

MINUTES
EBMUD EMPLOYEES' RETIREMENT SYSTEM
March 19, 2026

A regular meeting of the Retirement Board convened at 9:07 a.m. on Thursday, March 19, 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:

Present: Jae Park, Marguerite Young, Gus Cicala, and Jim Oddie **Absent:** Clifford Chan and Elizabeth Grasseti

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.

CLOSED SESSION: The Board proceeded into a closed session at 9:10 a.m., to discuss the applications for disability retirement by Devonn Harding and Kurt Borden. This was conducted under Government Code Section 54957. The Disability Retirement Applications for Water Distribution Plumber III Devonn Harding and Automotive Services Attendant II Kurt Borden were reviewed, and the Retirement Board unanimously approved disability retirement for both. The board resumed to the regular agenda at 9:28 a.m.

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

The consent calendar included four items: approval of January 29, 2026, minutes; ratifying and approving Investment Transactions by Retirement Fund Managers; Short-Term Investment Transactions; and Treasurer's Statement of Receipts and Disbursements for December 2025 and January 2026.

A motion to approve the Consent Calendar, Items #1 through #4, was made by Director Marguerite Young and seconded by Gus Cicala. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0-0-1 by the following vote AYES (M. Young, J. Oddie, G. Cicala, and J. Park), NOES (none), ABSTAIN (none), ABSENT (C. Chan).

ACTION:

5. Approve Resolution Thanking Andy Yeung of Segal for his service to the Retirement Board – S. Skoda

A resolution expressing appreciation for more than twenty-five years of actuarial service by Segal Vice President and Actuary Andy Yeung was presented. Sophia Skoda and Robert Hannay highlighted Andy Yeung's responsiveness, diligence, and making complex concepts understandable. The resolution summarized Andy Yeung's service beginning in 2000 at Buck Consultants and continuation of service at Segal beginning in 2007. Andy Yeung provided leadership as the lead actuary to the Retirement Board, prepared ongoing annual actuarial valuation reports, assisted with funding policy development, supported implementation of Public Employees' Pension Reform Act (PEPRA), and provided guidance that contributed to strengthening long-term financial sustainability of the Retirement System.

Andy Yeung addressed the Retirement Board and expressed appreciation for the opportunity to serve the system and its members. Andy Yeung acknowledged the importance of recommendations made by Segal and the Board's consideration of those recommendations. The Board wished Andy well.

Director Marguerite Young moved to approve resolution thanking Andy Yeung. The motion was seconded by Gus Cicala. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0-0-1 by the following vote AYES (M. Young, G. Cicala, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (C. Chan).

A brief break was taken at 9:35 a.m. and the meeting was reconvened at 9:50 a.m.

6. Adopt Cost of Living Adjustment effective July 1, 2026 – C. Charan

A detailed presentation regarding the annual Cost of Living Adjustment (COLA) was provided. Segal confirmed the two-year average Consumer Price Index for All Urban Consumers for the San Francisco, Oakland and Hayward region and validated a calculated adjustment of two point two percent for July 1, 2026. Retirees with available COLA bank credits were authorized to apply credits up to zero point eight percent, subject to the statutory maximum of three percent. The Retirement Ordinance limits the annual COLA to three percent unless the Retirement System's projected benefit obligation funded ratio reaches eighty five percent, in which case the maximum equals five percent. Current funded ratio was confirmed as eighty three point six percent, resulting in continuation of the three percent maximum.

Staff gave the Board an explanation of COLA bank accumulation. During years in which the calculated COLA exceeds three percent, the excess is reserved in a COLA bank for future years in which the calculated adjustment falls below three percent. Retirees with sufficient bank balances may increase the upcoming COLA from 2.2% to the maximum of 3%.

The Retirement Board discussed historical COLA bank usage, inflation patterns and the number of retirees with remaining bank balances. aA request for counts of retirees with sufficient bank balance

to reach three percent and a longitudinal review of COLA bank balances at the May meeting. A document control concern was raised regarding the referenced Segal letter as Attachment Two, with direction to include all supporting documents in publicly posted materials to ensure public completeness and clarity.

Staff confirmed that the retirement packet would be updated with Segal's memo and that COLA Bank data will be provided at the May meeting.

Director Marguerite Young moved to adopt cost of living adjustment effective July 1, 2026. The motion was seconded by Director Jim Oddie. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0-0-1 by the following vote AYES (M. Young, G. Cicala, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (C. Chan).

