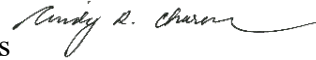


EAST BAY MUNICIPAL UTILITY DISTRICT

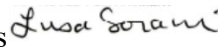
DATE: May 21, 2026

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 – 5/21/2026

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, May 21, 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 May 21, 2026, meeting and the Minutes for the March 19, 2025, regular meeting. The package also includes the following: **(1) CONSENT items:** Approval of Minutes of the Retirement Board – Regular Meeting of March 19, 2026; Ratifying and Approving Investment Transactions by Retirement Fund Managers for February 2026 and March 2026; Ratifying and Approving the Short-Term Investment Transactions for February 2026 and March 2026; Approving Treasurer’s Statement of Receipts and Disbursements for February 2026 and March 2026; **(2) ACTION items:** Declare Interest Rate for Employee Contributions; Approve Additional Funding for Pension Gold (LRS) Implementation Project; Approve Edits to the Investment Policy Statement; **(3) INFORMATION items:** Meketa Performance Report and Economic Review; Declaring the Results of the 2026 Election of an Active Member of the Retirement Board; Review of COLA Bank History and Balances; Update on Private Shares Owned by the Retirement System; **(4) REPORTS FROM THE RETIREMENT BOARD:**

CRC:ls

Enclosure

AGENDA
EBMUD EMPLOYEES' RETIREMENT SYSTEM
May 21, 2026

A regular meeting of the Retirement Board will convene at 9:00 a.m. on Thursday, May 21, 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, Jim Oddie, Marguerite Young, Jae Park, Gus Cicala and Elizabeth Grassetti

Staff to the Retirement Board: Sophia Skoda, Cindy Charan, Lourdes Matthew, Robert Hannay, Lisa Sorani, Emily Walker

Consultants & Presenters: Meketa: Colin Bebee

****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 March 19, 2026 – C. Charan
2. Ratifying and Approving Investment Transactions by Retirement Fund Managers for February 2026 and March 2026 – S. Skoda
3. Ratifying and Approving Short-Term Investment Transactions for February 2026 and March 2026 – S. Skoda
4. Approving Treasurer’s Statement of Receipts and Disbursements for February 2026 and March 2026 – S. Skoda

ACTION:

5. Declare Interest Rate for Employee Contributions – C. Charan

6. Approve Additional Funding for Pension Gold (LRS) Implementation Project – C. Charan
7. Approve Edits to the Investment Policy Statement – S. Skoda

INFORMATION:

8. Meketa Performance Report and Economic Review – S. Skoda
9. Declaring the Results of the 2026 Election of an Active Member of the Retirement Board – C. Charan
10. Review of COLA Bank History and Balances – C. Charan
11. Update on Private Shares Owned by the Retirement System – S. Skoda

REPORTS FROM THE RETIREMENT BOARD:

ITEMS TO BE CALENDARED:

MEETING ADJOURNMENT:

The next regular meeting of the Retirement Board will be held on July 9, 2026.

Retirement Board Meetings

- July 9, 2026
- September 17, 2026
- November 19, 2026

APPENDIX

Retirement Board Meeting
Thursday, May 21, 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

When: May 21, 2026 09:00 AM Pacific Time (US and Canada)

Topic: May 21, 2026 EBMUD Retirement Board Meeting

Join from PC, Mac, iPad, or Android: <https://ebmud.zoom.us/j/83029751776>

Phone one-tap:

+16699006833,,88993254377# US (San Jose) | +16694449171,,88993254377# US

Join via audio:

+1 669 900 6833 US (San Jose) | +1 669 444 9171 US

Webinar ID: 889 9325 4377

International numbers available: <https://ebmud.zoom.us/u/kbzadY1BUI>

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
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

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Investment Transactions by Retirement Fund Managers for February 2026 and March 2026

The attached Investment Transactions by Retirement Fund Managers report for the months of February 2026 and March 2026 is hereby submitted for Retirement Board approval.

SDS:RLH:sgl

Attachment: Investment Transactions by Retirement Fund Managers

R.B. RESOLUTION NO. _____

RATIFYING AND APPROVING INVESTMENT TRANSACTIONS BY FUND MANAGERS
FOR FEBRUARY 2026 AND MARCH 2026

Introduced by: _____ ; Seconded by: _____

WHEREAS, Retirement Board Rule No. B-5 provides for investment transactions without prior specific approval by the Retirement Board; and

WHEREAS, investment transactions have been consummated during February 2026 and March 2026, in accordance with the provisions of said rule and in securities designated as acceptable by Retirement Board Resolution No. 4975, as amended;

NOW, THEREFORE, BE IT RESOLVED that the investment transactions appearing on the following Exhibit A are hereby ratified and approved.

President

ATTEST:

Secretary

05/21/2026

INVESTMENT TRANSACTIONS BY RETIREMENT FUND MANAGERS			
February 2026			
	PURCHASES	SALES	PORTFOLIO VALUE
<u>FIXED INCOME</u>			
C.S. McKee	\$61,839,097	\$57,493,085	\$309,811,629
Federated Bank Loans	\$0	\$0	\$0
Garcia Hamilton Associates	\$7,684,653	\$6,654,352	\$311,438,271
Mackay Shields - HY	\$3,713,023	\$678,730	\$106,465,908
Aristotle Pacific Asset Mgmt Bank Loan Fund LP	\$0	\$0	\$70,565,828
Beach Point Loan Fund LP	\$0	\$0	\$68,000,000
Brigade High Yield LP	\$0	\$0	\$105,500,000
Total Fixed Income	\$73,236,773	\$64,826,167	\$971,781,636
<u>DOMESTIC EQUITY</u>			
Russell 3000 Index Fund	\$0	\$0	\$1,085,258,249
Total Domestic Equity	\$0	\$0	\$1,085,258,249
<u>COVERED CALLS</u>			
Parametric (BXM)	\$0	\$0	\$42
Parametric (Delta-Shift)	\$299,885	\$359,280	\$150,963,644
Total Covered Calls	\$299,885	\$359,280	\$150,963,687
<u>INTERNATIONAL EQUITY</u>			
ACWI Index fund	\$0	\$0	\$893,080,398
Global Transition	\$0	\$0	\$1,141,098
Total International Equity	\$0	\$0	\$894,221,495
<u>REAL ESTATE EQUITY</u>			
RREEF America II	\$0	\$0	\$55,422,915
Total Real Estate	\$0	\$0	\$55,422,915
TOTAL ALL FUND MANAGERS	\$73,536,657	\$65,185,447	\$3,157,647,982
March 2026			
	PURCHASES	SALES	PORTFOLIO VALUE
<u>FIXED INCOME</u>			
C.S. McKee	\$81,051,364	\$77,113,630	\$304,387,071
Federated Bank Loans	\$0	\$0	\$0
Garcia Hamilton Associates	\$25,290,446	\$21,319,819	\$303,306,455
Mackay Shields - HY	\$3,148,369	\$1,417,647	\$105,456,606
Aristotle Pacific Asset Mgmt Bank Loan Fund LP	\$0	\$0	\$70,565,828
Beach Point Loan Fund LP	\$0	\$0	\$68,000,000
Brigade High Yield LP	\$0	\$0	\$105,500,000
Total Fixed Income	\$109,490,179	\$99,851,097	\$957,215,960
<u>DOMESTIC EQUITY</u>			
Russell 3000 Index Fund	\$0	\$32,980	\$1,031,259,820
Total Domestic Equity	\$0	\$32,980	\$1,031,259,820
<u>COVERED CALLS</u>			
Parametric (BXM)	\$0	\$0	\$0
Parametric (Delta-Shift)	\$677,447	\$749,134	\$143,588,113
Total Covered Calls	\$677,447	\$749,134	\$143,588,113
<u>INTERNATIONAL EQUITY</u>			
ACWI Index fund	\$0	\$77,005	\$808,005,214
Global Transition	\$0	\$0	\$1,123,571
Total International Equity	\$0	\$77,005	\$809,128,784
<u>REAL ESTATE EQUITY</u>			
RREEF America II	\$0	\$0	\$55,424,675
Total Real Estate	\$0	\$0	\$55,424,675
TOTAL ALL FUND MANAGERS	\$110,167,625	\$100,710,216	\$2,996,617,353


Prepared By: Sherry Sarcos
Sherry Sarcos, Accounting Technician

Date: 04/23/2026

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Short Term Investment Transactions for February 2026 and March 2026

The attached Short Term Investment Transactions reports for the months of February 2026 and March 2026 are hereby submitted for Retirement Board approval.

SDS:RLH:sgl

Attachments: Short Term Investment Transactions February 2026
Short Term Investment Transactions March 2026

R.B. RESOLUTION NO. _____

RATIFYING AND APPROVING SHORT TERM INVESTMENT TRANSACTIONS BY THE
TREASURER FOR FEBRUARY 2026 AND MARCH 2026

Introduced by: _____ ; Seconded by: _____

WHEREAS, Retirement Board Rule No. B-7 provides for the temporary investment of retirement system funds by the Treasurer or Assistant Treasurer in securities authorized by Sections 1350 through 1366 of the Financial Code or holding funds in inactive time deposits in accordance with Section 12364 of the Municipal Utility District Act; and

WHEREAS, investment transactions during February 2026 and March 2026, 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 February 2026 and March 2026 are hereby ratified and approved.

President

ATTEST:

Secretary

05/21/2026

**EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF FEBRUARY 2026**

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ 5,534,000.00	Local Agency Investment Fund	13-Feb-26		3.871
\$ (9,701,000.00)	Local Agency Investment Fund		26-Feb-26	3.871
<u>\$ (4,167,000.00)</u>	Net Activity for Month			
\$ 7,149,087.55	Beginning Balance			
<u>(4,167,000.00)</u>	Net Activity for Month			
<u>\$ 2,982,087.55</u>	Ending Balance			

SUBMITTED BY David Glasser
 David Glasser
 Controller

DATE 04/24/2026

Robert L. Hannay
 Robert L. Hannay
 Treasury Mgr.

