

MINUTES
EBMUD EMPLOYEES' RETIREMENT SYSTEM
January 29, 2026

A regular meeting of the Retirement Board convened at 9:00 a.m. on Thursday, January 29, 2026. 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 Director Jim Oddie replaced Director April Chan. Gus Cicala, Retirement Board member that was elected to the employee seat vacated by Max Fefer, is absent from today's meeting.

Present: Jae Park, Clifford Chan, Marguerite Young, Jim Oddie, and Elizabeth Grassetti

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

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

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

The consent calendar included four items: approval of November 20, 2025, minutes; ratifying and approving Investment Transactions by Retirement Fund Managers; Short-Term Investment Transactions; and Treasurer's Statement of Receipts and Disbursements for October 2025 and November 2025.

A motion to approve the Consent Calendar, Items #1 through #4, was made by Director Marguerite Young and seconded by Clifford Chan. Director Jim Oddie abstained from voting on the approval of the minutes due to absence from that meeting. The motion passed 3-0-1-0 by the following vote AYES (M. Young, C. Chan, and J. Park), NOES (none), ABSTAIN (J. Oddie), ABSENT (none).

To accommodate a consultant's travel, the Retirement Board decided to move Informational agenda item #10 MacKay Shields Manager Market Education and Update before Action agenda items.

10. MacKay Shields Manager Market Education and Update (Training) – S. Skoda

Sophia Skoda introduced Andrew Susser, Head of the High Yield Group at MacKay Shields, and explained that the firm manages the System's high yield mandate. The presentation was intended as an educational update. Sophia also noted that portfolio manager Therese Hernandez was unable to attend due to illness.

Andrew Susser provided an overview of the System's high yield bond portfolio and the broader high yield market. MacKay Shields manages about 37 billion dollars in high yield assets for a wide range of clients and operates as an independent boutique under New York Life. The mandate uses a long only United States high yield strategy with no derivatives, no leverage and no hedge funds. The investment process begins with the full high yield universe, then removes issuers that functionally resemble investment grade credits. The team uses an asset coverage requirement in which estimated enterprise value must be at least one and a half times total debt. This standard is intended to limit exposure to severe losses in a market where upside is naturally constrained. Fundamental credit analysis follows and focuses on business durability, strategic importance, capital structure, covenant strength, governance, management quality and overall salability. ESG factors are incorporated into credit evaluations because environmental, social and governance risks can materially affect long term creditworthiness. The team also looks for potential total return catalysts such as possible acquisitions or rating upgrades. Bonds that meet these criteria are categorized into internal risk groups that guide overall portfolio construction.

Several examples were provided to illustrate the risk group approach. Hilton was cited as a Group 1 issuer with business qualities consistent with potential investment grade. Talos Energy served as an example of a Group 2 issuer with approximately two and a half times asset coverage. Mattamy Homes represented a Group 3 holding where higher spreads are necessary to compensate for greater but contained risk. The portfolio does not rely on heavy trading and allows group allocations to evolve as relative valuations change.

Reviewing 2025 performance, Andrew Susser explained that BB, B and CCC bonds produced relatively similar returns. Sector effects were more influential than rating differences. Cyclical basic industries produced weak results among CCC issuers, while telecom, media and healthcare performed more strongly. The portfolio underperformed the index by 112 basis points for the year due to overweight exposure to cyclical and basic industries and underweight positions in certain telecom and media issuers such as Dish Network that were rewarded in the market despite significant long-term concerns.

Over a longer horizon, beginning with the System's hiring of MacKay Shields in 2019, the portfolio has outperformed the benchmark gross of fees by about 91 basis points per year and by roughly 70 basis points per year over five years. As of the valuation date, the portfolio's yield was slightly below the benchmark, duration was shorter at about two and a half years compared with 2.85 years for the index and average credit quality at approximately double B was higher. The team has favored shorter maturities due to a flat or only slightly rising yield curve and limited yield compensation for longer term credit and rate risk. ESG metrics showed a portfolio carbon intensity of about 196 compared with 225 for the index and a higher MSCI ESG rating on average. It was noted that carbon metrics can underrepresent companies in transition that still have elevated emissions even while actively reducing their carbon footprint.