7. Authorize change to Retirement Board Rule C-21 – C. Charan

A presentation was provided regarding proposed revisions to Retirement Board Rule C-21, which governs annual verification of outside earnings for disability retirees under age sixty-five. The existing rule required submission of both federal and state tax returns and all associated 1099 forms upon request. Staff reported difficulty obtaining complete documentation from out-of-state disability retirees and explained that neither federal nor non-California state agencies permit direct wage verification without individual authorization.

The proposed revisions sought to simplify documentation requirements and improve compliance. The revised rule allowed submission of any one of three acceptable documents: a federal tax return with associated 1099 forms, a state tax return with associated 1099 forms or a Social Security earnings statement. The Social Security earnings statement was identified as the most consistent and accessible source of wage information for out-of-state retirees.

The revised rule also updated reporting frequency from quarterly to annual, aligned documentation deadlines with tax filing cycles, and extended the period before referral for benefit suspension to one year from the date of request. The revised rule preserved the requirement that any suspension of benefits must be authorized by the Retirement Board.

The Retirement Board engaged in extensive discussion, including inquiries about compliance rates, long-term procedural improvements, authorization requirements during the disability retirement process and timeline adequacy for escalation. Director Young questioned compliance rates for initial letters, comparative response rates for California residents and out of state residents, escalation steps between initial non-response and benefit suspension consideration, and clarification regarding automatic versus by request submissions under existing rule language. Questions from Director Oddie addressed availability of Social Security earnings statements for disability retirees, inclusion of disability pension income in Social Security earnings records, and feasibility of adjusting for income reported on Social Security statements when calculating annual thresholds. Both addressed potential adoption of a requirement at time of disability retirement for signed authorization enabling future out of state earnings verification upon relocation, with agreement to consider relocation triggers and annual expectations in future rule language. A Board member addressed retention of language referring to submissions upon request of the Secretary and suggested explicit language

requiring annual submissions regardless of specific request language to reduce ambiguity for disability retirees. The discussion clarified current staffing roles, annual communication processes, and differences in monitoring feasibility between California and non-California locations. The revision approval included directions to develop authorization provisions for initial disability retirements, relocation notifications, and annual submission clarity for return at a future meeting.

Staff acknowledged plans to develop additional refinements for future consideration.

Director Jim Oddie moved to authorize the change to RB Rule C-21. The motion was seconded by Director Margeurite Young. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0-0-1 by the following vote AYES (M. Young, G. Cicala, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (C. Chan).

8. Authorize updated Asset Allocation – S. Skoda

Colin Bebee from Meketa delivered a comprehensive presentation on updated capital market assumptions and implications for long-term asset allocation. The presentation reviewed downward adjustments to expected returns across major asset classes due to strong recent market performance and shifting macroeconomic conditions. Updated assumptions for private credit reflected reduced long-term expectations resulting from increased default estimates, lower base rates and changes in opportunity set composition.

Three asset allocation options were presented. Option One retained the current structure, including the five percent allocation to covered calls. Option Two implemented the previously approved transition to five percent private credit. Option Three reallocated the five percent into a combined increase in U.S. equity and core fixed income. All three options demonstrated highly similar expected return and risk characteristics under updated modeling. Colin Bebee described optionality benefits of retaining covered calls at five percent with the ability to dial exposure up or down later without immediate need for a manager search and identified the previously discussed bench approach concept for maintaining a contract if the program were reduced to zero percent, noting that no bench was currently in place. Colin Bebee highlighted current concentration risks in domestic large cap technology, valuation support through strong United States earnings growth, and past transitions where covered calls provided drawdown resilience. Option Three discussion included operational simplicity advantages and minor expected return and volatility differences relative to Option One, with Board preference expressed for maintaining flexibility and avoiding private credit risk given minimal expected return advantage near nine basis points. Staff and Meketa recommended either retaining the current structure or selecting the reallocation alternative, citing reduced benefits of private credit and elevated headline risk.

The Retirement Board discussed historical covered call performance, strategic reasons for previous allocation adjustments, current limitations associated with private credit, headline risks and operational complexities. Comments from President Park described fixed income underperformance after the financial crisis period, Board adoption of covered calls for downside protection and income during that period, and later diversification shifts as fixed income recovered. Director Young

expressed support for retaining covered calls as portfolio insurance during heightened volatility, referenced year-to-date comparison with S and P down approximately three percent and covered call benchmark down approximately thirty basis points, and described future election risk, geopolitical risk, and shock scenarios where covered calls add value through premium harvesting.