Kevin Ma
Kevin Ma (Apr 23, 2026 09:44:53 PDT)
 Kevin Ma
 Acct. Sys. Supv.
 prepared by Ssarcos

**EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF MARCH 2026**

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ 5,523,000.00	Local Agency Investment Fund	13-Mar-26		3.826
\$ 5,493,000.00	Local Agency Investment Fund	27-Mar-26		3.826
<u>\$ 11,016,000.00</u>	Net Activity for Month			
\$ 2,982,087.55	Beginning Balance			
<u>11,016,000.00</u>	Net Activity for Month			
<u>\$ 13,998,087.55</u>	Ending Balance			

SUBMITTED BY David Glasser
David Glasser
Controller

DATE 04/24/2026

Robert L. Hannay
Robert L. Hannay
Treasury Mgr.

Kevin Ma
Kevin Ma (Apr 23, 2026 09:44:53 PDT)
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Acct. Sys. Supv.
prepared by Ssarcos

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance *SDS*

SUBJECT: Treasurer's Statement of Receipts and Disbursements for February 2026 and March 2026

SUMMARY

The attached Treasurer's Statement of Receipts and Disbursements reports for the months of February 2026 and March 2026 are hereby submitted for Retirement Board approval.

SDS:RLH:sgl

Attachments: Statement of Receipts and Disbursements February 2026
Statement of Receipts and Disbursements March 2026

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF FEBRUARY 2026**

CASH BALANCE at January 31, 2026		\$	3,803,471.76
<u>Receipts</u>			
Employees' Contributions	\$		2,206,671.37
District Contributions			9,003,566.55
LAIF Redemptions			9,701,000.00
Northern Trust Redemptions			0.00
Refunds and Commission Recapture			<u>14,220.15</u>
TOTAL Receipts			20,925,458.07
<u>Disbursements</u>			
Checks/Wires Issued:			
Service Retirement Allowances	\$		12,462,555.32
Disability Retirement Allowances			180,154.00
Health Insurance Benefit			2,071,292.77
Payments to Retiree's Resigned/Deceased			2,850.36
LAIF Deposits			5,534,000.00
Administrative Cost			<u>846,836.02</u>
TOTAL Disbursements			<u>(21,097,688.47)</u>
CASH BALANCE at February 28, 2026		\$	<u>3,631,241.36</u>
LAIF			<u>2,982,087.55</u>
LAIF and CASH BALANCE at February 28, 2026		\$	<u>6,613,328.91</u>
<u>Domestic Equity</u>			
Russell 3000 Index Fund	\$		<u>1,085,258,248.91</u>
Subtotal Domestic Equity			1,085,258,248.91
<u>Covered Calls</u>			
Parametric (BXM)	\$		42.37
Parametric (Delta-Shift)			<u>150,963,644.17</u>
Subtotal Covered Calls			150,963,686.54
<u>International Equity</u>			
ACWI Index fund	\$		893,080,397.63
Global Transition			<u>1,141,097.85</u>
Subtotal International Equity			894,221,495.48
<u>Real Estate</u>			
RREEF America REIT II	\$		<u>55,422,915.19</u>
Subtotal Real Estate			55,422,915.19
<u>Fixed Income</u>			
CS Mckee	\$		309,811,628.56
Garcia Hamilton Associates			311,438,271.22
Mackay Shields-High Yield			106,465,907.75
Aristotle Pacific Asset Mgmt Bank Loan Fund LP			70,565,828.00
Beach Point Loan Fund LP			68,000,000.00
Brigade High Yield LP			<u>105,500,000.00</u>
Subtotal Fixed Income			971,781,635.53
Total for Domestic and International Equities			<u>3,157,647,981.65</u>
MARKET VALUE of ASSETS at February 28, 2026		\$	<u>3,164,261,310.56</u>

Respectfully submitted,

David Glasser

David Glasser
Controller

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.

Kevin Ma

Kevin Ma / Apr 23, 2026 09:44:53 PDT

Kevin Ma
Acct. Sys. Supv.

prepared by Sscaros

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF FEBRUARY 2026**

CASH BALANCE at February 28, 2026		\$	3,631,241.36
<u>Receipts</u>			
Employees' Contributions	\$	2,198,979.87	
District Contributions		8,945,785.48	
LAIF Redemptions		0.00	
Northern Trust Redemptions		0.00	
Refunds and Commission Recapture		<u>32,913.65</u>	
TOTAL Receipts			11,177,679.00
<u>Disbursements</u>			
Checks/Wires Issued:			
Service Retirement Allowances	\$	12,446,521.61	
Disability Retirement Allowances		172,457.94	
Health Insurance Benefit		2,074,775.85	
Payments to Retiree's Resigned/Deceased		332,309.54	
LAIF Deposits		11,016,000.00	
Administrative Cost		<u>317,012.35</u>	
TOTAL Disbursements			<u>(26,359,077.29)</u>
CASH BALANCE at March 31, 2026		\$	<u>(11,550,156.93)</u>
LAIF			<u>13,998,087.55</u>
LAIF and CASH BALANCE at March 31, 2026		\$	<u>2,447,930.62</u>
<u>Domestic Equity</u>			
Russell 3000 Index Fund	\$	<u>1,031,259,819.93</u>	
Subtotal Domestic Equity		1,031,259,819.93	
<u>Covered Calls</u>			
Parametric (BXM)	\$	0.00	
Parametric (Delta-Shift)		<u>143,588,113.21</u>	
Subtotal Covered Calls		143,588,113.21	
<u>International Equity</u>			
ACWI Index fund	\$	808,005,213.63	
Global Transition		<u>1,123,570.71</u>	
Subtotal International Equity		809,128,784.34	
<u>Real Estate</u>			
RREEF America REIT II	\$	<u>55,424,674.79</u>	
Subtotal Real Estate		55,424,674.79	
<u>Fixed Income</u>			
CS Mckee	\$	304,387,070.92	
Garcia Hamilton Associates		303,306,455.25	
Mackay Shields-High Yield		105,456,606.20	
Aristotle Pacific Asset Mgmt Bank Loan Fund LP		70,565,828.00	
Beach Point Loan Fund LP		68,000,000.00	
Brigade High Yield LP		<u>105,500,000.00</u>	
Subtotal Fixed Income		957,215,960.37	
Total for Domestic and International Equities			<u>2,996,617,352.64</u>
MARKET VALUE of ASSETS at February 28, 2026		\$	<u>2,999,065,283.26</u>

Respectfully submitted,

David Glasser

David Glasser
Controller

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.

Kevin Ma

Kevin Ma (Apr 28, 2026 09:44:53 PDT)


Kevin Ma
Acct. Sys. Supv.

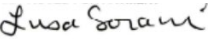
prepared by Ssarcos

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Manager of Employee Services 

FROM: Lisa Sorani, HR Administrator, Retirement 

SUBJECT: Declare the Interest Rate to Apply on June 30, 2026 to Balances of Member Contributions and Interest for the Period Ending December 31, 2025

ACTION: Adopt Resolution Declaring Interest Rate

RECOMMENDATION

Adopt the attached Resolution declaring the interest rate to be credited to accumulated Member contributions effective June 30, 2026.

BACKGROUND

The Retirement Ordinance, Section 4(d), directs the Retirement Board to semi-annually declare the rate of interest to be credited to accumulated Member contributions.

In accordance with Retirement Board Rule B-9, the annual rate of interest credited to Member contributions on June 30, 2026 will be the lesser of:

- the actuarially assumed rate of return; or
- the five (5) year average rate of return on Retirement System investments for the period ending December 31, 2025.

As of December 31, 2025:

- the actuarially assumed rate of return is 6.75% and
- the five-year average rate of return on Retirement System Investments is 8.3%

Accordingly, the attached Resolution declares the annual interest rate of 6.75%. The rate credited to Member accounts will be prorated to a semi-annual rate of 3.375 and applied effective June 30, 2026 to balances of Member contributions and accrued interest as of December 31, 2025.

CC:LS:ew

R.B. RESOLUTION NO.

DECLARING THE INTEREST RATE

Introduced by:

; Seconded by:

WHEREAS, section 4(d) of Ordinance, as amended, provides that the Retirement Board shall semi-annually declare the rate of interest for the preceding six (6) months to be credited on accumulated contributions of members, which rate shall be based upon criteria to be established by the Retirement Board; and

WHEREAS, the crediting rate will be the lesser of the actuarial assumed rate of six and seventy-five hundredths percent (6.75%) as of December 31, 2025, or the actual five (5) year earnings rate of the fund, determined to be eight and three-tenths percent (8.3%) for the period ending December 31, 2025;

NOW THEREFORE, BE IT RESOLVED that the Retirement Board does hereby declare a six and seventy-five hundredths percent (6.75%) annual interest rate. The rate credited to member accounts effective June 30, 2026 will be three and three hundred seventy-five thousandths percent (3.375%) for the balance of employee contributions and interest as of December 31, 2025, in accordance with Rules B-8 and B-9 of the Retirement Board.

President

ATTEST:

Secretary

05/21/2026

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

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

FROM: Lisa Sorani, Manager of Employee Services *Lisa Sorani*

SUBJECT: Approve Additional Funding for PensionGold Implementation Project

SUMMARY

This memo provides an update on the PensionGold project including the factors contributing to the extended implementation timeline and increased project costs. The memo also summarizes the actions being taken to support project completion to meet the go-live date of October 2026.

DISCUSSION

In 2019, the District decided to proceed with the pension software project ahead of the HRIS Replacement Project. From 2019 to 2022, a request for proposals (RFP) for the pension software was prepared, product demonstrations were held, and contract negotiations were completed with the selected vendor PensionGold.