Andrew Susser outlined structural changes in the high yield market. Quality has increased across the sector, with roughly two thirds of issuers now public companies. Triple C issuers represent about 11 percent of the market and double B issuers about 55 percent. Highly leveraged and weaker credits have migrated toward leveraged loans and private credit markets where documentation is often looser. Rating data show more upgrades than downgrades in high yield while leveraged loans have experienced the opposite trend. Some segments of high yield function similarly to a lower tier of investment grade although risk concentrations remain. Triple C issuance has been limited, and a

larger share of bonds now carry security provisions. Market size has remained steady and long-term investors such as pensions, insurers and mutual funds dominate ownership while exchange traded funds represent a smaller portion. Price volatility in high yield has been materially lower than in equities. During a recent equity decline of roughly 20 percent, high yield declined only about 2 percent. Interest rate sensitivity for the asset class is near historic lows.

Andrew Susser closed by discussing the rapid expansion of spending related to artificial intelligence and the likelihood that both public and private credit markets will be used to finance these developments. Potential disruptions from artificial intelligence across multiple industries were also noted. The team is actively reviewing credit exposures for both risks and opportunities associated with artificial intelligence and will adjust holdings as assessments evolve. The Retirement Board thanked Andrew Susser for the presentation.

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

Sophia Skoda opened the meeting by introducing the Segal actuarial team which included Andy Yeung, Emily Klare, and Dirk Adamsen. This meeting marked the final paid session for Andy Yeung before retirement, although a return visit in March was possible for final reporting and recognition. Andy Yeung reflected on many years of service to the Retirement Board and emphasized that improvements in funding were the result of decisions made by the Retirement Board and stakeholders to strengthen funding policies and actuarial assumptions. Andy Yeung noted that the current valuation results were strong with improving funded ratios, declining unfunded liability, and overall decreasing contribution trends when pension and HIB are considered together.

Emily Klare outlined the purposes of the actuarial valuation and presented the results for June 30, 2025. The average employer pension contribution rate declined from 39.9 percent to 38.0 percent of payroll. Member contribution rates did not change. Investment performance was a major factor in the improvement. The market return was 13 percent, and the five-year smoothed return was 9.5 percent compared with the 6.75 percent assumption. This created actuarial gains of about 65 million dollars and reduced the unfunded actuarial accrued liability from roughly 750 million dollars to 676 million dollars. The smoothed funded ratio rose from about 76 percent to about 79 percent and the market value funded ratio increased to about 84 percent. A question regarding the COLA trigger led to clarification that the funded ratio used for the COLA cap rule is based on pension and HIB liabilities together compared with market value of assets. The combined ratio was about 83.6 percent which remained below the 85 percent threshold.

Review of plan experience showed an 11-million-dollar demographic and salary loss caused mainly by salary increases that were higher than assumed. Higher payroll nonetheless reduced the contribution rate because contributions are collected as a percentage of payroll. Segal explained that salary assumptions are based on long term patterns and reviewed during experience studies. Membership levels and workforce characteristics remained stable. Average salary increased about 3.4 percent and retiree counts and average benefits continued to grow gradually.

Historical reviews showed that although the smoothed funded ratio has risen only modestly since 2007 the underlying financial strength of the plan has increased significantly. The Retirement Board adopted multiple assumption changes over the years including reductions to the investment return assumption and adoption of updated mortality standards. This strengthened the long-term outlook even though they initially reduced the funded ratio.

The UAAL reconciliation showed that the plan would have been expected to end the year at about 730 million dollars if all assumptions were met. Investment gains reduced the UAAL by about 65 million dollars and other experience increased it by about 11 million dollars resulting in the final figure of approximately 676 million dollars. Long term projections showed that the UAAL is expected to decline steadily and be fully amortized around 2045. The decrease in employer contribution rates was due primarily to the strong investment performance.

