeria Dinershteyn
Director of International
Client Engagement

Guido Baltussen
Head of Quant Equity

Milan Vidojevic
Head of Factor Research

Peter Zymali, CFP
Senior Portfolio Manager

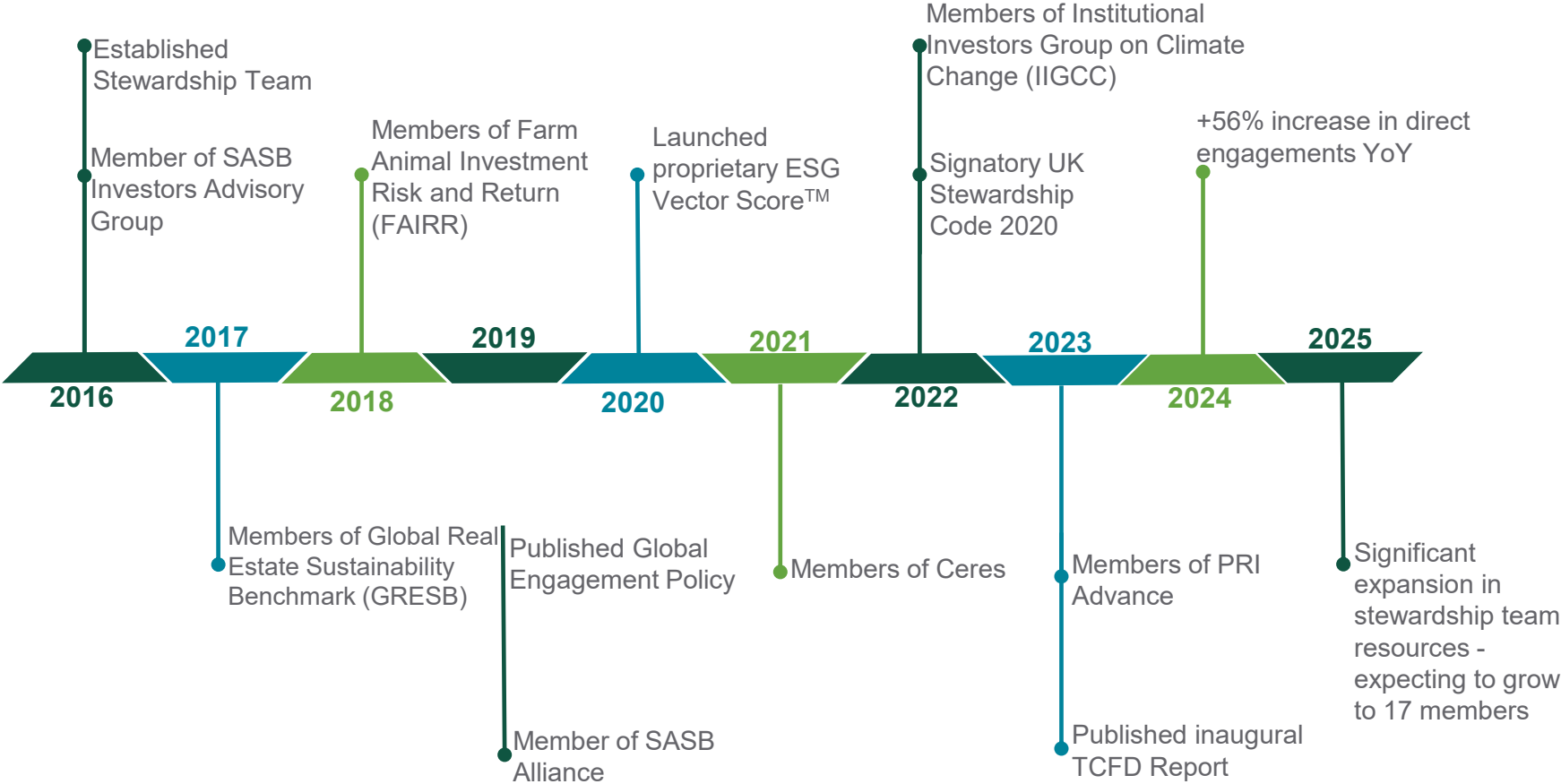
Paula McManus
Senior Relationship Manager, EMEA

Chris Faint
Director of Climate Risk

As of January 2026. Subject to change without notice.