Additional discussion addressed future investment flexibility and retention of contractual structures that allow future reentry into covered calls without repeating a manager search. The Retirement Board decided to adopt Option One, maintaining the existing allocation including the five percent covered call component.

Gus Cicala moved to adopt Option One, maintaining the existing allocation including the five percent covered call component. The motion was seconded by Director Marguerite Young. The motion passed unanimously with no opposition or abstentions. The motion passed 4-0-0-1 by the following vote AYES (M. Young, G. Cicala, J. Oddie, and J. Park), NOES (none), ABSTAIN (none), ABSENT (C. Chan).

INFORMATION:

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

Colin Bebee from Meketa provided the fourth-quarter 2025 investment performance report and an economic review. The portfolio surpassed the benchmark over most periods and exceeded three billion in total value. Colin Bebee identified continued strong long-term performance, top quartile rankings, and total fund market value exceeding three billion dollars. Year to date 2026 performance was described as approximately flat through March 18 under elevated geopolitical risk from war conditions and energy supply disruption affecting input costs. Market volatility was reviewed in the context of geopolitical developments affecting oil prices, inflation, employment trends, and global economic uncertainty. Short-term and long-term impacts on equity, fixed income, and alternative assets were discussed, with emphasis on maintaining disciplined rebalancing and long-term policy alignment.

The Board discussed conflict duration as a primary determinant of near-term market outcomes, observed volatility index readings near twenty-five versus historical average near nineteen, modest widening in credit spreads suggesting market expectations for shorter duration conflict relative to severe dislocations, and labor market conditions showing slowing employment growth. Questions addressed strategy during uncertainty and asset allocation timing, with a recommendation to maintain current policy rather than attempt market timing given historical difficulty of two step timing decisions during conflict periods. Additional discussion addressed stagflation risks, fixed income buffer benefits at higher starting yields compared to early 2022 conditions, and potential deflationary effects from demand suppression during oil price spikes. Questions from President Park addressed equity decline scenarios under prolonged conflict and the role of fixed income to buoy returns during such periods. Colin Bebee described expectations for yield declines under material growth slowdowns providing ballast to multi asset portfolios and highlighted rebalancing discipline to avoid missing rebound phases following drawdowns. Questions addressed implications of artificial

intelligence on corporate productivity, revenue dynamics, and capital investment in data centers and semiconductors, with commentary that near term profits were accruing primarily to model providers and chip manufacturers and that longer term productivity effects remained uncertain.

10. Global market Education – S. Skoda

Colin Bebee from Meketa presented an educational session on global equity market structure, regional weight shifts since 1974, sector evolution, valuation considerations, and long-term diversification principles. Historical patterns of market concentration, relative performance cycles among U.S., developed international, and emerging markets, and effects of technological sector leadership were reviewed. The educational session described global equity composition using MSCI All Country World Index Investable Market Index with approximately eight thousand two hundred constituents and regional weights near sixty two percent United States, twenty six percent non-United States developed, and twelve percent emerging markets. Historical perspective described late nineteen eighties dominance by Japan followed by long term decline and growth of United States share beginning after the global financial crisis and continuing through recent years. Sector composition changes included communication services reclassification and real estate sector creation in recent years.

Concentration risk effects during 2025 where the largest eight technology related constituents contributed approximately half of total S and P 500 returns and a significant portion of global index return. Breadth expansion during early 2026 with approximately sixty percent of S and P constituents outperforming the aggregate index, and valuation conditions with United States described as expensive yet supported by strong earnings growth and non-United States developed and emerging markets described as near long term averages. Observations addressed narrowing of long-term performance gaps during the last twelve to fourteen months led by strong non-United States developed and emerging market equity performance, with calendar year 2025 returns near eighteen percent for S and P 500, above thirty percent for non-United States developed equity, and above thirty percent for emerging market equity. Examples illustrated endpoint bias sensitivity with altered conclusions from changes in starting or ending dates, reinforcing humility in forward projections and the importance of diversified exposure given variable leadership across cycles. Questions from a Board member asked whether post global financial crisis patterns were fundamentally different from prior decades and whether demographic trends and policy regimes explained regional share shifts. Colin Bebee described United States earnings strength, monetary and fiscal support post crisis, and demographic headwinds in developed markets outside the United States, with acknowledgment of stronger demographic profiles in emerging markets accompanied by governance and rule of law challenges.