Andy Yeung then presented the HIB valuation results and described the impact of the recently adopted benefit enhancement. The new structure replaces the old fixed monthly subsidy with a single subsidy amount tied to a benchmark premium that can increase annually by up to 3 percent. For 2026 the amount is approximately 618.58 dollars per month. Vesting for PEPRA members is shortened to 15 years while the earlier plan tiers continue with 20-year vesting. Segal had estimated that the enhancement would require about 2.3 percent of payroll in additional employer costs, but strong investment performance and higher payroll reduced the actual impact to about 1.4 percent. Member HIB contributions are increasing in scheduled steps from 0.40 percent to 1.0 percent by 2028. The HIB unfunded liability increased from about 65 million dollars to about 94 million dollars which aligned with expectations. Projections show both pension and HIB unfunded liabilities declining under the current funding policy.

Following questions and discussion staff recommended Board adoption of the pension and HIB valuations as of June 30, 2025, and approval of the employer contribution rates for fiscal year 2027. The Board approved the recommendation and concluded with expressions of appreciation to Andy Yeung for many years of guidance and service.

Director Marguerite Young moved to 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. The motion was seconded by Clifford Chan. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0 by the following vote AYES (M. Young, C. Chan, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

6. Adopt Proposed Retirement Board Election Board Rule – C. Charan

Valerie Weekly presented the proposed Retirement Board Election Board Rule. This rule is the final component of work that began in March 2025 following an ordinance amendment that extended Retirement Board member terms from three years to four years. The new rule establishes the detailed procedures required to conduct Retirement Board elections in alignment with that ordinance. Multiple drafts were previously reviewed by the Retirement Board, and staff incorporated Retirement Board feedback along with public comments. A major feature of the new rule is the adoption of ranked choice voting for Retirement Board elections, which aligns the System's election process with the method used by Alameda County for Board of Director elections.

Valerie addressed a previous public comment recommending that term vested members be granted voting rights. Staff reviewed the retirement ordinance and determined that the ordinance does not

authorize voting rights for term vested members. As a result, the proposed rule does not include that change. Staff indicated support for extending voting rights to term vested members and intends to propose ordinance revisions in a future cycle. Once those ordinance changes are made, the Board rule would be updated to define whether term vested members participate in active or retiree elections.

Retirement Board members asked clarifying questions, and staff confirmed that term vested members can be identified in the current system and will be even easier to track once PensionGold is fully implemented. The classification of term vested members for voting purposes will be addressed at the time of the next ordinance update.

Clifford Chan moved to adopt proposed Retirement Board election board rule. The motion was seconded by Director Marguerite Young. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0 by the following vote AYES (M. Young, C. Chan, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

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

Sophia Skoda introduced Colin Bebee from Meketa to present proposed revisions to the Statement of Investment Policy and Procedures. Sophia Skoda reminded the Board that the IPS underwent an initial update in November 2025 to reflect the new asset allocation and to address straightforward items. The current phase focuses on modernizing and streamlining the entire document.

Colin Bebee referred to a summary memo that organized edits by purpose through color coding. The edits align the IPS with best practices, streamline language, remove outdated provisions, eliminate redundancy, and delete content that does not add meaningful policy guidance. Colin Bebee emphasized that none of the revisions alter Board policy or intent and that the objective is to maintain a clear and effective governance document and noted that overly lengthy IPS documents become impractical and described Meketa's commitment to keeping EBMUD's policy concise and functional.

Colin Bebee also discussed the placement agent questionnaire. Meketa recommended keeping placement agent policy language in the IPS but moving the detailed questionnaire to an internal staff operations manual. This approach preserves the policy direction while allowing staff to maintain operational documents that outline procedures for processes such as rebalancing and obtaining disclosures.

In response to questions about developing the operations manual, Sophia Skoda explained that the concept is new and will require time to complete, especially for staff members balancing other responsibilities. A future update will provide a clearer timeline.

President Jae Park submitted several minor editorial suggestions. Colin Bebee explained that Meketa performs a full formatting and punctuation review after Board approval of substantive edits and that these corrections would be incorporated during that final review. Board members supported the revisions and appreciated the color-coded explanation.

After clarification that President Jae Park's minor edits did not require a separate motion, Clifford Chan moved approval of the revised IPS with the understanding that minor editorial corrections

would be included in the final cleanup. The motion was seconded by Director Margeurite Young. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0 by the following vote AYES (M. Young, C. Chan, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

8. Approve Finalists for Private Credit Manager Interviews – S. Skoda

Sophia Skoda introduced Colin Bebee from Meketa and reminded the Board that the 2024 asset liability study resulted in a new strategic asset allocation that included a five percent allocation to private credit. In late 2025, Meketa issued an RFP for private credit managers with a preference for evergreen structures to reduce administrative burden for small staff.