The Retirement Board approved the \$10.505 million PensionGold implementation project at its January 2023 meeting. Cost included software licensing, implementation services, contractor support, District staff, and future maintenance and support costs. The implementation plan assumed a two-year project timeline.

Originally Approved Project Costs

Cost Category	Approved Amount
PensionGold Software and Hosting	\$513,000
Professional Services	\$3,357,000
Maintenance and Support (10 Years)	\$2,130,000
Contractors	\$1,224,000
District FTE Staffing	\$3,281,000
Total Approved Funding	\$10,505,000

As the PensionGold implementation progressed, the project required a greater level of sustained resources, operational coordination, testing, process redesign, training, and support than

originally anticipated, ultimately resulting in project delays. The operational and organizational factors contributing to the delays are discussed below.

Staffing and Operational Challenges

- Leadership and staffing transitions within the Retirement Services unit
- Employee leaves of absence affecting operational capacity
- Staff turnover within key support positions

Concurrent Enterprise and Compliance Priorities

Retirement, HRIS, and Benefits group resources were also required to support other projects, including:

- HIB Study implementation activities
- Negotiated benefit and retirement-related changes
- HIB outsourcing implementation and stabilization efforts
- Secure Act 2.0 compliance-related system work
- Emergency payroll-related initiatives
- THRIVE project activities and related enterprise implementation efforts

As implementation activities continued into 2025, additional time was required to validate remaining workstreams, confirm project sequencing, and establish a revised go-live schedule.

CORRECTIVE ACTIONS AND CURRENT PROJECT STATUS

In response to the extended delays, project governance, staffing support, and operational coordination efforts were reassessed in 2025.

Corrective actions include:

- Addition of a dedicated project manager
- Analyst support for process documentation, testing coordination, and implementation readiness activities
- Increased Steering Committee oversight
- Continued coordination to support configuration, testing, and interfaces

These actions have improved project coordination and established a go-live date of October 2026.

UPDATED PROJECT COSTS

The table below summarizes the originally approved project budget, projected implementation costs through go-live, and additional funding needed to complete the project.

Cost Category	Original Budget	Projected Total Cost	Variance
PensionGold Software and Hosting	\$513,000	\$513,000	\$0
Professional Services and Change Orders	\$3,357,000	\$4,135,250	\$778,250
Maintenance and Support (10 Years)	\$2,130,000	\$2,385,600	\$255,600
Contractors	\$1,224,000	\$2,344,100	\$1,120,100
District Staff	\$3,281,000	\$4,381,000	\$1,100,000
Contingency and Remaining Implementation Costs	—	\$444,020	\$444,020
Total	\$10,505,000	\$14,202,970	\$3,697,970

While there are \$778,250 in cost from LRS related to change orders and delay charges, the main additional costs are related to staffing as staffing costs now run through October 2026, with some staff charges continuing through June 2027 to complete set up and roll out of Member Direct, the employee member and retiree portal There are new contractors to support the final work and the core project and functional team’s extended time on the project. The additional funding of \$3,697,970 will support completion of implementation activities through the planned October 2026 go-live date.

CONCLUSION

The PensionGold project is a critical modernization initiative that will improve pension administration, operational efficiency, compliance support, reporting functionality, and long-term sustainability of Retirement Services operations. The requested funding will support completion of the core project by October 2026 and Member Direct roll out by May 2027.

CRC:rdw



PensionGold (LRS) Implementation Project Request for Additional Funding

Retirement Board

May 21, 2026

Speaker: Cindy Charan, Director of Human Resources

Requested Board Action

Staff Recommendation

Approve additional funding of \$3,697,970 for completion of the PensionGold (LRS) implementation project.

Purpose of Funding Request

Additional funding is necessary to:

- Complete remaining implementation activities;
- Support project staffing and operational readiness;
- Finalize testing, training, and system stabilization; and
- Achieve planned go-live in October 2026.

Where We Are Today

EBMUD Is Structurally Different

- Self-administered pension system serving 4,500 members
- EBMUD operates with ~3 FTE; peer agencies range from 5 to 9 FTE*
- EBMUD is the only surveyed agency performing all functions in-house*
- Includes Retiree Health, Dental, DC, HIB, and Board support

Why This Matters for the Project

- PensionGold serves the entire scope of work, not just pension
- Configuration and testing demands exceed a standard pension-only implementation
- The same small team runs daily operations while completing the project

*Source: 2023–2025 Retirement Systems
Staffing Survey*

Project Overview

PensionGold Modernization Initiative

- Retirement Board approved implementation in January 2023
- PensionGold replaces aging retirement administration processes and systems
- Project supports:
 - Improved pension administration capabilities
 - Enhanced reporting and compliance support
 - Operational efficiency and sustainability
 - Long-term modernization of Retirement Services

Original Approved Budget

Original Board Authorization: \$10.505 Million

Cost Category	Amount
Software & Hosting	\$513,000
Professional Services	\$3,357,000
Maintenance & Support	\$2,130,000
Contractors	\$1,224,000
District Staffing	\$3,281,000
Total	\$10,505,000

Original Timeline

- Project Kickoff: March 2023
- Initial Go-Live Target: March 2025

Original Project Assumptions

- Two-year implementation timeline
- Dedicated staffing model
- Parallel support of ongoing Retirement Services operations

Key Factors that Extended the Timeline (1/2)

The project proved more complex than the original plan anticipated.

The original timeline rested on assumptions about a functional, HRIS-led model, not a realistic staffing plan for a self-administered system performing every function in-house.

1) Greater Functional Participation Required

Implementation required more extensive:

- Business process design and validation by Retirement Services
- Configuration decisions and review cycles by retirement subject-matter experts
- Data validation, reconciliation, and testing by retirement staff
- Staff readiness and adoption: time for Retirement Services staff to learn, test, and adopt new processes on PensionGold, while continuing to run pension operations on the legacy system

Key Factors that Extended the Timeline (2/2)

The original plan also underestimated the dedicated time staff would need to commit to the project while running ongoing operations across the district.

2) Operational Resource Constraints

Retirement Services staff continued supporting

- Ongoing pension administration operations
- Staffing transitions and leaves
- Concurrent operational priorities

3) Concurrent Enterprise Initiatives

Shared HRIS and Retirement resources also supported:

- Negotiated benefits implementation
- Secure Act 2.0 compliance work
- Emergency payroll initiatives
- HIB implementation activities
- THRIVE and enterprise projects

Project Stabilization and Corrective Actions

Actions Implemented

Strengthened Project Governance

- Increased Steering Committee oversight
- Enhanced implementation tracking and coordination
- Validation of remaining workstreams and sequencing

Expanded Staffing Support

- Dedicated HR Project Manager assigned
- Additional business analyst support added
- Expanded operational cross-training within Employee Services

Current Project Status

- Remaining implementation scope confirmed
- Staffing support stabilized
- Go-live readiness activities underway
- October 31, 2026 go-live target established, Member Direct rolled out by July 2027

District-Level Coordination Corrective Actions

Actions Implemented

The District has reinforced cross-functional coordination to keep all Workforce Technology Projects on track.

- **Executive Sponsorship** – Active engagement from District leadership ensures alignment across HR, Retirement Services, IT, and Finance.
- **Cross-Department Working Groups (Workforce Technology “Program” Level Coordination)** – HRIS, Payroll, IT, and Retirement Services meet on a regular cadence to resolve issues and confirm readiness.
- **Vendor Accountability** – Joint governance with the vendor on milestone delivery, testing checkpoints, and go-live readiness.

Updated Project Costs

Updated Total Project Cost: \$14.203 Million

Cost Category	Original Budget	Projected Total	Variance
Software & Hosting	\$513,000	\$513,000	\$0
Professional Services & Change Orders	\$3,357,000	\$4,135,250	\$778,250
Maintenance & Support	\$2,130,000	\$2,385,600	\$255,600
Contractors	\$1,224,000	\$2,344,100	\$1,120,100
District Staffing	\$3,281,000	\$4,381,000	\$1,100,000
Remaining Implementation & Contingency	—	\$444,020	\$444,020
Total	\$10,505,000	\$14,202,970	\$3,697,970

Funding Request

Additional Funding Requested

\$3,697,970

Funding Will Support:

- Remaining implementation services
- Final system configuration and testing
- Operational readiness and training
- Project staffing support
- Go-live stabilization activities
- Remaining contingency needs through implementation completion

Planned Go-Live:

- October 31, 2026

Conclusion and Requested Action

Conclusion

- PensionGold remains a critical modernization initiative for Retirement Services
- Project complexity and competing operational priorities extended the implementation timeline
- Governance, staffing, and project oversight enhancements are now in place
- Remaining implementation activities and go-live planning have been clearly defined

Requested Board Action

Approve additional funding of \$3,697,970 to complete implementation and support transition to full core system use by October 31, 2026 and rollout of Member Direct by May 2027.

A Principle for Future District Projects

PensionGold has reinforced a lesson that applies to every major District infrastructure investment going forward:

Plan for the staffing reality, not the assumption.

- Large system implementations require dedicated project capacity in addition to day-to-day operations
- Functional teams must be resourced for the implementation work the system actually demands of them
- Project budgets and timelines should reflect a realistic staffing plan, not an optimistic one
- This principle protects future District projects from the same pressures PensionGold encountered

Questions?



EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance *SDS*

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. Phase two of the Investment Policy updates was approved at the January 29, 2026 meeting. Phase two was a more comprehensive update with a focus on modernizing and streamlining. The proposed update in this item is due to the decision to update the asset allocation to retain Covered Calls in lieu of our Private Credit mandate. The edits reflect this decision by removing references to Private Credit and updating portfolio targets. Attached are both a redline and a clean copy with the changes incorporated.