OUR STEWARDSHIP JOURNEY

Overview of Stewardship Team's key milestones

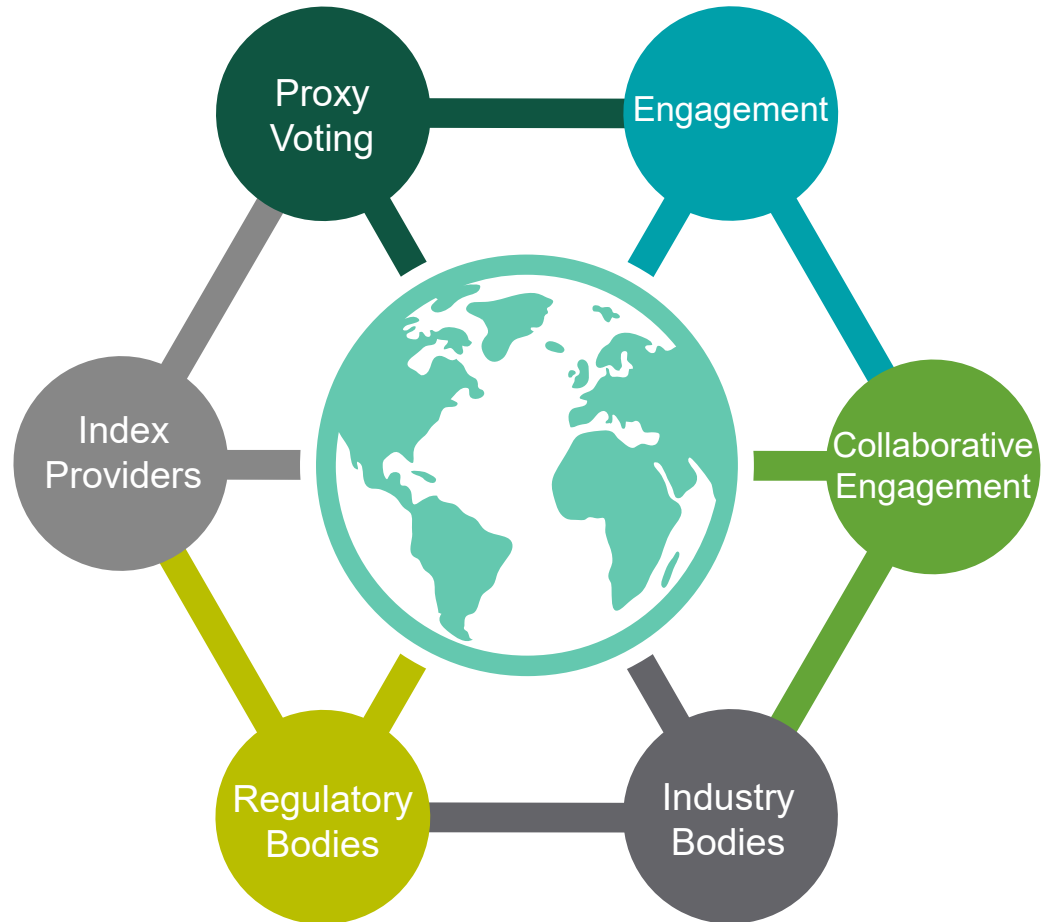


STEWARDSHIP OVERVIEW

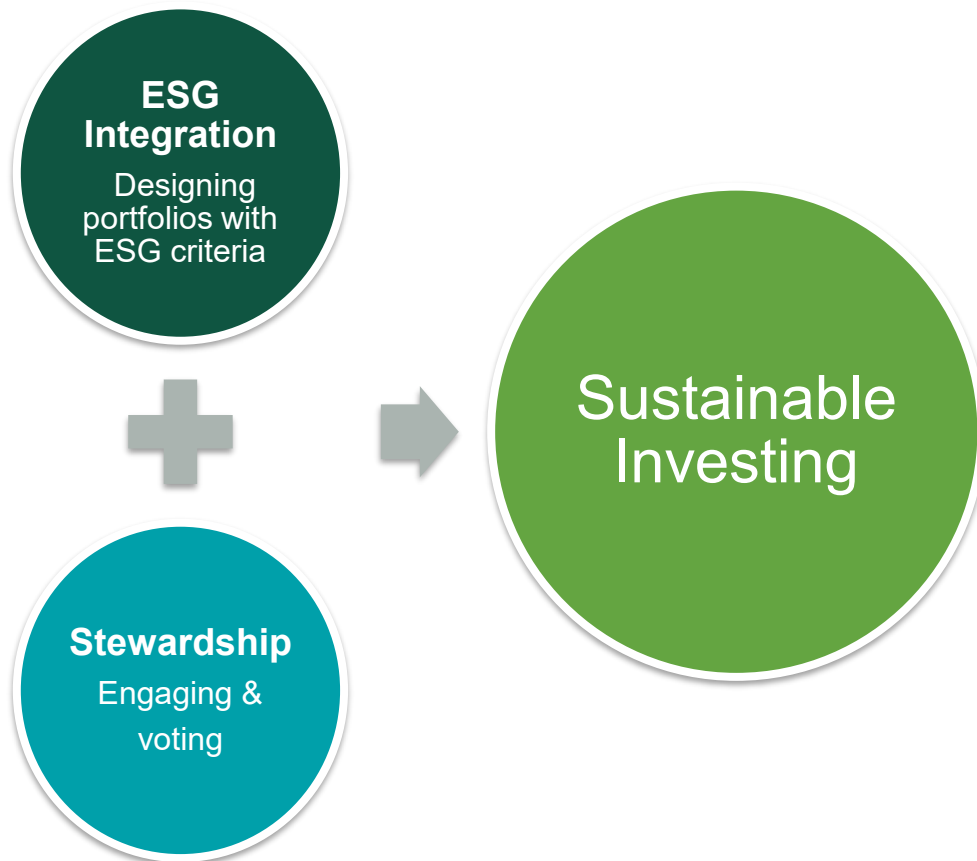


HOW WE DRIVE CHANGE

We leverage our influence by engaging across the ecosystem



SUSTAINABLE INVESTING & STEWARDSHIP PHILOSOPHY



We believe positive economic and societal change, and financial performance, is best achieved when sustainability and corporate governance analysis is combined with active stewardship.

Our disciplined proxy voting policy and multi-cycle engagement program encourages the companies in which we invest to pursue and disclose sustainable business practices that we believe will lead to long-term value.

INTEGRATED SUSTAINABLE INVESTMENT & STEWARDSHIP PROGRAM

To implement this approach, our sustainability and stewardship specialists work in tandem with investment management teams to identify investment and engagement opportunities.

1. Analyze

We seek out relevant sustainability and corporate governance topics and issues — those that are financially material and industry specific — that can shape short- and long-term results.

4. Engage

This active ownership approach applies to all companies we invest in — whether the investment strategy is actively managed or indexed.

Output from our engagements is used to inform investment and proxy voting decisions with the aim of delivering positive long-term investment outcomes.



2. Measure

We use all tools at our disposal, including:

- External best-in-class¹ ESG data sets
- Proprietary research and analytics
- Custom exclusionary screens
- Decades of experience with selection of key performance indicators to measure how publicly traded companies are performing

3. Monitor

We continuously assess the sustainability performance of the securities we select for our sustainability-focused portfolios by using:

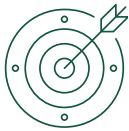
- Proprietary ESG Vector Score
- Custom exclusionary criteria
- Industry specific frameworks

¹Best-in-class ESG is industry terminology referring to an investment approach that selects companies that are leaders in implementing environmental, social, and corporate governance factors.

NTAM PROXY VOTING

October 2025

A YEAR OF STEWARDSHIP



4,687

Total engagement themes ¹

147,000+

Number of votable items proposed by management and shareholders



16,947

Resolutions voted against management



15,750

Shareholder meetings where we voted

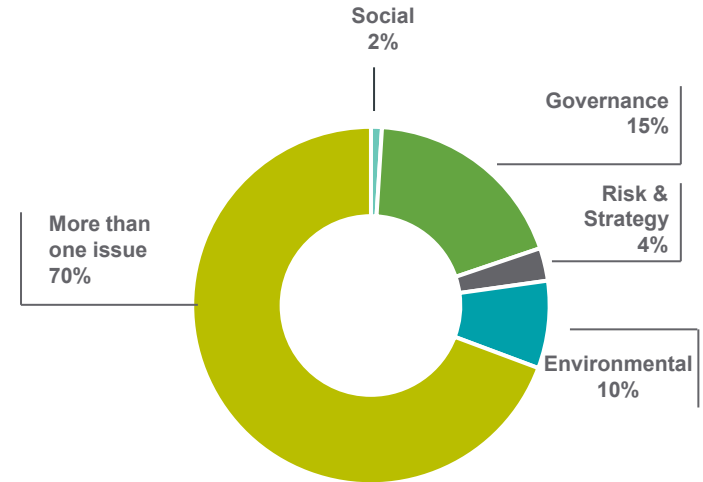


28%

Of shareholder meetings where we voted against management at least once



Themes of Direct Engagement



Based on 276 direct engagements by NTAM.

E&S Voting

30%

of environmental shareholder resolutions where we were able to vote

33%

of social shareholder resolutions where we were able to vote

¹Source: NTAM 2024 Stewardship Report, data as of Dec' 2024. An engagement is defined as a meeting or call with an investee company. Individual engagements may have covered one or more themes and multiple engagements may occur with the same company. In 2024, NTAM engaged on 830 themes and EOS engaged on 3,857 themes on NTAM's behalf, leading to a total of 4,687 themes discussed. NTAM-led engagements capture those performed individually or in collaboration with other investors. NTAM engaged with 250 companies in 2024; EOS engaged with 845 companies.

2025 POLICY UPDATES

Annual policy and guideline review: Key 2024/2025 updates addressed ERISA, conflicts of interest, and clarified guidelines on uncontested director elections on the topics of board diversity and problematic governance features.

Board diversity criteria: In the US, a new “double trigger” was added. When looking at diversity, along with thresholds, we now also look at long term performance and problematic governance features.

Conflict of interest management: Northern Proxy Voting Policies and Procedures were enhanced to indicate that Northern Trust will generally abstain on Northern Trust Corporation proxies held in discretionary accounts.

Manual voting and workflow enhancements: Due to ISS’s inability to apply any new implementation instructions during proxy season in any given calendar year, Northern Trust manually applied new guidelines on director elections, resulting in an increase year over year in the number of proposals which were contrary to the recommendations made by ISS under our custom guidelines. A two-step voter-approver workflow was instituted to maintain consistency in manual voting.

2026 POLICY UPDATES (PENDING FINAL APPROVAL)

Executive Compensation. Global principles added to the proxy voting guidelines and new qualitative frameworks for assessing compensation plans at US and UK companies.

Corporate Governance and Sustainability Failures. Change to proxy voting guidelines that replaces poor management of “ESG risks” with poor management of “Corporate Governance and Sustainability” risks, along with a more formalized approach to identifying such risks.

Share Repurchase programs. Enhancement of existing language in guidelines that discusses the expectations NTAM has around share repurchase/ share buyback programs.

Climate-Related Engagements. NTAM Engagement policy has been updated to reflect our current membership status in climate organizations, better reflect the global approach we take to climate engagement, and specify key climate focus areas.