Colin Bebee explained that evergreen private credit has expanded quickly. A few years ago, the market included only a small group of managers, while the System's RFP produced forty one responses. Meketa's private credit team conducted a full review and recommended four finalists for potential interviews. Colin Bebee provided an overview of private credit, describing corporate direct lending and asset-based lending as the core segments most relevant for the System, along with special situations and diversified strategies within Meketa's broader framework, and also explained the differences between closed end drawdown funds and evergreen structures, noting that evergreen funds continually reinvest capital and support a stable allocation, while closed end funds require repeated commitments and more ongoing engagement. A graph was shown illustrating the smoother capital pattern for evergreen funds.

Colin Bebee informed the Retirement Board that Meketa's updated 2026 Capital Market Assumptions reduced the expected private credit return by about ninety basis points. With the current asset allocation, including private credit, the expected total portfolio return is about seven and a half percent. If the five percent allocation remained in the covered call strategy instead of private credit, the portfolio's expected return would fall by only nine basis points with similar volatility and emphasized the illiquidity and complexity of private credit. A redemption from an evergreen fund would take years because underlying loans must mature or be repaid.

Colin Bebee noted that private credit can be appropriate for investors who have deep familiarity with the asset class and the capacity to monitor it closely, but advised that it must weigh the modest expected return advantage against complexity, illiquidity, monitoring burden, and headline risk, and stated that any significant discomfort should be treated as a signal not to move forward.

The Retirement Board engaged in an in-depth discussion. Director Marguerite Young expressed strong reservations after reviewing the finalist materials and noted the complexity, cost, and risk involved, as well as current macroeconomic uncertainty. Clifford Chan asked how fees were evaluated in review of the candidates and also had a question about how to think about leverage. Colin Bebee responded that Meketa focuses on net returns and considers each manager's full risk and performance profile, including leverage, and described rapid growth in the private credit market and the risk of increased competition and spread compression, fees alone cannot tell you which is the best option, need to review the mosaic of details. Staff added concerns about complexity, market

conditions, and the long commitment period. Colin reminded the board that if there is an hesitation or uncertainty, his fiduciary opinion is that you should not invest at this time. The Board also asked for staff's opinion and Sophia and Robby shared thoughts also about the complexity of the private credit market. It was noted that the covered call strategy may benefit from near term volatility and that there is no obligation to enter private credit immediately.

A public comment from retiree Tim McGowan encouraged consideration of what asset class would be used instead of private credit would it be covered calls or some other Bond offering. Meketa confirmed that a full comparison will be provided, including options beyond covered calls.

Director Jim Oddie asked whether interviews could occur before making a final decision. Some Board members cautioned that interviews often function as persuasive marketing presentations and that the Board should first determine whether private credit belongs in the strategic allocation at all. Sophia Skoda suggested that Meketa return in March 2026 with alternative asset allocation options that exclude private credit, allowing the Board to decide whether to remove or defer the allocation.

Elizabeth Grasseti added her own concern about the timing of this investment and while not a voting board member referenced that she does not feel now is the right time to make this decision to invest in private credit. If the Board elects not to move forward with manager interviews for private credit, Meketa will bring back new alternatives for discussion.

Clifford Chan moved to not move forward with the approval of the finalists for private credit interviews at this time and to reconsider this 5% investment as something other than private credit at the March meeting. The motion was seconded by Director Marguerite Young. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0 by the following vote AYES (M. Young, C. Chan, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (none).

Brief break was taken at 11:02 a.m. and reconvened at 11:07 a.m.

INFORMATION:

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

Sophia Skoda introduced Eric Larsen and Colin Bebee from Meketa to provide a performance and economic update covering results through November 2025 and offering context for the full 2025 calendar year. As of November 30, 2025, system assets exceeded three billion dollars for the first time, supported by a twelve-month investment gain of more than three hundred sixty five million dollars. The one-year return was about 13.7 percent, with an estimated additional gain in December bringing the 2025 calendar year return to roughly 17 percent. Strong equity markets and the System's low cost, largely passive investment structure contributed to the results. Asset allocation stayed within all policy ranges, although equities became modestly overweight and fixed income and core private real estate were underweight. Some of the real estate underweight reflected weaker results in that sector along with transitions tied to implementation of the new allocation. A year-end rebalance was completed to bring exposure closer to targets.