SDS:SGL

Attachments: 1. Investment Policy Statement Review: Summary of Proposed Revisions #3
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: May 21, 2026
RE: Investment Policy Statement (IPS) Review: Summary of Proposed Revisions #3

Over the course of the last 6-9 months, the EBMUDERS Investment Policy Statement has gone through a comprehensive review and update process. The updates were originally slated to be discussed in a two-phase process (November 2025 and January 2026), however, recent changes to the policy asset allocation targets have necessitated one additional, albeit minor, update.

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.

The January 2025 proposed revisions were more material and represented the second phase of the IPS update project. The goals of the phase two edits are listed below.

Phase Two Updates: Goals/Reasons
To align with industry best practices for institutional investment policy design.
Streamlined the document by removing redundancies and overlapping policies (across sections). Moreover, modification of specific passages/statements in order to lower the overall word count without impacting the respective intent. Also included general repositioning of existing language to more appropriate sections.
Further removal of outdated practices.
Deletion and/or modification of language that is explicitly or implicitly provided via other governing documents/language or legal requirements (e.g., fiduciary law, vendor contracts, etc.).
Removal of language that can be considered surplusage or tautology in that it is already accounted for (i.e., a given) and thus adds no new meaning or policy effect.
Additional general clean-up or clarification edits.

At the March 2026 meeting, the EBMUDERS Retirement Board approved a new long-term strategic asset allocation that modified the previously approved (May 2024) targets by forgoing the allocation to Private Credit.

The May 2026 proposed edits to the IPS are simple updates to the document to reflect the recently approved long-term strategic asset allocation targets.



**EAST BAY MUNICIPAL UTILITY DISTRICT
EMPLOYEES' RETIREMENT SYSTEM**

Investment Policy Statement

Last Revised ~~January-May~~ 2026

TABLE OF CONTENTS	PAGE
I. INTRODUCTION	3
II. POLICY STATEMENT	4
III. INVESTMENT OBJECTIVES	4
A. OVERALL PERFORMANCE GOALS	4
IV. DUTIES AND RESPONSIBILITIES	4
A. DUTIES OF THE BOARD OR ITS DESIGNEE(S)	4
B. DUTIES OF THE ADMINISTRATIVE-INVESTMENT COMMITTEE	5
C. DUTIES OF THE EAST BAY MUNICIPAL UTILITY DISTRICT STAFF	5
D. DUTIES OF THE GENERAL INVESTMENT CONSULTANT.....	6
E. DUTIES OF THE INVESTMENT MANAGERS	7
F. DUTIES OF THE MASTER CUSTODIAN	7
V. INVESTMENT POLICIES AND PROCEDURES	8
A. ASSET ALLOCATION	8
B. REBALANCING GUIDELINES	8
VI. ELIGIBLE INVESTMENTS	8
A. PUBLIC EQUITIES PORTFOLIO	9
1. <i>U.S. Equities</i>	9
2. <i>Non-U.S. Equities</i>	9
B. FIXED-INCOME PORTFOLIO	9
1. <i>Core Fixed Income / Investment Grade Bonds</i>	9
2. <i>Non-Core Fixed Income (Public)</i>	10
C. COVERED CALLS PORTFOLIO	11
D. REAL ESTATE PORTFOLIO.....	12
E. CASH.....	13
VII. INVESTMENT MANAGER POLICY	13
A. INTRODUCTION	13
B. MANAGER SELECTION	13
C. MANAGER AUTHORITY	14 13
D. LIMITATIONS ON CONCENTRATIONS OF SINGLE MANAGERS/FIRMS	14 13
E. INVESTMENT MANAGER GUIDELINES	14
F. INVESTMENT MANAGER PERFORMANCE MEASUREMENT.....	14
G. SECURITIES LENDING.....	15
H. DERIVATIVES.....	15
I. CURRENCY HEDGING	15
J. PROXY VOTING OF SECURITIES	16 15
K. TRANSACTION WITH RETIREMENT BOARD MEMBERS, STAFF, AND CONSULTANTS TO THE EMPLOYEE RETIREMENT SYSTEM.....	16 15
VIII. POLICY FOR THE USE OF PLACEMENT AGENTS	16
A. MANAGER PLACEMENT AGENT DISCLOSURES	16
B. RESPONSIBILITIES OF STAFF AND CONSULTANTS.....	17
C. RESPONSIBILITIES OF COUNSEL	18
D. RESPONSIBILITIES OF THE BOARD.....	18
APPENDIX I – LONG-TERM STRATEGIC ASSET ALLOCATION AND RANGES	19
APPENDIX II: ASSET CLASS BENCHMARKS	20

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; and
- 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; and
- 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; and
- 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 III), 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.

IV. 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:
 - a. Investment philosophy

- b. Investment objectives
- c. Risk philosophy
- d. 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.

V. 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 Strategic Asset Allocation and RangesTarget 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 Strategic Asset Allocation and RangesTarget 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.

VI. 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

- a. Index Funds / Core Stocks – 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.
- b. 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.~~

C.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.

1. The objectives for investment of the covered call portfolio are:

- a. For active managers, the performance objective is to outperform the benchmark, net of all fees, over 3-5 years;
 - b. For replication managers, the performance objective is to match the benchmark, gross of fees, over 3-5 years;
 - c. The Covered Calls class shall have a benchmark index of the Chicago Board Options Exchange S&P 500 BuyWrite Index (the “BXM Index”);
 - d. 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
 - e. 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.
2. The covered call portfolio should consist of three components:
 - a. underlying equity;
 - b. call options; and
 - c. cash.
 3. The underlying equity should be designed to gain broad market exposure. This can be accomplished through individual stock ownership, ETFs, or derivatives.
 4. 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.
 5. Call options may be used to provide income and risk control.
 6. The notional value of the options may not exceed the total value of the underlying equity portfolio.
 7. 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.
 8. Managers may purchase back options in order to close out positions.
 9. 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.
 10. Leverage may not be used.

D.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.

1. The objectives for investment of the real estate portfolio are:
 - a. 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;
 - b. Increased Program Diversification/Reduced Program Risk: To use real estate to enhance overall Program diversification and, in turn, reduce overall Program risk;
 - c. 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;

- d. Inflation-Hedge: To make investments primarily in real estate equity investments that are likely to provide a reasonable hedge against price inflation; and
 - e. Preservation of Principal: To achieve meaningful risk-adjusted returns without undue exposure to loss of investment principal.
2. 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.

E.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).

VII. 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.
 - ii. Reason(s) for placing the Investment Manager on watch status.
 - 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 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.
5. 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.
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 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. 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.

I. 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.

J. 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.

K. 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.

VIII. 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
 - 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;

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.

- 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 and as amended in March 2026) 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%
<u>Covered Calls</u>	<u>5.0%</u>	<u>+/- 2%</u>
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>Core Private 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
EMPLOYEES' RETIREMENT SYSTEM**

Investment Policy Statement

Last Revised May 2026

TABLE OF CONTENTS	PAGE
I. INTRODUCTION	3
II. POLICY STATEMENT	4
III. INVESTMENT OBJECTIVES	4
A. OVERALL PERFORMANCE GOALS	4
IV. DUTIES AND RESPONSIBILITIES	4
A. DUTIES OF THE BOARD OR ITS DESIGNEE(S)	4
B. DUTIES OF THE ADMINISTRATIVE-INVESTMENT COMMITTEE	5
C. DUTIES OF THE EAST BAY MUNICIPAL UTILITY DISTRICT STAFF	5
D. DUTIES OF THE GENERAL INVESTMENT CONSULTANT.....	6
E. DUTIES OF THE INVESTMENT MANAGERS	7
F. DUTIES OF THE MASTER CUSTODIAN	7
V. INVESTMENT POLICIES AND PROCEDURES	8
A. ASSET ALLOCATION	8
B. REBALANCING GUIDELINES	8
VI. ELIGIBLE INVESTMENTS	8
A. PUBLIC EQUITIES PORTFOLIO	9
1. <i>U.S. Equities</i>	9
2. <i>Non-U.S. Equities</i>	9
B. FIXED-INCOME PORTFOLIO	9
1. <i>Core Fixed Income / Investment Grade Bonds</i>	9
2. <i>Non-Core Fixed Income (Public)</i>	10
C. COVERED CALLS PORTFOLIO	11
D. REAL ESTATE PORTFOLIO.....	12
E. CASH.....	13
VII. INVESTMENT MANAGER POLICY	13
A. INTRODUCTION	13
B. MANAGER SELECTION	13
C. MANAGER AUTHORITY	13
D. LIMITATIONS ON CONCENTRATIONS OF SINGLE MANAGERS/FIRMS	13
E. INVESTMENT MANAGER GUIDELINES	14
F. INVESTMENT MANAGER PERFORMANCE MEASUREMENT.....	14
G. SECURITIES LENDING.....	15
H. DERIVATIVES.....	15
I. CURRENCY HEDGING	15
J. PROXY VOTING OF SECURITIES.....	15
K. TRANSACTION WITH RETIREMENT BOARD MEMBERS, STAFF, AND CONSULTANTS TO THE EMPLOYEE RETIREMENT SYSTEM.....	15
VIII. POLICY FOR THE USE OF PLACEMENT AGENTS	16
A. MANAGER PLACEMENT AGENT DISCLOSURES	16
B. RESPONSIBILITIES OF STAFF AND CONSULTANTS.....	17
C. RESPONSIBILITIES OF COUNSEL	18
D. RESPONSIBILITIES OF THE BOARD.....	18
APPENDIX I – LONG-TERM STRATEGIC ASSET ALLOCATION AND RANGES	19
APPENDIX II: ASSET CLASS BENCHMARKS	20

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; and
- 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; and
- 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; and
- 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 II), 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.

IV. 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:
 - a. Investment philosophy

- b. Investment objectives
- c. Risk philosophy
- d. 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.

V. 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 I: Long-Term Strategic Asset Allocation and Ranges**.

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 I – Long-term Strategic Asset Allocation and Ranges**.