EAST BAY MUD VOTING SUMMARY



NORTHERN TRUST

ASSET MANAGEMENT

NT COLLECTIVE ALL COUNTRY WORLD EX-US INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Meeting Overview

Category	Number	Percentage
Number of votable meetings	3,362	
Number of meetings voted	3,340	99.35%
Number of meetings with at least 1 vote Against, Withhold or Abstain	1,505	44.77%

Ballot Overview

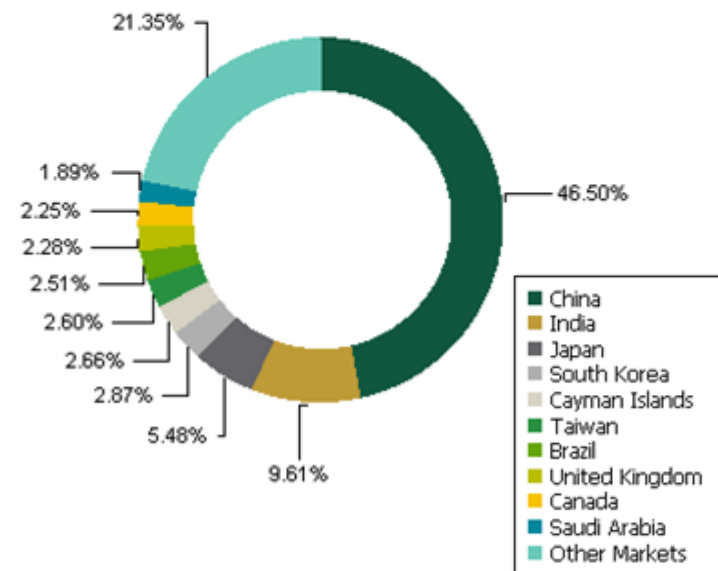
Category	Number	Percentage
Number of votable ballots	3,544	
Number of ballots voted	3,494	98.59%

With 3,362 meetings available to vote during the period, 3,348 were voted, equating to approximately 100% of the votable meetings with close to 0% unvoted.

Proposal Overview

Category	Number	Percentage
Number of votable items	33,608	
Number of items voted	33,317	99.13%
Number of votes FOR	28,757	86.31%
Number of votes AGAINST	3,805	11.42%
Number of votes ABSTAIN	719	2.16%
Number of votes WITHHOLD	35	0.11%
Number of votes on MSOP	592	1.78%
Number of votes One Year	1	0.00%
Number of votes Two Years	0	0.00%
Number of votes Three Years	0	0.00%
Number of votes With Policy	33,264	99.84%
Number of votes Against Policy	53	0.16%
Number of votes With Mgmt	29,805	89.46%
Number of votes Against Mgmt	3,512	10.54%
Number of votes on Shareholder Proposals	1,410	4.23%

Meetings Voted by Market

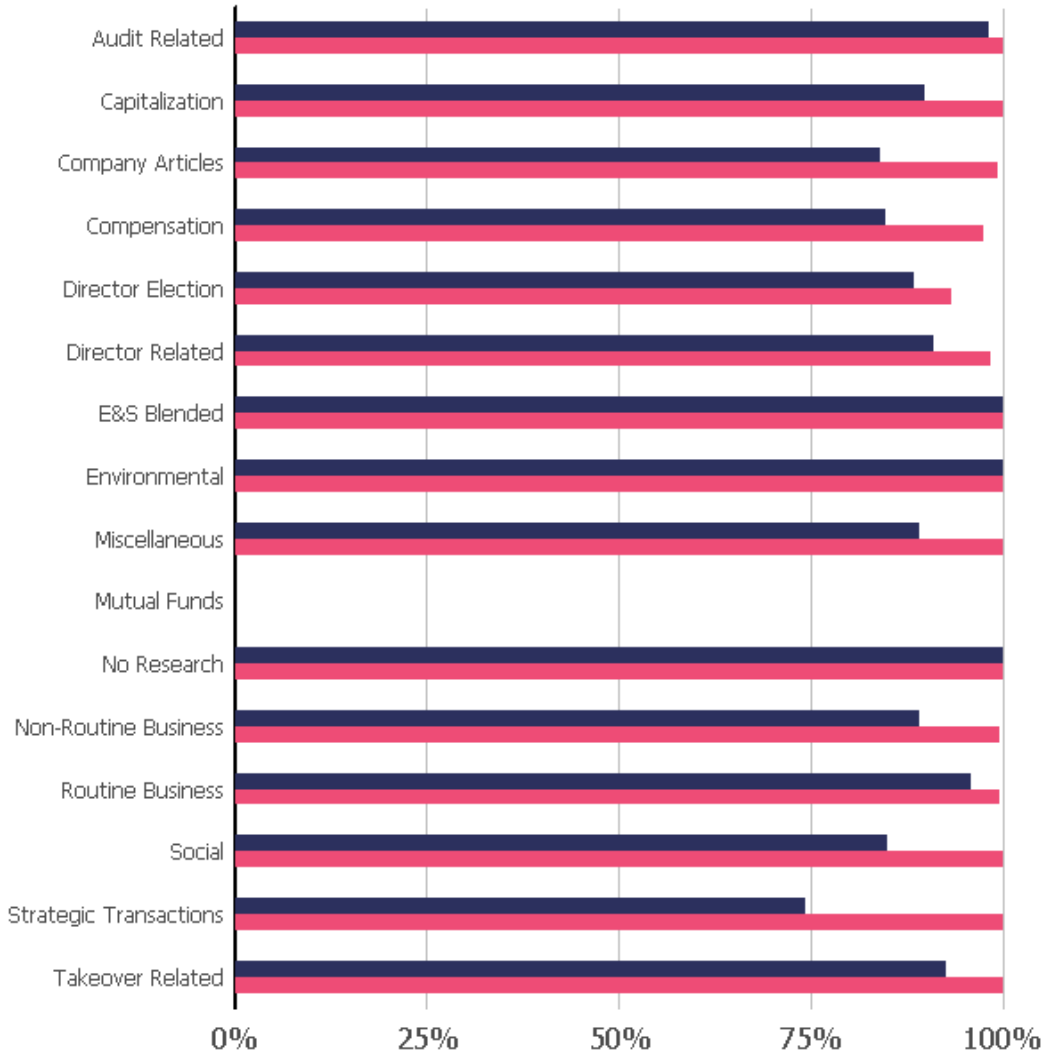


The votes cast on ballots during the reporting period are aligned with management recommendations in 89% of cases.

NT COLLECTIVE ALL COUNTRY WORLD EX-US INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Votes Cast on Management Proposal Categories



Votes cast during the reporting period were least in line with management on Strategic Transactions matters, where only 74% of votes followed management recommendations.