Equities were the largest source of return and non-United States equities outperformed domestic markets. Developed international equities benefited from a weakening United States dollar and

increased defense and infrastructure spending in several regions. Emerging markets gained from exposure to technology and supply chains related to artificial intelligence. Investment grade bonds returned about 7.5 percent, supported by falling yields.

Eric Larsen noted that market leadership broadened late in the year and into early 2026. Value and smaller cap stocks gained relative strength, while mega cap growth stocks slowed and some corrected. The declining dollar lifted returns for United States investors in international assets, with the MSCI EAFE index gaining about 18 percent in local terms and more than 27 percent in United States dollar terms. Broader macroeconomic factors included persistent but moderating inflation pressures, resilient corporate earnings, steady economic growth, and a Federal Reserve decision to hold interest rates steady, and pointed to signs of pressure among certain household groups, including rising student loan delinquencies, heightened concerns about prices and employment, and consumer sentiment at a twelve-year low. Consumption was increasingly concentrated among higher income households with fewer debt burdens.

Colin Bebee added comments about currency movements, precious metals, and monetary conditions. The United States dollar experienced notable depreciation, while gold and silver saw sharp price increases. Bitcoin did not track precious metals in the same way, creating a divergence that some investors view as a signal of uncertainty about global currency conditions. Colin Bebee also highlighted the large volume of federal debt due to refinancing in the coming year at higher interest rates and noted the importance of diversified, long term investment programs in the face of these challenges.

Board members asked questions about the implications of student loan distress and the magnitude of the dollar's decline. Colin Bebee explained that the dollar remains above longer-term levels, but the speed of the decline is significant, and that student loan pressures primarily affect specific groups but contribute to broader signs of consumer strain.

See item 10 above.

11. Annual Report on Proxy Voting – S. Skoda

Sophia Skoda introduced the annual proxy voting report and explained that the System now uses two proxy voting streams. Most equity holdings are voted through Northern Trust Asset Management, while the remaining actively managed separate accounts continue to be voted by Glass Lewis under its public pension policy. Both firms presented their reports.

Eric Gerber from Northern Trust outlined the firm's stewardship program, which treats proxy voting and corporate engagement as core fiduciary responsibilities. Northern Trust holds positions in more than ten thousand companies and engages with corporate leadership to understand financial risks, governance practices, and long-term value drivers. The stewardship team expanded significantly across global regions, and engagement activity increased by more than fifty percent from 2023 to 2024, with similar growth expected for 2025. Northern Trust voted for more than one hundred forty-seven thousand ballot items at approximately fifteen thousand meetings in 2024 and supported about one third of environmental and social shareholder proposals. Examples of supported proposals included requests for political spending disclosure, supply chain human rights oversight, reporting on operations in high-risk countries, and disclosure of climate targets.

For the ACWI ex United States index fund, Northern Trust voted nearly thirty-four thousand proposals at about three thousand meetings and supported management in roughly eighty nine percent of cases. Support varied across strategic transactions and social proposals where transparency was lacking. High risk governance engagements included companies such as Tencent, NetEase, LVMH, Xiaomi, Mitsubishi Heavy Industries, and China Petroleum and Chemical, with topics such as board independence, diversity, and modern slavery oversight. For Tencent, Northern Trust encouraged improved board gender representation, which increased to roughly twenty-five percent with a stated goal of thirty percent.

For the Russell 3000 index fund, Northern Trust voted for about twenty-four thousand proposals at roughly two thousand six hundred meetings and supported management in about ninety percent of cases. Northern Trust scrutinized director elections and opposed proposals that would reduce accountability to shareholders. On shareholder proposals, Northern Trust supported many executive compensation and governance items, including those addressing golden parachutes during mergers and those strengthening shareholder rights. Engagements with major United States companies addressed governance concerns and oversight of artificial intelligence. Northern Trust also opposed Tesla's 2025 compensation package for Elon Musk after concluding that the scale of the award would concentrate too much voting power.