11. 2025 Disability Retiree Earnings Income Verification – C. Charan

An annual status update was provided regarding income verification for disability retirees under age 65. Verification of 23 California resident disability retirees using Employment Development Department wage data identified no exceedances of earnings thresholds. 7 out of state disability

retirees were directed to submit documentation for calendar year 2025. 2 out of state submissions had been received by the meeting date, with outreach continuing under revised Rule C 21 procedures.

Clarification that earnings thresholds equal current salary for the position from which disability retirement occurred including general salary increases, identification of historical practice of annual letters advising personal thresholds, and description of documentation challenges for out of state residents were discussed. Questions included confirmation of whether disability pension income appears on Social Security earnings statements and feasibility of obtaining Social Security earnings statements through retiree requests. Discussion included future consideration of obtaining signed authorization at disability retirement that permits verification upon relocation outside California.

12. Annual Retirement Board Training Report and Ethics Training Update – C. Charan

Training hours for the 2024-2025 reporting period were presented, with completion levels summarized for all Board Members. Upcoming training opportunities through CALAPRS, IFEBP, SACRS, and Meketa webinars were reviewed. Requirements for biennial ethics training were noted, including deadlines for current and newly appointed Board Members. A question regarding membership in Council of Institutional Investors confirmed non membership status.

The Board discussed availability of virtual and in person training, preferred cost-effective options, and suitability of external trustee education programs for investment governance, fiduciary responsibilities, and ethics compliance. Directions included registration assistance through Retirement Services staff and documentation retention for inclusion in annual reports. Staff will return with potential revisions to Board Rule C-23 if directed.

13. PensionGold (LRS) Implementation Project Update – C. Charan

Harold Wilson, a dedicated PensionGold project manager, was introduced. Harold Wilson is assisting with strengthening project execution discipline, transparency, risk management, and dependency oversight. A comprehensive implementation update described progress across PensionGold deployment, emergency payroll modernization through Workday with implementation partner Strata, and core human resources information system replacement under an upcoming RFP. The product owner position for HR core vacated upon retirement in January and was backfilled by an Info Tech program resource coordinating cross project governance. The HR core RFP approached finalization. Emergency payroll contracting and staging sessions were underway across HR, Payroll, and Finance calendars.

A updated go live target equal to October 2026 was identified based on integrated testing requirements with emergency payroll and resource constraints in payroll operations responsible for retiree payroll transition into PensionGold and Workday payroll activities. A description of operational readiness work included procedure documentation, post go live role definition, development of a retiree-focused EBMUD website and PensionGold retiree portal, and navigation to third party health and welfare administration resources. A benchmarking discussion occurred with

the Metropolitan Water Reclamation District of Greater Chicago regarding post implementation staffing, organizational structures, and workload implications. A staffing assessment was prepared and scheduled for Steering Committee review, with potential Retirement System staffing augmentation to be presented at a future meeting. Team composition and limited term resourcing received attention for budget and mid cycle planning.

The retirement estimator tool managed by an external vendor remained offline due to identified calculation concerns unrelated to PensionGold implementation, with manual estimate support available through Retirement Services staff for members approaching retirement. A new Retirement Services clerk, Emily Walker, has been appointed.

New Board member Gus Cicala member requested a consolidated description of PensionGold functional scope covering estimator replacement, elimination of custom PeopleSoft tables, retiree portal features, and integration points with health and welfare administration. Questions addressed restoration timeline for the external estimator tool, manual calculation support, and documentation of member communication pathways for near term retirement planning.

REPORTS FROM THE RETIREMENT BOARD:

None

ITEMS TO BE CALENDARED:

Future agenda items will include further revisions to Retirement Board Rule C-21 addressing authorization at disability retirement, relocation triggers, and annual submission clarity, a Retirement System staffing proposal associated with PensionGold post go live operations, and a historical memorandum describing COLA bank accruals and usage patterns, over time.

MEETING ADJOURNMENT: Meeting adjourned at 11:40 a.m.

President

ATTEST:

Secretary

5/21/2026