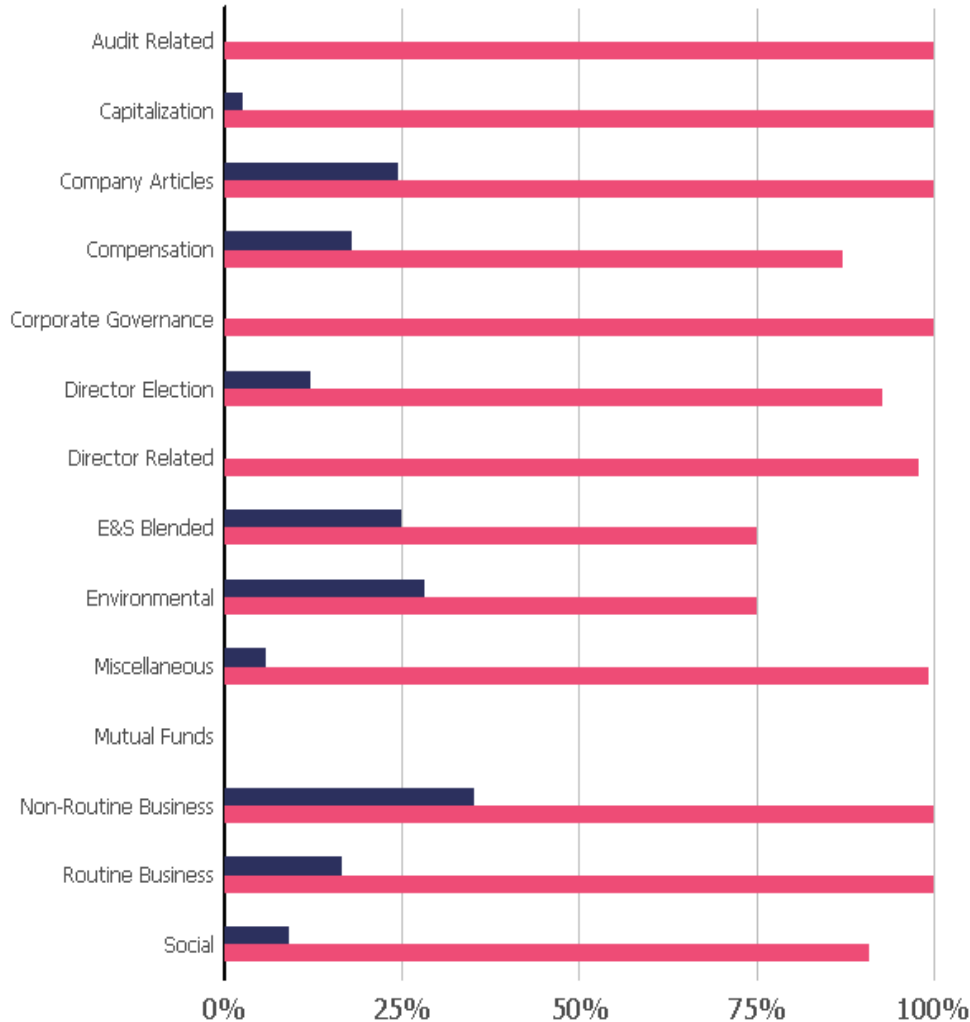
■ % with Management
 ■ % with ISS Benchmark Policy

Northern Trust may choose not to vote proxies in certain situations or for certain accounts either where it deems the cost of doing so to be prohibitive or where the exercise of voting rights could restrict the ability of an account's portfolio manager to freely trade the security in question. For example, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting ("share blocking"). Due to these restrictions, Northern Trust must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time.

NT COLLECTIVE ALL COUNTRY WORLD EX-US INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Votes Cast on Shareholder Proposal Categories



Votes cast during the reporting period show the highest level of support for shareholder proposals related to Non Routine Business, at 35% and the lowest level of support for shareholder proposals related to Audit Related, Corporate Governance, Director Related, with 0% of proposals supported.

■ % with Shareholder
■ % with ISS Benchmark Policy

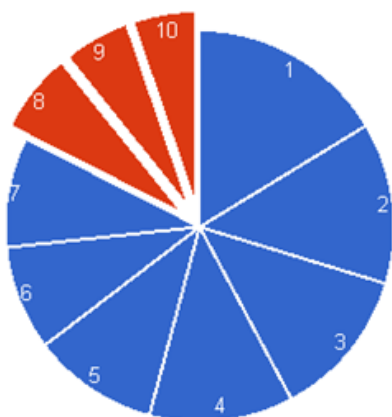
NT COLLECTIVE ALL COUNTRY WORLD EX-US INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Largest Portfolio Positions with High Governance Risk

The table below highlights the top 15 largest positions for those companies deemed high-risk, as indicated by an ISS Governance QualityScore between 8 and 10. Companies are only shown if they held a meeting during the reporting period.

Portfolio Risk by ISS Governance QualityScore



18%² of the companies within your portfolio that held meetings during the reporting period are high risk, falling within the ISS Governance QualityScore range of 10 through 8.

Company	Ticker	Estimated Position Value (USD) ¹	ISS Governance QualityScore	Board Structure	Compensation/Remuneration	Shareholder Rights & Takeover Defenses	Audit & Risk Oversight
Tencent Holdings Limited	700	154.2 M	10	6	10	5	2
NetEase, Inc.	9999	82.3 M	9	6	10	1	1
BeiGene, Ltd.	6160	71.3 M	8	5	10	6	9
Shopify Inc.	SHOP	63.3 M	10	8	10	10	4
LVMH Moët Hennessy Louis Vuitton SE	MC	61.5 M	8	7	9	7	4
Investor AB	INVE.B	43.8 M	8	8	8	8	3
Unilever Plc	ULVR	42.0 M	9	4	10	1	5
Rolls-Royce Holdings Plc	RR	36.9 M	8	1	1	10	6
Enbridge Inc.	ENB	30.2 M	8	4	10	7	1
Xiaomi Corporation	1810	28.9 M	10	9	10	10	2
Mitsubishi Heavy Industries, Ltd.	7011	27.8 M	9	9	1	7	1
China Petroleum & Chemical Corp.	386	25.9 M	9	7	5	10	3
China Petroleum & Chemical Corp.	386	25.9 M	9	7	5	10	3
Hermes International SCA	RMS	25.0 M	8	6	7	10	5
KEYENCE Corp.	6861	22.6 M	8	9	4	3	1

ISS Governance QualityScore is a data driven scoring and screening solution designed to identify governance risk within companies. ISS Governance QualityScore is derived from publicly disclosed data on the company's governance practices. Scores indicate decile rank relevant to index or region. For more information on ISS Governance QualityScore, visit <https://www.issgovernance.com/solutions/iss-analytics/qualityscore/>.

¹Estimated values are based on shares held on record date for the company's most recently held meeting during the reporting period. Please contact your ISS Client Service Team with any questions related to how this value is calculated.

²Percentages based on the universe of holdings within the ISS Governance QualityScore coverage universe.

NT COLLECTIVE RUSSELL 3000 INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Meeting Overview

Category	Number	Percentage
Number of votable meetings	2,596	
Number of meetings voted	2,594	99.92%
Number of meetings with at least 1 vote Against, Withhold or Abstain	1,033	39.79%

Ballot Overview

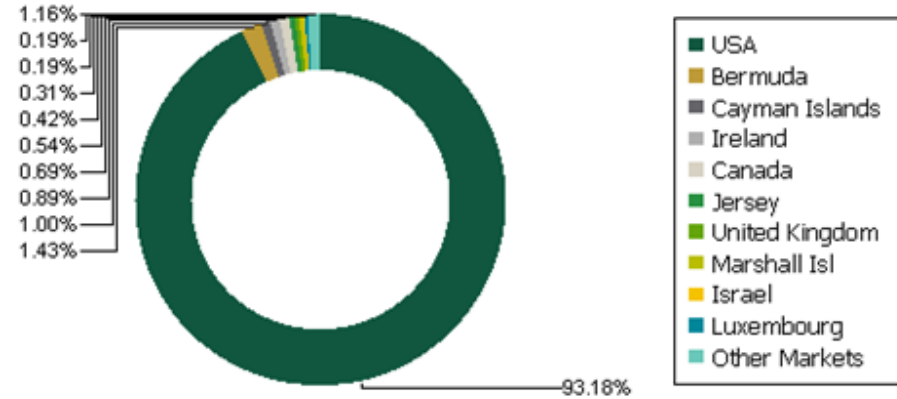
Category	Number	Percentage
Number of votable ballots	3,195	
Number of ballots voted	3,193	99.94%

With 2,596 meetings available to vote during the period, 2,594 were voted, equating to approximately 100% of the votable meetings with close to 0% unvoted.