Northern Trust introduced a new Proxy Voting Choice platform for pooled funds that allows clients to select among several voting policies. Northern Trust indicated that the Taft Hartley policy may align most closely with public pension objectives. Board members requested clearer chart labeling in future reports and asked about impacts of federal inquiries into ESG. Northern Trust responded that stewardship practices remain unchanged and that the firm is increasingly framing its approach around long term value and financial risk rather than terminology that has become politically charged.

Director Marguerite Young raised questions about the charting in Northern Trust's slides, especially the bars that appeared to show divergence between Northern Trust's votes and ISS benchmark recommendations. The current charts did not clearly label which bars represented vote support and which represented alignment with ISS and asked that these be clarified in future reports to avoid confusion. Director Marguerite Young also asked whether Northern Trust had changed its terminology or approach in response to the recent Presidential executive order calling on federal agencies to review the use of ESG by proxy advisors.

Eric Gerber explained that the executive order directed the SEC, the Federal Trade Commission, and the Department of Labor to investigate potential issues around proxy advisers such as ISS and Glass Lewis, but that no new regulations have yet been issued and that Northern Trust's stewardship processes and relationships with ISS remain unchanged, and acknowledged that there has been political backlash against the label "ESG" in some quarters and that some firms, including Northern Trust, increasingly frame their work around "sustainability" or "long-term value" to emphasize the financial materiality of environmental, social, and governance risks rather than ideology. Eric Gerber noted that Northern Trust's guidelines continue to use case-by-case, financially-oriented analysis in voting decisions and that the broadening of language is aimed at capturing all financially relevant risks, not reducing rigor.

Staff will return to a future meeting ideally before the upcoming proxy season with a recommendation on whether the System should opt into the voting choice platform.

Matt Seufert from Glass Lewis then reported on proxy voting for the small portion of active equity accounts still under Glass Lewis coverage. Glass Lewis voted five hundred ten meetings across eleven countries, covering about one thousand ballots and nearly seven thousand proposals. Support for management increased to seventy seven percent, driven by proposals that improved governance, such as eliminating supermajority requirements and declassifying boards. Management proposals were opposed most often for excessive auditor tenure, inadequate human rights oversight, and insufficient board independence. Support for shareholder proposals remained lower overall due to an increase in anti-ESG proposals and several overly prescriptive environmental and social proposals. The public pension policy continued to show its strongest support in the governance category. Support for compensation related shareholder proposals rose as well, particularly those requesting safeguards or additional disclosure in situations involving mergers. Glass Lewis observed a high degree of alignment between its public pension policy and Northern Trust's policy, with the public pension policy generally more assertive in favor of shareholder rights. In response to questions, Glass Lewis noted that earlier environmental proposals focused on disclosure while newer proposals increasingly request specific action, and the policy emphasizes workable, broadly applicable standards.

12. Annual Review of Health Insurance Benefit (HIB) – C. Charan

Lisa Sorani presented this item which reviewed Board requirements related to an annual review of the Health Insurance Benefit in accordance with Board Rule C 17 and Section 36 of the retirement ordinance. The review covers eligibility rules, benefit levels, program cost, funding, and administration. Lisa Sorani noted that for about fifteen years the System has also conducted a separate HIB survey almost annually, with the most recent survey completed in 2024 to support negotiations leading to the 2025 HIB changes. There was no survey in 2025 due to the focus on negotiations and implementation. In response to a prior request from Elizabeth Grassetti, staff recommended shifting the HIB survey to a three- or four-year cycle to align with a broader employee benefits survey schedule and to support more structured preparation for future negotiations.

Lisa Sorani summarized the three HIB tiers. Tier 1 covers members hired before July 1, 1996, who retire with eligibility and receive the original four hundred fifty-dollar single subsidy and five hundred fifty dollar married subsidy with full vesting after five years. Tier 2 covers members hired on or after July 1, 1996, who retire or terminate with eligibility before July 28, 2025, and receive the same subsidy amounts but with vesting over a twenty-year schedule. Tier 3 covers members retiring or terminating with eligibility on or after July 28, 2025. Under the new structure, the maximum subsidy for 2026 is six hundred eighteen dollars and fifty-eight cents with annual adjustments tied to the Kaiser Senior benchmark premium and capped at three percent. Vesting for PEPRA members occurs over fifteen years and vesting for 1955 and 1980 plan members remains on a twenty-year schedule. All qualifying service, including service before July 28, 2025, count under the new formula once eligibility is met.