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.

VI. 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**

- a. Index Funds / Core Stocks – 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.
- b. 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. 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.

1. The objectives for investment of the covered call portfolio are:
 - a. For active managers, the performance objective is to outperform the benchmark, net of all fees, over 3-5 years;
 - b. For replication managers, the performance objective is to match the benchmark, gross of fees, over 3-5 years;
 - c. The Covered Calls class shall have a benchmark index of the Chicago Board Options Exchange S&P 500 BuyWrite Index (the "BXM Index");
 - d. 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
 - e. 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.

2. The covered call portfolio should consist of three components:
 - a. underlying equity;
 - b. call options; and
 - c. cash.
3. The underlying equity should be designed to gain broad market exposure. This can be accomplished through individual stock ownership, ETFs, or derivatives.
4. 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.
5. Call options may be used to provide income and risk control.
6. The notional value of the options may not exceed the total value of the underlying equity portfolio.
7. 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.
8. Managers may purchase back options in order to close out positions.
9. 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.
10. Leverage may not be used.

D. 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.

1. The objectives for investment of the real estate portfolio are:
 - a. 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;
 - b. Increased Program Diversification/Reduced Program Risk: To use real estate to enhance overall Program diversification and, in turn, reduce overall Program risk;
 - c. 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;
 - d. Inflation-Hedge: To make investments primarily in real estate equity investments that are likely to provide a reasonable hedge against price inflation; and
 - e. Preservation of Principal: To achieve meaningful risk-adjusted returns without undue exposure to loss of investment principal.
2. 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.

E. 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).

VII. 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.

- ii. Reason(s) for placing the Investment Manager on watch status.
 - 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 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.
- 5. 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.
- 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 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. 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.

I. 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.

J. 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.

K. 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.

VIII. 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
 - 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

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. 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 and as amended in March 2026) 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%
Core Private Real Estate	2.5%	+/- 2.5%
Covered Calls	5.0%	+/- 2%
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>Core Private 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: May 21, 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 March 31, 2026.

DISCUSSION

The Retirement System's portfolio had a market value of \$3.01 billion as of March 31, 2026, essentially flat from the end of the fourth quarter of 2025. The portfolio return was -1.4 percent for the quarter. Over a one-year period, the portfolio return was 16.0 percent, above the total plan benchmark return of 14.9 percent. The portfolio return remains above the plan benchmark by 0.6 percent over a 10-year period.

SDS:SGL

Attachment: Performance Report



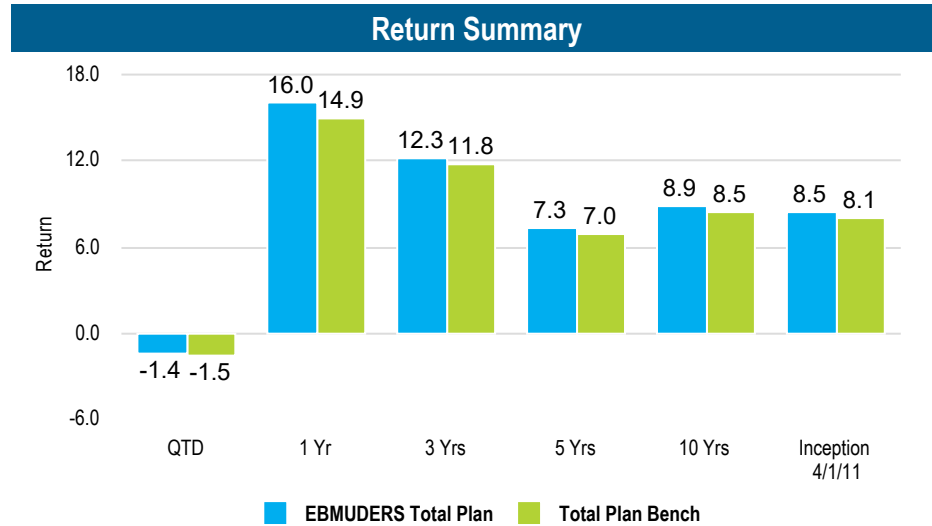
East Bay Municipal Utility District Employees' Retirement System

May 21, 2026

Q1 2026 Performance Report

- 1. Introduction**
- 2. Economic and Market Update as of March 31, 2025**
- 3. First Quarter Performance Review**
- 4. Appendix**

Introduction



Summary of Cash Flows

	QTD	1 Yr
EBMUDERS Total Plan		
Beginning Market Value	\$3,012,763,140	\$2,602,373,560
Net Cash Flow	\$42,889,342	-\$5,813,319
Net Investment Change	-\$42,517,321	\$416,574,920
Ending Market Value	\$3,013,135,161	\$3,013,135,161

	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)
EBMUDERS Total Plan - Net	-1.4	16.0	12.3	7.3	8.9	--
EBMUDERS Total Plan - Gross	-1.4	16.1	12.4	7.4	9.1	7.6
<i>Total Plan Benchmark</i>	-1.5	14.9	11.8	7.0	8.5	7.2
InvMetrics Public DB > \$1B Median	-0.7	12.1	9.9	6.3	8.2	7.1

Historical net returns for the Total Portfolio Aggregate are currently available from 2Q 2011.

Asset Class Performance - Net of Fees | As of March 31, 2026

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
EBMUDERS Total Plan	3,013,135,161	100.0	-1.4	16.0	12.3	7.3	8.9	8.5	Apr-11
<i>Total Plan Benchmark</i>			-1.5	14.9	11.8	7.0	8.5	8.1	
US Equity	1,032,382,391	34.3	-4.0	17.6	17.7	10.8	13.9	12.8	Apr-11
<i>Russell 3000 Hybrid</i>			-4.0	18.1	17.9	10.9	13.7	12.8	
Non-US Equity	808,005,214	26.8	0.7	26.6	15.2	7.8	8.4	6.9	Jul-95
<i>MSCI ACWI xUS (blend)</i>			-0.6	25.6	15.1	7.6	8.9	6.1	
Covered Calls	143,588,113	4.8	-4.0	12.8	12.4	8.4	9.2	9.3	Feb-14
<i>Cboe S&P 500 Buy Write Index</i>			-0.9	11.4	11.0	7.9	7.3	7.0	
Core Private Real Estate	55,069,203	1.8	1.5	5.0	3.5	5.4	5.9	5.7	Jan-07
<i>Real Estate Benchmark</i>			1.2	4.9	5.1	5.8	5.9	6.7	
Investment Grade Bonds	607,693,526	20.2	0.0	4.6	3.6	0.8	2.0	2.4	Jan-14
<i>Fixed Income Core Benchmark</i>			0.0	4.3	3.6	0.6	--	--	
High Yield Bonds	213,452,900	7.1	0.0	6.2	7.1	5.0	--	5.3	Jul-19
<i>Blmbg. U.S. Corp: High Yield Index</i>			-0.5	7.0	8.6	4.2	--	4.9	
Bank Loans	138,945,727	4.6	-0.5	2.8	5.3	3.2	--	3.0	Jul-19
<i>Morningstar LSTA U.S. Leveraged Loan</i>			-0.6	4.8	8.0	5.9	--	5.5	
Cash	13,998,088	0.5	1.2	4.5	4.6	3.3	2.4	1.6	Aug-10
<i>FTSE 3 Month T-Bill</i>			0.9	4.2	5.0	3.5	2.3	1.5	

Economic and Market Update

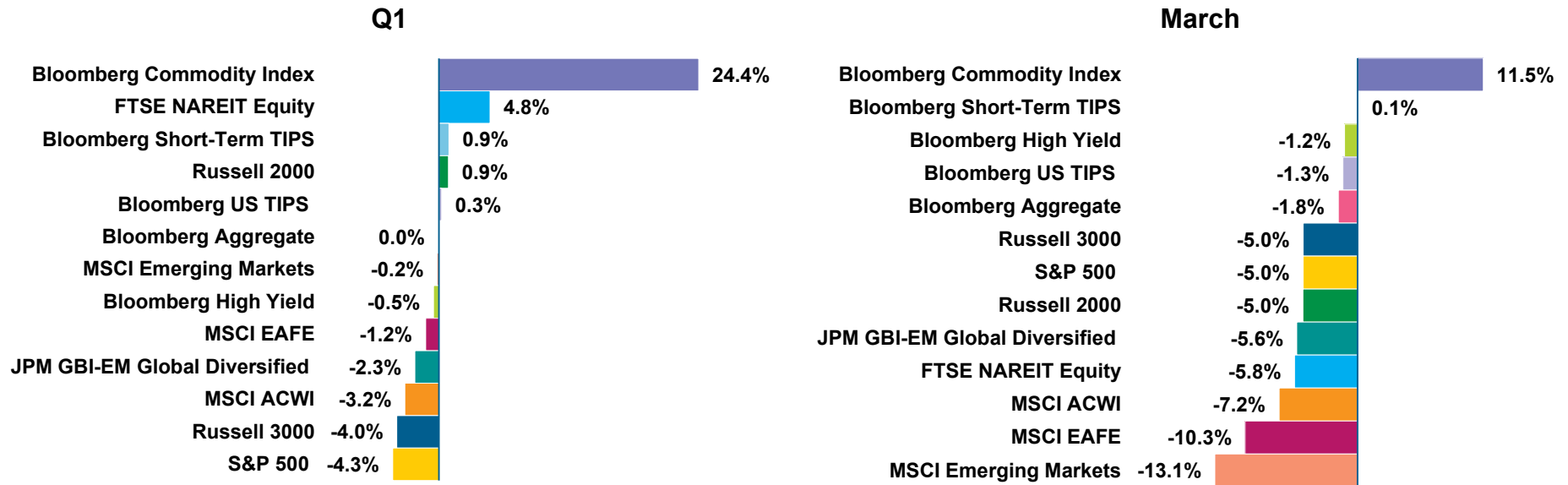
Data as of March 31, 2026

Commentary

Despite a solid start in January, equities globally declined in the first quarter amid tensions in the Middle East and US technology weakness, while higher energy prices fueled inflation concerns in the bond markets.