Proposal Overview

Category	Number	Percentage
Number of votable items	23,919	
Number of items voted	23,795	99.48%
Number of votes FOR	21,985	92.39%
Number of votes AGAINST	863	3.63%
Number of votes ABSTAIN	20	0.08%
Number of votes WITHHOLD	691	2.90%
Number of votes on MSOP	2,150	9.04%
Number of votes One Year	236	0.99%
Number of votes Two Years	0	0.00%
Number of votes Three Years	0	0.00%
Number of votes With Policy	23,262	97.76%
Number of votes Against Policy	533	2.24%
Number of votes With Mgmt	22,374	94.03%
Number of votes Against Mgmt	1,421	5.97%
Number of votes on Shareholder Proposals	482	2.03%

Meetings Voted by Market

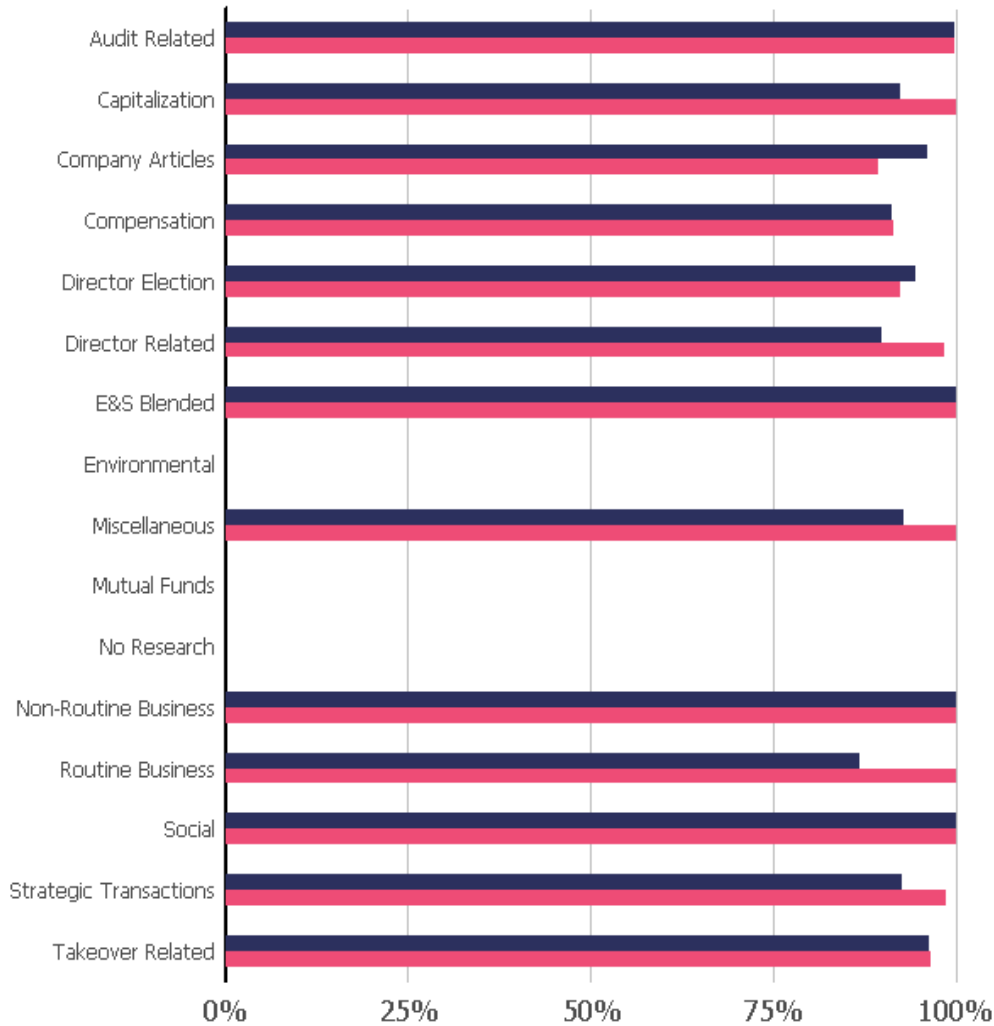


The votes cast on ballots during the reporting period are aligned with management recommendations in 90% of cases.

NT COLLECTIVE RUSSELL 3000 INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Votes Cast on Management Proposal Categories



Votes cast during the reporting period were least in line with management on Routine Business matters, where only 87% of votes followed management recommendations.

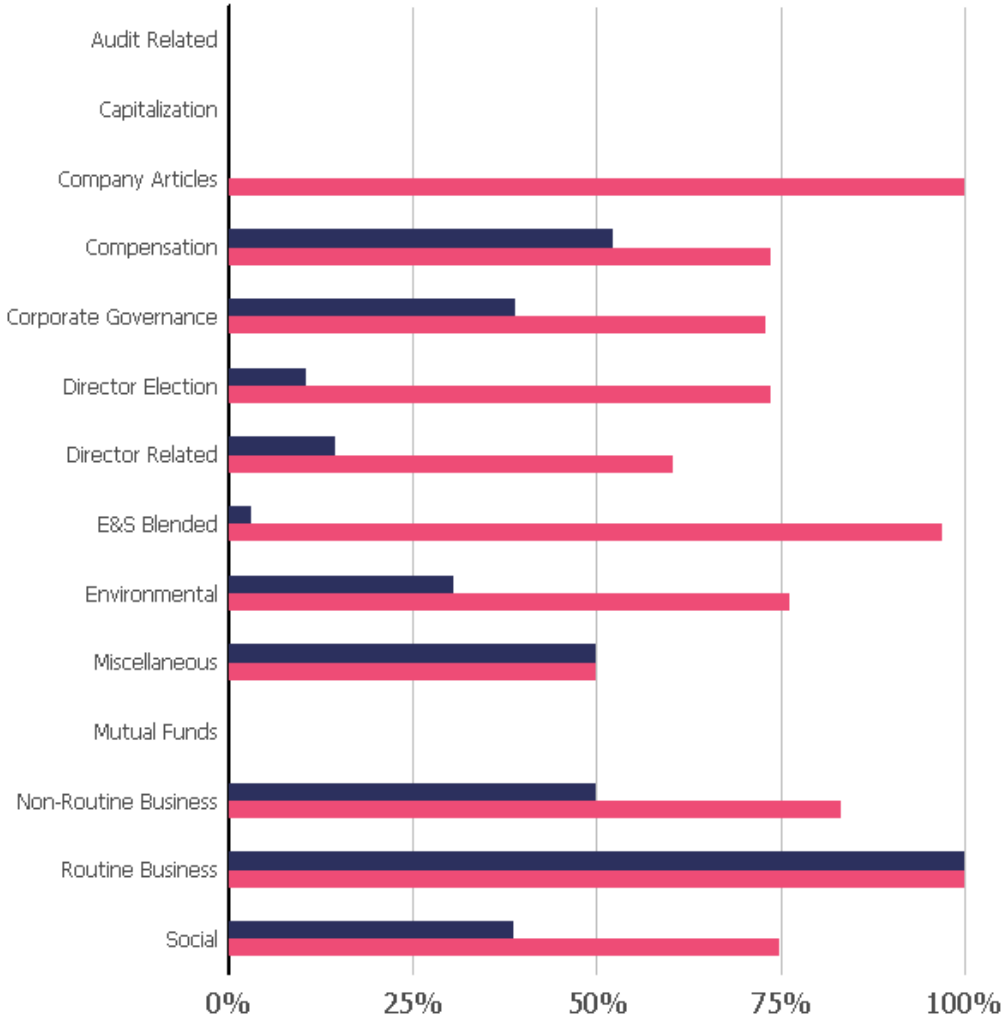
■ % with Management
 ■ % with ISS Benchmark Policy

Northern Trust may choose not to vote proxies in certain situations or for certain accounts either where it deems the cost of doing so to be prohibitive or where the exercise of voting rights could restrict the ability of an account's portfolio manager to freely trade the security in question. For example, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting ("share blocking"). Due to these restrictions, Northern Trust must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time.