Lisa Sorani noted that Segal's valuation earlier in the meeting provided full cost and funding details for HIB and that future HIB reports will also summarize administrative expenses, including payments to Flexible Benefit Administrators. On program administration, Lisa Sorani explained that

HIB is paid monthly to eligible retirees by check or direct deposit and that FBA now processes payments. All retirees receiving HIB must complete an annual audit. Retirees using non EBMUD coverage must submit proof each year, while those using District retiree medical coverage are verified through District systems and still receive audit notices.

The transition to FBA in mid-2025 generally went well but included some early challenges, such as a few direct deposit errors and initial confusion about contact points. Staff meet weekly with FBA to review issues, refine processes, and prepare for the 2026 audit. Staff also work to identify complex cases early so that FBA has complete information for accurate benefit administration.

Elizabeth Grassetti requested that future reports include more detail on administrative contract costs and that retirees receive clearer and more durable access to FBA contact information. Lisa Sorani agreed and explained that staff is developing a dedicated retiree webpage as part of the PensionGold project that will link to FBA's portal and include contact details. Lisa acknowledged that some retirees prefer mailed materials and stated that print communications with clear contact information will continue, with staff considering a more durable format for future mailings.

13. Declaring the Results of the Special Election of an Active Member of the Retirement Board – C. Charan

Valerie Weekly presented the results of the special election held to fill the active member seat vacated by Max Fefer. The election followed existing Retirement Board procedures. Four employees expressed interest in the seat and two qualified for the ballot after obtaining the required number of nominations. Acting Secretary Lisa Sorani tabulated the votes and confirmed the outcome.

Gus Cicala received the most votes and was elected as the new active member representative. Gus Cicala joined the meeting remotely from Tanzania and expressed appreciation for the opportunity to serve. President Jae Park welcomed Gus Cicala.

A question arose regarding the correct term end date for this seat. Staff will confirm the exact end date of Gus Cicala's term and reconcile minor discrepancies in written references. The Board accepted the election results.

14. 2026 Election Schedule for Active Member and Retired Member Representatives to the EBMUD Retirement Board – C. Charan

Valerie Weekly presented the 2026 election schedule for the upcoming regular elections of one active member representative and one retired member representative. Valerie Weekly reminded the Board that under the recently updated ordinance and Election Board Rule, terms are now four years. Because of staggered terms, 2026 will be the final year in which two regular elections occur at the same time; future elections will follow a more staggered pattern.

The schedule outlines nomination periods, ballot mailings, ballot return deadlines, and canvassing timelines. Staff will provide timely notification to all eligible active and retired members and will ensure that the election process aligns with the newly adopted rules and ordinance language. Staff

also noted that once future ordinance updates regarding term vested voters are completed, any needed clarifications will be incorporated into the election process.

REPORTS FROM THE RETIREMENT BOARD:

None

ITEMS TO BE CALENDARED:

Upcoming Board items were outlined for future meetings. In March 2026, Meketa will present revised strategic asset allocation options that exclude private credit and will provide expected returns, volatility, and implementation considerations for alternative uses of the five percent previously assigned to private credit.

Before the next proxy season, staff will return with a recommendation on whether the System should participate in Northern Trust's Proxy Voting Choice platform and will compare Northern Trust's default policy, the Taft Hartley option, and other available guidelines so the Board can determine which approach, if any, to adopt.


Staff will verify and correct the end date for the special active member term and ensure consistency across all election materials. Staff will also incorporate the Board's interest in conducting the Health Insurance Benefit survey on a three-to-four-year cycle and will integrate this schedule into the broader benefits survey plan, with periodic updates to the Board.

MEETING ADJOURNMENT: Meeting adjourned at 12:24 p.m.



President

ATTEST:



Asst. Secretary

3/19/2026