- US equities (Russell 3000) declined 4.0% in the first quarter. Small-cap and value stocks outperformed large-cap and growth, as skepticism around AI-driven valuations and shifting rate expectations supported a rotation toward more cyclical and defensive areas of the market.
- Non-US equities declined less than US stocks in the first quarter, supported by more attractive relative valuations and a rotation away from US technology leadership. Performance was also aided by strength in parts of Asia tied to AI-related hardware demand. Later in the quarter, the Middle East conflict particularly weighed on countries dependent on oil from the region, especially oil that typically passes through the Strait of Hormuz.
 - Non-US developed stocks (MSCI EAFE) fell 1.2% in the first quarter.
 - Emerging markets (MSCI Emerging Markets) slightly declined (0.2%) in the first quarter. South Korea and Taiwan were among the top performing countries, while China fell on weakness in internet and software stocks.
- Major bond markets were broadly flat for the first quarter of 2026. The US bond market (Bloomberg Aggregate) finished the quarter largely unchanged. TIPS (Bloomberg US TIPS) were up slightly driven by increased inflation concerns, while longer-duration Treasuries posted modestly negative returns amid upward pressure on yields.
- Looking ahead, markets will be focused on how geopolitical risks, elevated energy prices, and trade uncertainty feed into inflation expectations and influence the path of monetary policy, growth, and earnings outlooks.

Index Returns¹



- In the first quarter of 2026, commodities led performance, significantly outperforming as geopolitical tensions drove oil prices higher. US REITs also had a strong quarter as investors rotated out of large-cap tech into defensive, income-generating assets, with data centers and healthcare properties driving results.
- In contrast, risk assets broadly lagged, with US equities declining, led by large-cap stocks, while international equities also posted negative returns amid continued concerns around technology valuations and energy related worries from the conflict in the Middle East.

¹ Source: Bloomberg. Data is as of March 31, 2026.

Domestic Equity Returns¹

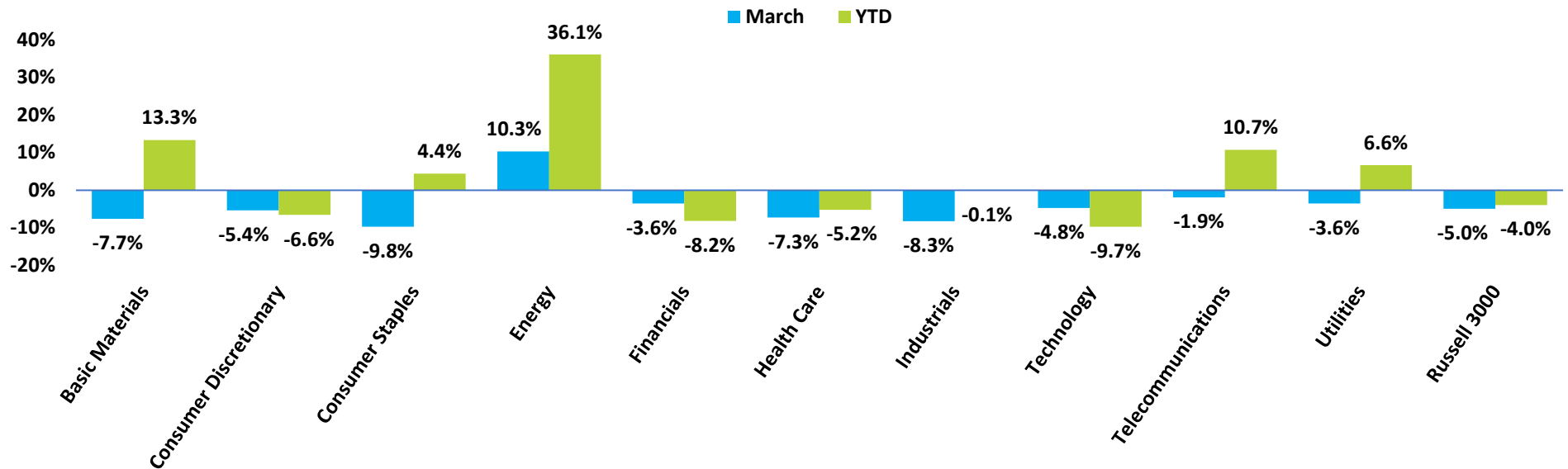
Domestic Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-5.0	-4.3	17.8	18.3	12.1	14.2
Russell 3000	-5.0	-4.0	18.1	17.8	10.9	13.7
Russell 1000	-5.0	-4.2	17.7	18.1	11.3	14.0
Russell 1000 Growth	-5.2	-9.8	18.8	21.2	12.8	16.8
Russell 1000 Value	-4.8	2.1	15.9	14.3	9.4	10.6
Russell MidCap	-5.3	1.3	16.0	13.3	7.3	10.9
Russell MidCap Growth	-6.3	-6.3	9.6	12.7	5.4	11.7
Russell MidCap Value	-5.1	3.7	17.6	13.1	7.9	9.7
Russell 2000	-5.0	0.9	25.7	13.0	3.8	9.9
Russell 2000 Growth	-6.3	-2.8	23.6	12.3	1.6	9.8
Russell 2000 Value	-3.6	5.0	28.1	13.8	5.8	9.6

US Equities: The Russell 3000 index fell 4.0% in the first quarter of 2026.

- The rotation from growth to value that began late last year remained firmly in place throughout the first quarter of 2026, despite broad declines in US equities. The style divergence was evident across market capitalizations, with the Russell 1000 Value Index gaining 2.1% versus a 9.8% decline for the Russell 1000 Growth Index. In small caps, the Russell 2000 Value Index rose 5.0% compared to a 2.8% decline for the Russell 2000 Growth Index, reflecting continued investor preference for lower-valuation, more cyclically exposed segments of the market.
- All the “Magnificent Seven” constituents posted negative returns in the first quarter: Microsoft (-23.5%), Meta (-13.0%), Amazon (-9.4%), Alphabet (-8.1%), Apple (-7.3%), Tesla (-6.7%), and Nvidia (-6.5%). This acted as a meaningful headwind to broad market performance given their significant weight in the index.

¹ Source: Bloomberg. Data is as of March 31, 2026.

Russell 3000 Sector Returns¹



Sector performance was mixed in the first quarter, with leadership concentrated in energy and other inflation-sensitive areas alongside defensive sectors.

- Energy was the clear standout, gaining 36.1% during the quarter, driven by elevated geopolitical risk and rising energy prices. Basic materials (+13.3%) benefited from higher commodity prices and telecommunications (+10.7%) was helped by wireless carriers posting strong earnings.
- Technology was the weakest-performing sector, declining 9.7% for the quarter, as continued concerns around AI-related valuations and the sustainability of elevated capital spending weighed on returns. Financials (-8.2%) and consumer discretionary (-6.6%) also lagged.

¹ Source: Bloomberg. Data is as of March 31, 2026.

Foreign Equity Returns¹

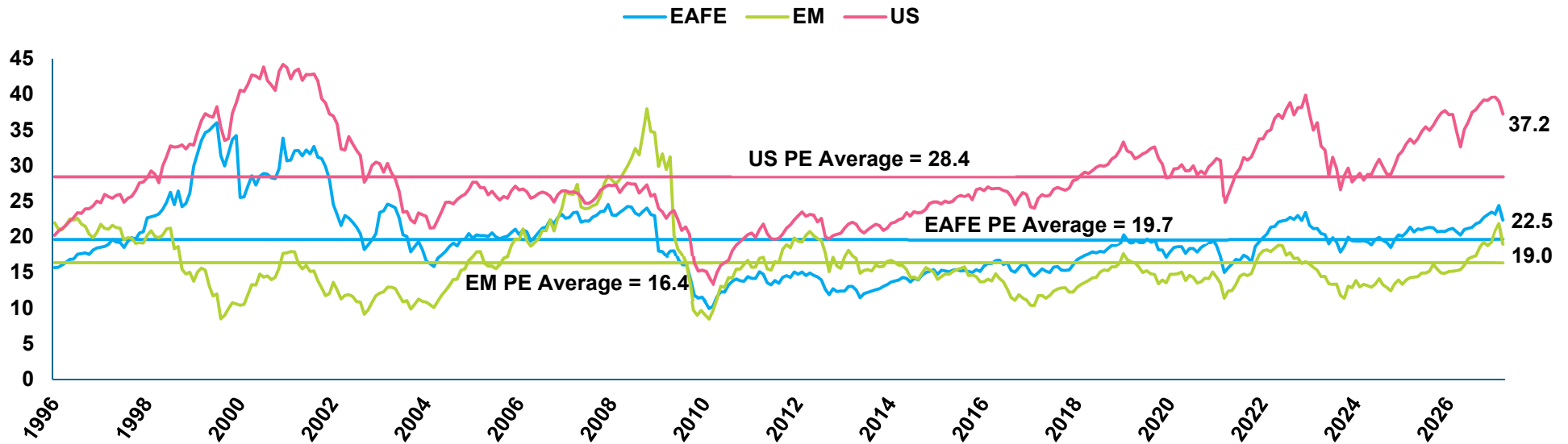
Foreign Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	-10.8	-0.7	24.9	14.5	7.0	8.4
MSCI EAFE	-10.3	-1.2	21.3	13.6	7.9	8.4
MSCI EAFE (Local Currency)	-8.0	0.1	17.4	13.2	9.9	9.3
MSCI EAFE Small Cap	-10.9	-1.3	25.6	12.6	4.4	7.4
MSCI Emerging Markets	-13.1	-0.2	29.6	14.8	3.7	7.8
MSCI Emerging Markets (Local Currency)	-10.5	2.1	30.6	17.1	6.2	9.5
MSCI EM ex China	-14.8	3.2	41.3	18.5	8.1	9.2
MSCI China	-7.7	-8.9	3.8	6.5	-4.9	5.1

Foreign equities declined in the first quarter of 2026, but by less than US equities. Developed markets (MSCI EAFE: -1.2%) modestly underperformed emerging markets (MSCI Emerging Markets: -0.2%), with performance dispersion across regions remaining elevated.