NT COLLECTIVE RUSSELL 3000 INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Votes Cast on Shareholder Proposal Categories



Votes cast during the reporting period show the highest level of support for shareholder proposals related to Routine Business, at 100% and the lowest level of support for shareholder proposals related to Company Articles, with 0% of proposals supported.

■ % with Shareholder
■ % with ISS Benchmark Policy

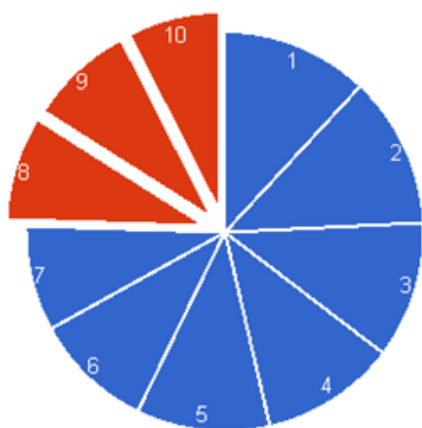
NT COLLECTIVE RUSSELL 3000 INDEX FUND - LENDING

Reporting Period: 01-Jul-2024 to 30-Jun-2025

Largest Portfolio Positions with High Governance Risk

The table below highlights the top 15 largest positions for those companies deemed high-risk, as indicated by an ISS Governance QualityScore between 8 and 10. Companies are only shown if they held a meeting during the reporting period.

Portfolio Risk by ISS Governance QualityScore



25%² of the companies within your portfolio that held meetings during the reporting period are high risk, falling within the ISS Governance QualityScore range of **10** through **8**.

Company	Ticker	Estimated Position Value (USD) ¹	ISS Governance QualityScore	Board Structure	Compensation/Remuneration	Shareholder Rights & Takeover Defenses	Audit & Risk Oversight
NVIDIA Corporation	NVDA	1.3 B	8	10	4	8	5
Alphabet Inc.	GOOGL	1.1 B	10	9	10	10	7
Amazon.com, Inc.	AMZN	674.5 M	9	8	10	3	2
Berkshire Hathaway Inc.	BRK.B	644.8 M	10	10	10	10	10
Meta Platforms, Inc.	META	535.2 M	10	10	10	10	9
Eli Lilly and Company	LLY	382.1 M	8	6	5	9	9
Oracle Corporation	ORCL	293.7 M	10	10	10	6	2
Bank of America Corporation	BAC	156.8 M	8	5	10	2	6
Netflix, Inc.	NFLX	156.3 M	9	10	7	5	10
Palantir Technologies, Inc.	PLTR	119.8 M	10	10	10	10	8
GE Aerospace	GE	118.9 M	9	7	10	2	9
The Goldman Sachs Group, Inc.	GS	118.2 M	9	5	10	7	7
Boston Scientific Corporation	BSX	65.6 M	8	7	5	8	10
Texas Instruments Incorporated	TXN	64.4 M	8	9	9	6	5
The Boeing Company	BA	61.2 M	8	2	8	5	10

ISS Governance QualityScore is a data driven scoring and screening solution designed to identify governance risk within companies. ISS Governance QualityScore is derived from publicly disclosed data on the company's governance practices. Scores indicate decile rank relevant to index or region. For more information on ISS Governance QualityScore, visit <https://www.issgovernance.com/solutions/iss-analytics/qualityscore/>.

¹Estimated values are based on shares held on record date for the company's most recently held meeting during the reporting period. Please contact your ISS Client Service Team with any questions related to how this value is calculated.

²Percentages based on the universe of holdings within the ISS Governance QualityScore coverage universe.

APPENDIX



NORTHERN TRUST


ASSET MANAGEMENT

PROXY VOTING CHOICE PLATFORM

OUR VISION:

Northern Trust Asset Management (NTAM) is pleased to introduce Proxy Voting Choice: the ability for investors in institutional pooled investments to exercise more direct control over how their votes are cast. We understand that investor opinions vary greatly – and we're proud to provide investors in select funds with the ability to align their votes with their unique goals and values. To bring the power of choice to investors, NTAM is partnering with a leading provider of technology solutions for the financial services industry. By offering Proxy Voting Choice at scale, we believe we can efficiently and effectively expand opportunities for clients to participate in corporate governance decisions for more purposeful proxy engagement.

MENU OF POLICY GUIDELINES:



KEY HIGHLIGHTS

- Participating in Proxy Voting Choice is completely voluntary
- There is no defined enrollment period – clients can change their guideline selection at any time
- Clients do not have to re-submit their respective choice every annual proxy voting season if their preferences remain the same
- Fund participants do not incur any additional fees by participating in Proxy Voting Choice



LINKS TO AVAILABLE GUIDELINES

Northern Trust Custom Policy:

- [NT Guidelines Description](#)

ISS Socially Responsible Investor (SRI):

- [US Securities](#)
- [Global Securities](#)

ISS Taft Hartley:

- [US Securities](#)
- [Global Securities](#)

ISS Board Aligned:

- [US Securities](#)
- [Global Securities](#)



Please remember that all investments carry some level of risk, including the potential loss of principal invested.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc. Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K, NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Northern Trust Asset Management Australia Pty Ltd, and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

ISS PROVIDES MULTIPLE POLICY PERSPECTIVES FOR ITS CLIENTS

* Recommendations for shareholder meetings in the Russell 3000 (1H 2025)

	ISS Benchmark Policy	Sustainability Policy	SRI Policy	Climate Policy	Catholic Policy	Public Fund Policy	Taft-Hartley Policy
Policy Focus	All – including Investment managers and institutional investors of all sizes	UN PRI Signatories or similarly aligned investment managers & asset owners	SRI investment firms, religious groups, charitable foundations & university endowments	Climate-focused investors, inclusive of asset managers, asset owners and mutual funds	Catholic faith-based investors, including dioceses & Catholic healthcare systems	Public pension fund managers & public plan sponsors/trustees	Taft-Hartley pension funds & investment managers (ERISA)
Orientation	“Best practice” governance standards that promote total, long-term shareholder value & risk mitigation	United Nations Principles for Responsible Investment (UN PRI)	The “triple bottom line” value creation	Widely recognized frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD)	Economic gain, social justice, environmental stewardship, ethical conduct & teachings of the Catholic Church (USCCB)	Long-term best interests of public plan participants & beneficiaries	Worker-owner view of long-term corporate value based on the AFL-CIO proxy voting guidelines
Key Policy Highlights:							
1. <u>Board</u>	Independence (>50%), composition, accountability and responsiveness	Independence (>50%), composition, accountability and responsiveness - including on ESG topics	Independence (>50%), composition, accountability and responsiveness - including on ESG topics, diversity	Independence (>50%), composition, accountability and responsiveness - including on ESG topics, with focus on climate-related risk oversight	Independence (>50%), composition, accountability and responsiveness - including on ESG topics, diversity	Independence (>50%), composition, accountability and responsiveness	Independence (67%), composition, accountability and responsiveness
2. <u>Compensation</u>	Alignment of pay and performance, presence of problematic compensation practices, shareholder value transfer (SVT)	Alignment of pay and performance, presence of problematic compensation practices, shareholder value transfer (SVT)	Alignment of pay and performance including on ESG topics, presence of problematic compensation practices, shareholder value transfer (SVT)	Alignment of pay and performance, presence of problematic compensation practices, shareholder value transfer (SVT)	Alignment of pay and performance - including on ESG topics, presence of problematic compensation practices, shareholder value transfer (SVT)	Alignment of pay & performance, presence of problematic compensation practices, voting power dilution (15%)	Alignment of pay & performance, presence of problematic compensation practices, voting power dilution (10%)
3. <u>Environmental & Social</u>	Consider shareholder proposals on social, environmental and labor/human rights issues on a case-by-case basis	Generally support shareholder proposals advocating ESG disclosure or universal norms/codes of conduct	Generally support shareholder proposals on social, environmental and labor/human rights issues	Generally support shareholder proposals promoting greater disclosure of corporate environmental policies and practices	Generally support shareholder proposals on social, environmental and labor/human rights issues	Generally support shareholder proposals on social, environmental & labor/human rights issues	Generally support shareholder proposals on social, environmental & labor/human rights issues
Board Opposition	11%	11%	14%	12%	15%	32%	38%
Auditor Ratification Opposition	<1%	<1%	4%	<1%	4%	68%	68%
Equity Pay Plans Opposition	31%	31%	31%	23%	30%	89%	91%
Say on Pay Opposition	11%	11%	35%	10%	35%	30%	30%
Gov. Shareholder Proposal Support	61%	66%	70%	65%	70%	83%	83%
E&S Shareholder Proposal Support	9%	46%	71%	62%	70%	71%	71%