- Within developed markets, results were mixed. European and UK equities benefited at times from relative value appeal and exposure to energy and defensive sectors. Japan was supported by expectations of political stability after the February national elections and continued AI-related hardware demand, though broader risk-off sentiment and concerns related to energy prices weighed on returns by quarter-end.
- Emerging markets modestly outperformed developed peers during the quarter, driven by strength in select Asian markets tied to continued semiconductor and hardware demand. China was a notable laggard (-8.9%), as broad-based weakness in tech and consumer stocks and ongoing uncertainty around growth and policy support pressured returns in the first quarter.

¹ Source: Bloomberg. Data is as of March 31, 2026.

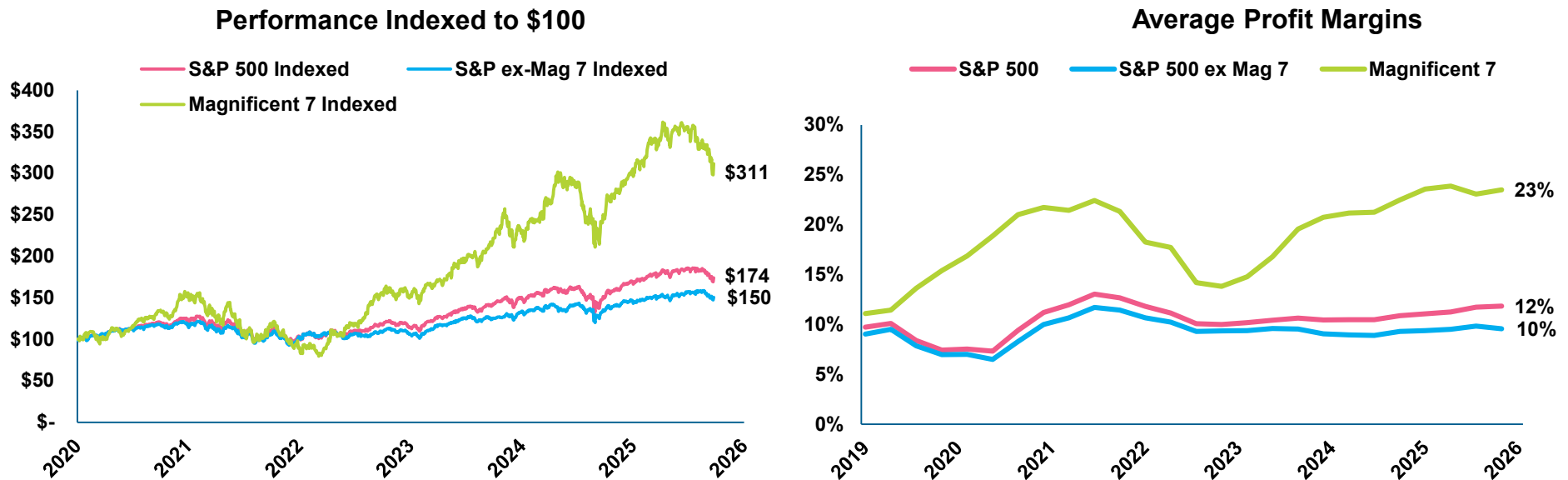
Equity Cyclically Adjusted P/E Ratios¹



- Cyclically adjusted US equity valuations pulled back from their recent peak driven by weakness in AI-related growth stocks and the conflict in the Middle East. Valuations nevertheless remain well above long-run averages.
- Non-US developed markets (EAFE) pulled back modestly in the first quarter, but valuations remain above their long-run average (22.5 versus 19.7).
- Emerging market valuations also declined slightly in the first quarter but remain above the long-run average (19.0 versus 16.4) though.

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 March 2026. 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



- AI-oriented mega-cap stocks continued to play an outsized role in US equity performance during the first quarter of 2026, this time depressing overall results given their declines and weight in the index.
- Leadership broadened meaningfully over the quarter as investor concerns around valuations, capital intensity, and disruption risks weighed on high-multiple AI leaders. This contributed to the relative underperformance of the “Magnificent 7” versus the broader market.
- Despite the recent stock price weakness, the average profit margins (23%) for the “Magnificent 7” are more than double those of the S&P 500 ex Mag 7 (10%).

¹ Source: Bloomberg. Data is as of March 31, 2026, for index prices and profit margins.

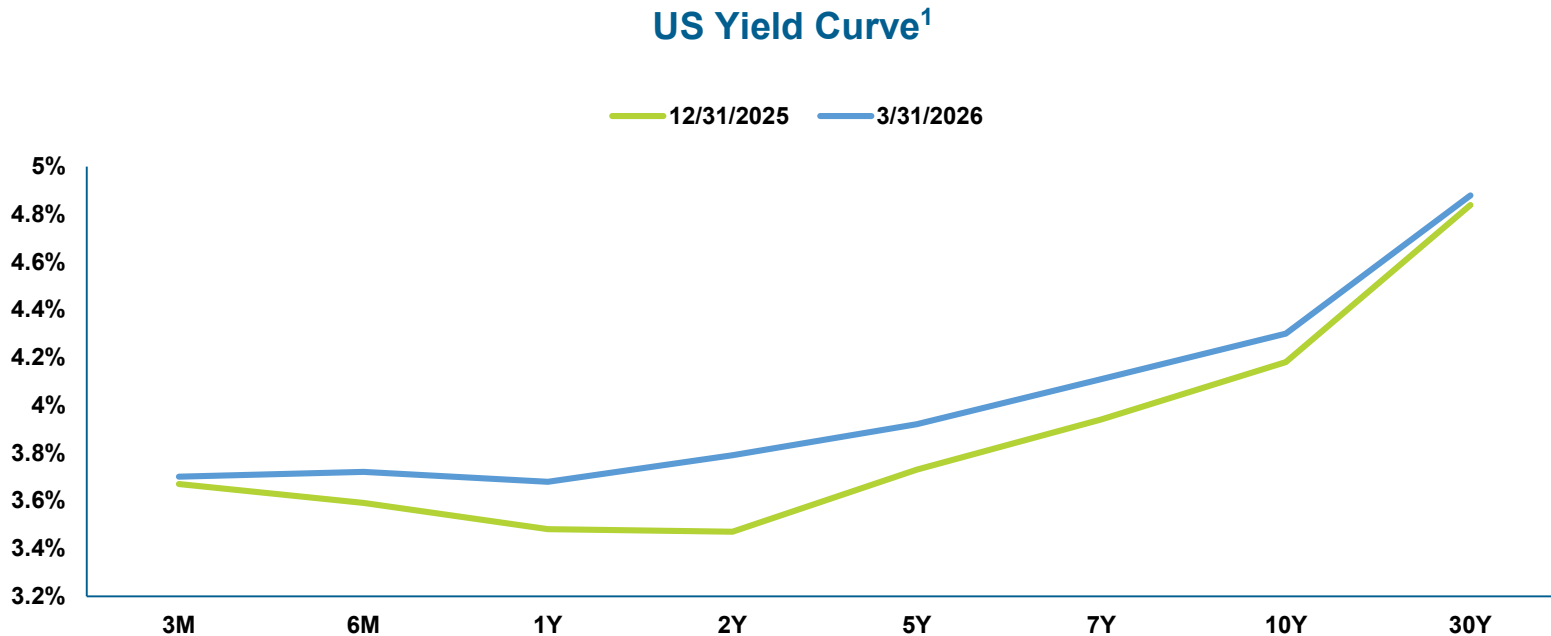
Fixed Income Returns¹

Fixed Income	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-1.8	-0.1	4.6	4.2	0.7	2.1	4.8	5.8
Bloomberg Aggregate	-1.8	0.0	4.3	3.6	0.3	1.7	4.6	6.0
Bloomberg US TIPS	-1.3	0.3	3.0	3.2	1.5	2.7	4.3	6.6
Bloomberg Short-term TIPS	0.1	0.9	3.9	4.7	3.5	3.1	3.8	2.4
Bloomberg US Long Treasury	-4.0	-0.4	0.5	-1.5	-4.6	-0.8	4.9	14.4
Bloomberg High Yield	-1.2	-0.5	7.0	8.6	4.2	6.1	7.4	3.4
JPM GBI-EM Global Diversified (USD)	-5.6	-2.3	11.8	6.9	2.1	2.6	--	--

Fixed Income: The Bloomberg Universal index fell 0.1% in the first quarter of 2026.

- Fixed income returns were mixed during the first quarter of 2026. The Mideast conflict reignited inflation fears, and fixed income markets repriced future rate cut expectations for the year. The broad US bond market (Bloomberg Aggregate) finished the quarter flat, while longer-duration assets and riskier credit segments lagged.
- Long-term Treasuries were pressured late in the quarter as yields moved higher, resulting in modest losses for the Bloomberg US Long Treasury Index (-0.4%). Inflation-protected securities delivered positive results, with short-term TIPS returning +0.9% while the broader TIPS index rose 0.3%.
- During the quarter credit-oriented sectors lagged as weaker risk sentiment and rate volatility weighed on returns. High yield bonds declined modestly (-0.5%), while emerging market debt underperformed more meaningfully (-2.3%), reflecting sensitivity to global risk conditions.

¹ Source: Bloomberg. Data is as of March 31, 2026. 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.