Important Information

About Sustainable Investing

At Northern Trust Asset Management (“NTAM”), we define Sustainable Investing as encompassing NTAM’s investment strategies and accounts that utilize values-based and norms-based screens, best-in-class and ESG integration, and/or thematic investing that may focus on a specific issues such as climate risk. NTAM’s Sustainable Investing platform includes portfolios designed by NTAM as well as those portfolios managed to client-defined methodologies or screens. As data, analytical models, and portfolio construction tools available in the marketplace have evolved, so has NTAM’s Sustainable Investing platform. NTAM’s Sustainable Investing platform, originated from client-specified Socially Responsible Investing tools, now encompasses a broader set of tools and capabilities.

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Important Information

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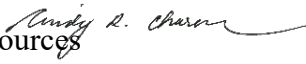
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TRUST**

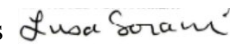
ASSET MANAGEMENT

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources 

FROM: Lisa Sorani, Manager of Employee Services 

SUBJECT: Annual Review of Health Insurance Benefit (HIB)

BACKGROUND

Post-employment health care premium reimbursement is provided to eligible Retirement System Members through the Health Insurance Benefit (HIB). There are requirements for a Retirement Board review of certain aspects of HIB annually, both in the Retirement Board Rules and in the Retirement Ordinance.

Retirement Rule C-17, as adopted in 2001 reads, **“In January of every year the Retirement Board shall review the eligibility rules and benefit level of the Health Insurance Benefit, as provided in Section 36 of the Retirement Ordinance”**.

The Retirement Ordinance Section 36(h) reads, **“... The Retirement Board shall annually review the costs, funding, and administration of the Health Insurance Benefit.”**

For most of the prior 15 years, staff completed an annual survey of the post-employment health care benefits offered by competitors. After reviewing the requirements from the Retirement Ordinance Section 36(h) and Retirement Board Rule C-17, there is no directive for the HIB survey to be provided annually. Based on the recent improvement to the HIB, including the escalator which helps the benefit grow as insurance rates increase, staff would like to transition the HIB survey to a 3- or 4- year cycle in line with the broader employee benefit survey work the Human Resources department staff will process ahead of union negotiations. Annually staff will bring data in line with the ordinance and board rules.

Eligibility Rules and Benefit Levels - Board Rule C-17:

As of January 2026, there are now three tiers of HIB benefits. While the tiers are not specifically defined in the Retirement Ordinance, staff have built the table below to track the eligibility and vesting schedules, as well as the max monthly HIB for retirees. This table shows the tiers so that they are easier to understand. The table helps retirement staff discuss the benefit with current employees, future retirees, as well as current retirees.

Health Insurance Benefit Vesting and Value				
<i>The tiers are general terms used to explain the groups and eligibility. The Retirement Ordinance is the governing document.</i>	"Tier 3" (2025 HIB Tier)*		"Tier 2" (Pre-2025 Tier)*	"Tier 1" (Pre-1996 Tier)*
	2013 Pension Plan ("PEPRA" hired on or after 1/1/2013)	1980 Pension Plan ("Classic" hired on or after 7/1/96)	2013 and 1980 Pension Plan (hired on or after 7/1/96 and retired/separated before 7/28/25)	1980 Pension Plan (hired before 6/30/96)
Max HIB Value	\$615.58*	\$618.58*	\$450 Single \$550 Married	\$450 Single \$550 Married

Years of Eligible Service	Percentage of HIB Reimbursement			
5 Years	25%	25%	25%	100%
10 Years	50%	50%	50%	100%
15 Years	100%	75%	75%	100%
20 Years	100%	100%	100%	100%

Cost and Funding of the Health Insurance Benefit – Retirement Ordinance Section 36(h):

The cost and funding of the HIB is reported to the Retirement Board each January as part of the Valuation reports for both Pension and HIB prepared and presented by District actuaries, Segal.

Administration of the Health Insurance Benefit – Retirement Ordinance Section 36(h):

- HIB is a monthly benefit. Checks or direct deposit of funds are processed for retirees every month.
- Flexible Benefit Administrators (FBA) is processing the monthly payments.
- Each year retirees are required to send updated information for the new year if their insurance or their cost of insurance has changed.
- Retirees must provide both proof of insurance coverage, and proof of payment for the insurance. This process is called the annual HIB audit.
- FBA is now intaking the HIB audit forms and backup documentation and processing adjustments needed based on updated information provided.

- Through 2025 District staff audited the work of FBA to ensure accuracy. Based on our audit, additional training documentation, and more detailed information related to edge cases has been provided to FBA ahead of the 2026 audit.

NEXT STEPS

The information reported today is in line with the key details for the recently updated eligibility rules and benefit level, and administration changes in HIB over the past year. Staff will review and confirm the right level of detail on these topics for each January reporting. Staff will also keep the Retirement Board apprised of the timing for the next HIB survey once confirmed.

LS:vw

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 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 Human Resources *Lisa Sorani*

SUBJECT: Declaring the Results of the Special Election of an Active Member of the Retirement Board

INTRODUCTION

The election of an active Member to the District Retirement Board has been completed for the seat that was vacated by Max Fefer.

DISCUSSION

On November 4, 2025, the election process was announced to all employees by e-mail, Splashpad, and by bulletin which were posted at worksites. At each stage of the election, multiple emails were sent to all EBMUD email addresses, bulletins were posted throughout EBMUD locations, an announcement was posted in Splashes, and SplashPad was updated to reflect the status of the election and deadlines for each phase.

As of November 13, 2025, the Candidacy period closed, four (4) Retirement System participants had submitted an application indicating interest in running. As of the deadline for nominations, Gus Cicala and George McQuary each received the required 50 nominations to be included on the ballot.

The voting period ended on December 17, 2025. A total of 381 votes were cast in the 2025 special election of an employee member to the Retirement Board. Staff determined that 381 of the votes cast were valid.

The results of the voting were as follows:

Gus Cicala	273 votes
George McQuary	108 votes

As Acting Secretary to the Retirement Board, Lisa Sorani reviewed documents and procedures for this election and certified the results.

Retirement Board Member Election
Retirement Board Meeting
January 29, 2026

For an active Member to be elected as the active Member of the Retirement Board, they must earn the most votes and be eligible to serve on the Retirement Board. In this special election, the active Member who received the most votes, Gus Cicala, satisfied the criteria to be elected to the active Member Retirement Board member seat.

Gus Cicala has been elected to the Retirement Board for an interim term beginning January 29, 2026 and ending on June 23, 2026.

LS:VW:ms

Attachment: Special Election Certification Memo

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: December 18, 2025
MEMO TO: Lisa Sorani, Employee Services Manager
FROM: Valerie Weekly, Human Resources Administrator
SUBJECT: Special Election of Employee Member of the Retirement Board

As the Acting Secretary to the Retirement Board, please confirm the election results from the Retirement Board Elections.

The special election of an employee member to the District Retirement Board has been completed. Section 4(a) of the Retirement Ordinance provides for the election of an employee-member who will serve until June 23, 2026.

On November 4, 2025, Retirement Services announced the election to all employees and included nomination and election instructions via email, Splashpad and bulletin postings at worksites. November 13, 2025 was included as the deadline for expressing interest in the position by submitting a candidate application form with a biography. Retirement Services received four candidate application forms by this deadline, from Gus Cicala, Isaiah Hinton, George McQuary, and Victor Prado.

November 17, 2025, was the beginning of the nomination period. November 19, 2025, November 24, 2025, and November 26, 2025, reminders of the nomination period were sent via email. At the end of the nomination period, December 1, 2025, Gus Cicala and George McQuary each received more than the required 50 nominations.

December 3, 2025, the voting instructions, QR code, and link were sent to all employees via email and posted on SplashPad. On December 9, 2025, December 11, 2025, and December 16, 2025, reminders of the voting period deadline were sent via email.

December 17, 2025, the voting period ended. A total of 381 votes were all cast via the voting link in the 2025 special election of an employee member to the Retirement Board. Staff determined that 381 of the votes were valid.

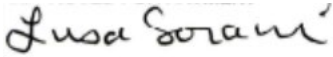
The results of the voting were as follows:

Gus Cicala	273 votes
George McQuary	108 votes

After review, please sign this memo below to certify the election. Staff will proceed with announcing the results of the election.

As acting Secretary to the Retirement System, I certify the above staff report and election results for the employee Retirement Board seat expiring June 2026.

Date: December 18, 2025

Signature: 

LS:vw:ms

Attachment: Special Election Announcement

Information regarding the 2025 Retirement Board Special Election of an Employee Member will also be published in Splashpad, click the link below to be redirected to the Splashpad Retirement Board Elections page:

[2025 Retirement Board Special Election - Employee Member](#)

SPECIAL ELECTION FOR AN EMPLOYEE RETIREMENT BOARD MEMBER

A special election for an Employee Retirement Board Member will be held from November 4, 2025 through December 19, 2025.

The following procedures will be followed for the election of an Employee Retirement Board Member for a term beginning *January 29, 2026.

ELECTION ANNOUNCEMENT AND CANDIDACY PERIOD

The election announcement and candidacy period will open at 8 a.m., Tuesday, November 4, 2025. Candidate Biography forms may be obtained from HR Employee Services, Sixth Floor-Administration Building or by emailing retirementboardelections@ebmud.com.

Candidate Statements must be submitted by 4:30 p.m on Thursday, November 13, 2025.

NOMINATIONS

The nomination period will open at 8 a.m., Monday, November 17, 2025. Candidate statements will be sent via email and posted on Splashpad and Bulletin boards.

Nominations may be submitted by emailing retirementboardelections@ebmud.com. Nominations from fifty members of the Retirement System are required for a candidate to be included on the voting ballot. A member may nominate more than one candidate.

The nomination period will close at 4:30 p.m. on Monday, December 1, 2025.

BALLOTS AND VOTING INSTRUCTIONS

Voting instructions will be sent to Retirement System members on Wednesday, December 3, 2025. The voting period will end by 4:30 p.m. Wednesday, December 17, 2025.

ABSENTEE BALLOTING

Employee members may request an absentee ballot by emailing retirementboardelections@ebmud.com. The deadline to request an absentee ballot is Monday, December 10, 2025.

ELECTION RESULTS

Election Results will be posted on Splashpad, posted on bulletin boards and emailed to employees on Friday, December 19, 2025 and announced to the District Board of Directors and Retirement Board immediately thereafter.

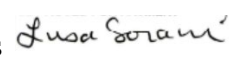
(*Please note: The Retirement Board (RB) was originally scheduled to convene on January 22, 2026. However, during the November RB meeting, the Board approved a date change to January 29, 2026 following the posting of the first Special Election notices.)

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: January 29, 2026

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources 

FROM: Lisa Sorani – Manager of Employee Services 

SUBJECT: 2026 Election Schedule for Active Member and Retired Member Representatives to the EBMUD Retirement Board

BACKGROUND

The interim Retirement Board term of active Member Representative Gus Cicala will expire on June 23, 2026. The Retirement Board term of Retired Member Representative Elizabeth Grassetti will expire September 23, 2026. Attached you will find election schedules for both 2026 elections.

NEXT STEPS

Staff will proceed with both 2026 elections in accordance with the updated Retirement Board Rule, Retirement Board Elections A-3.

2026 Election Schedule for active Member to the EBMUD Retirement Board

The Retirement Board interim term for active Member Gus Cicala will expire on June 23, 2026. In anticipation of this vacancy, the following dates have been set for the upcoming election schedule:

Tuesday	February 24	Notice of election is announced. Request for Candidacy period opens – all interested candidates must submit a candidacy information form and biography via email to RetirementBoardElections@ebmud.com by March 18, 2026.
Monday	March 16	Request for Candidacy period closes.
Wednesday	March 18	Candidate Biographies received will be sent out to all employees via email from RetirementBoardElections@ebmud.com with a reminder that a candidate must get 25 nominations (signatures/emails) of support for their name to be included on the final ballot. Nominations can be made by sending an email to RetirementBoardElections@ebmud.com and also copying the candidate on the email by cc'ing the candidate's personal email address. Employees may nominate more than one candidate.
Tuesday	April 7	Nomination period ends.
Thursday	April 9	Announcement of final candidates. If only one candidate has 25 nominations, that candidate will take the Retirement Board seat on June 24 th . If more than one candidate collects the 25 required nominations, the announcement will include their names. The voting will begin and a link will be sent via email. The voting link will also be added to Splashpad.
Wednesday	April 29	Voting Ends Deadline for voting.
Wednesday	May 6	Election results are certified then announced via email to all District Employees and posted on Splashpad.
Thursday	May 21	Election results on May Retirement Board agenda.
Tuesday	May 26	Election results memo to Board of Directors.
Wednesday	June 24	Elected active Member takes office for a four-year term.

2026 Election Schedule for Retired Member to the EBMUD Retirement Board

The Retirement Board term for Retired Member Elizabeth Grasseti will expire on September 23, 2026. In anticipation of this vacancy the following election schedule has been established.

Monday	April 13	<p>Election is announced via email to retired members who have an email address on file and via USPS for those retired members without email.</p> <p>Request for Candidacy period opens – all interested candidates must submit a candidacy information form and biography via email to RetirementBoardElections@ebmud.com by May 1, 2026.</p>
Friday	May 1	<p>Request for Candidacy period closes.</p>
Monday	May 4	<p>Candidate Biographies received will be sent out to all retirees via email from RetirementBoardElections@ebmud.com with a reminder that candidate must get 5 nominations (signatures/emails) in order for their name to be included on the final ballot. This communication will be mailed via USPS to retirees with no email address.</p> <p>Nominations can be made by sending an email to RetirementBoardElections@ebmud.com and also copying the candidate on the email by cc'ing the candidate's personal email address, or by calling the Employee Services Hotline x0764. Retirees may nominate more than one candidate.</p>
Friday	May 22	<p>Nomination period ends.</p>
Tuesday	May 26	<p>Announcement of final candidates, if only one candidate has 5 nominations, that candidate will take the Retirement Board Retired Member seat on September 24, 2026.</p> <p>If more than one candidate collects the 5 required nominations, the announcement will include their names. The voting will begin via online survey tool and link-will be sent via email or via USPS to retirees with no email on file.</p>
Monday	June 15	<p>Voting Ends. Deadline for online voting and receipt of mail-in ballots.</p>
Thursday	June 25	<p>Election results certified and announced via email to all District Retirees and posted on Splashpad.</p>
Friday	June 26	<p>Email and mail election results to Retirees.</p>
Thursday	July 9	<p>Election results announced at Retirement Board Meeting.</p>

Tuesday	July 14	Election results announced at Board of Directors Meeting.
Thursday	Sept 24	Elected Retired Member takes office for a three-year term.