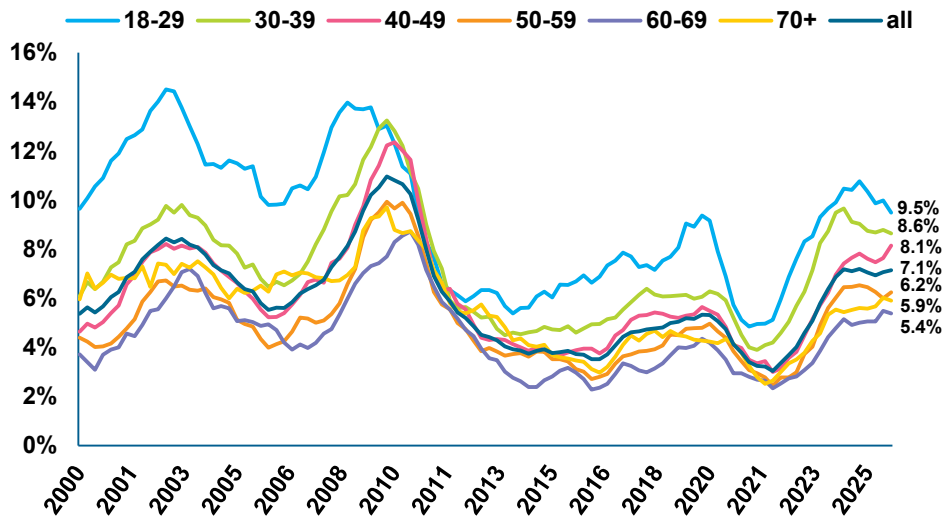


- Treasury yields moved higher across the entire curve during the first quarter of 2026 as the war in the Middle East increased inflation concerns and lowered the number of expected interest rate cuts from the Federal Reserve.
- The policy-sensitive 2-year nominal Treasury yield increased from 3.47% to 3.79%. The 10-year nominal Treasury yield rose from 4.18% to 4.30%, while the 30-year nominal Treasury yield increased from 4.84% to 4.91%.
- As the front end of the yield curve rose more sharply than longer-dated yields, the spread between the two-year and ten-year Treasury declined from 70 basis points to 53 basis points.

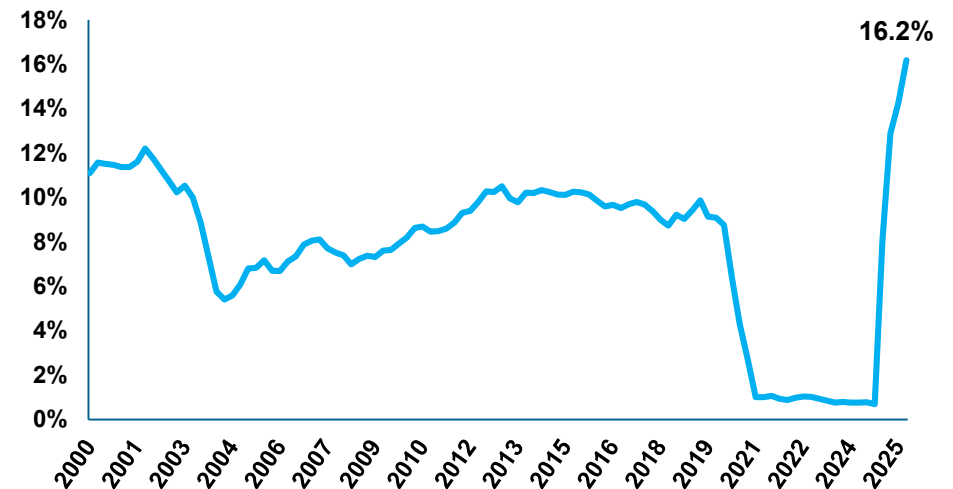
¹ Source: Bloomberg. Data is as of March 31, 2026.

Stress is Building Among Some US Consumers¹

Transition into Serious Delinquency for Credit Cards by Age



Transition Into Serious Delinquency (90+ Days) for Student Loans²

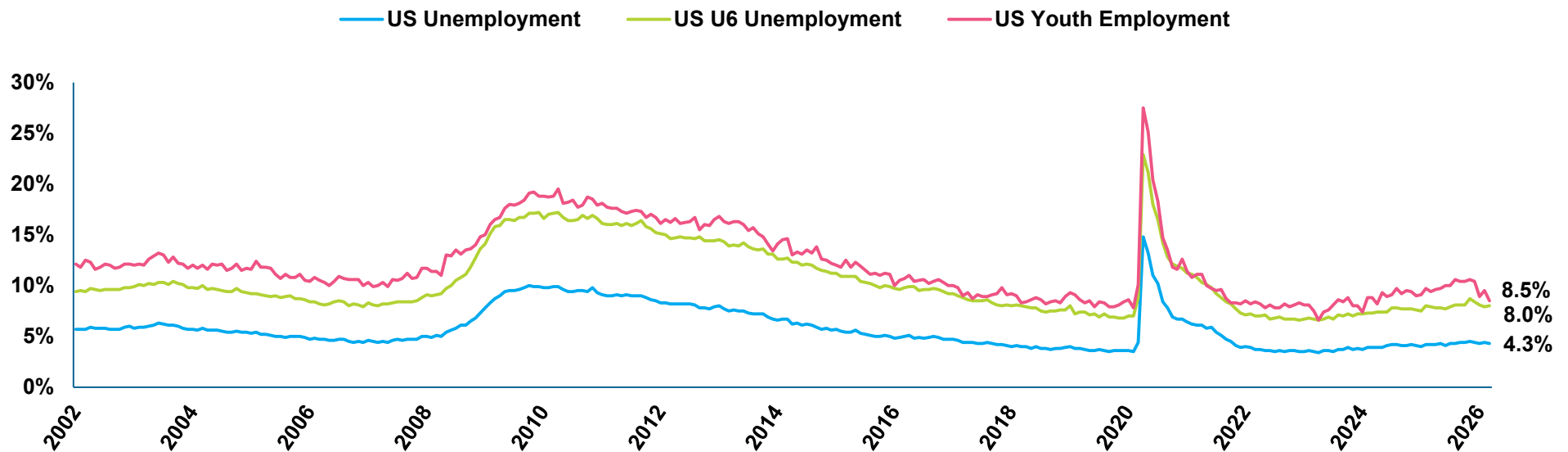


- US consumer conditions are increasingly K-shaped, with higher-income households remaining resilient while younger and more rate-sensitive borrowers show rising stress amid persistently high prices and interest rates.
- Delinquencies have risen from pandemic lows, driven by this more financially stretched group; while overall levels are close to pre-pandemic numbers, dispersion across households is widening.
- Student loan repayments have re-emerged as a key pressure point, with millions of borrowers missing payments and over 16% of balances now seriously delinquent, weighing on consumption for younger cohorts.

¹ Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of December 31, 2025.

² Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. 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. Data is as of December 31, 2025.

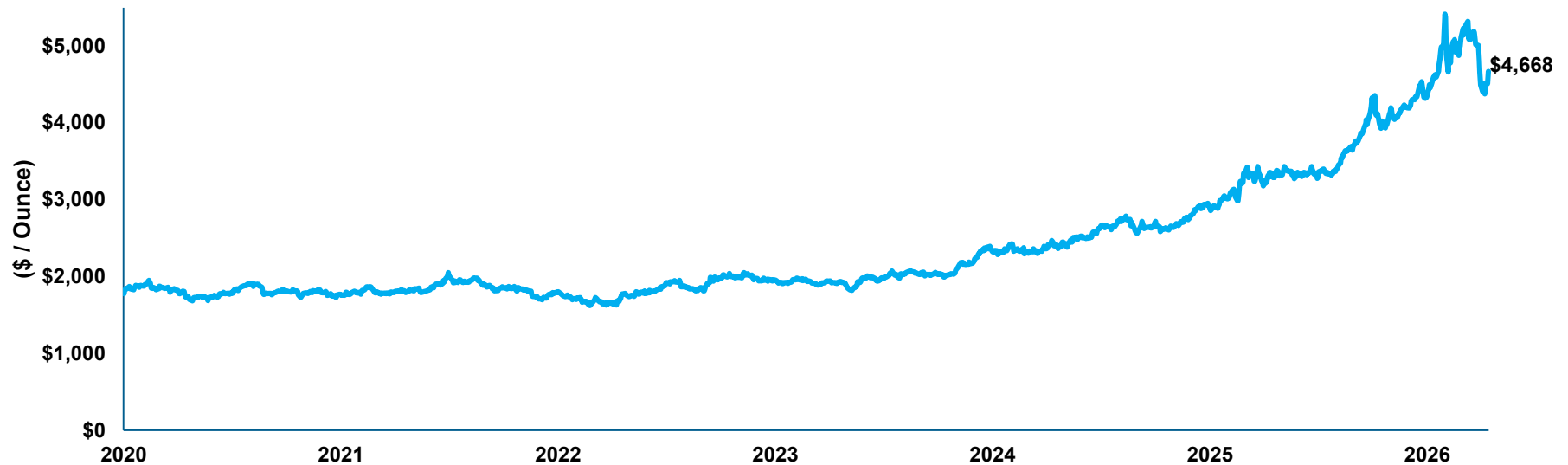
US Unemployment¹



- The unemployment rate finished the quarter slightly lower than where it started (4.3% versus 4.4%). More than 200,000 jobs were added during the quarter with gains in January (160k) and March (178k) and losses in February (-133k). The gains were largely driven by the health care sector.
- Broader measures of labor markets (U6) have improved somewhat since late last year but remain above pre-pandemic levels. Youth unemployment improved somewhat in the first quarter to 8.5%.
- Despite some recent signs of weakness, the labor market remains broadly stable, with low initial unemployment claims, the number of job openings stabilizing, the rate of people quitting jobs slowing, and although hiring has slowed, layoffs remain low.

¹ Source: FRED and BLS. Data is as of March 31, 2026. Original February job loss was -92,000 but subsequently revised lower.

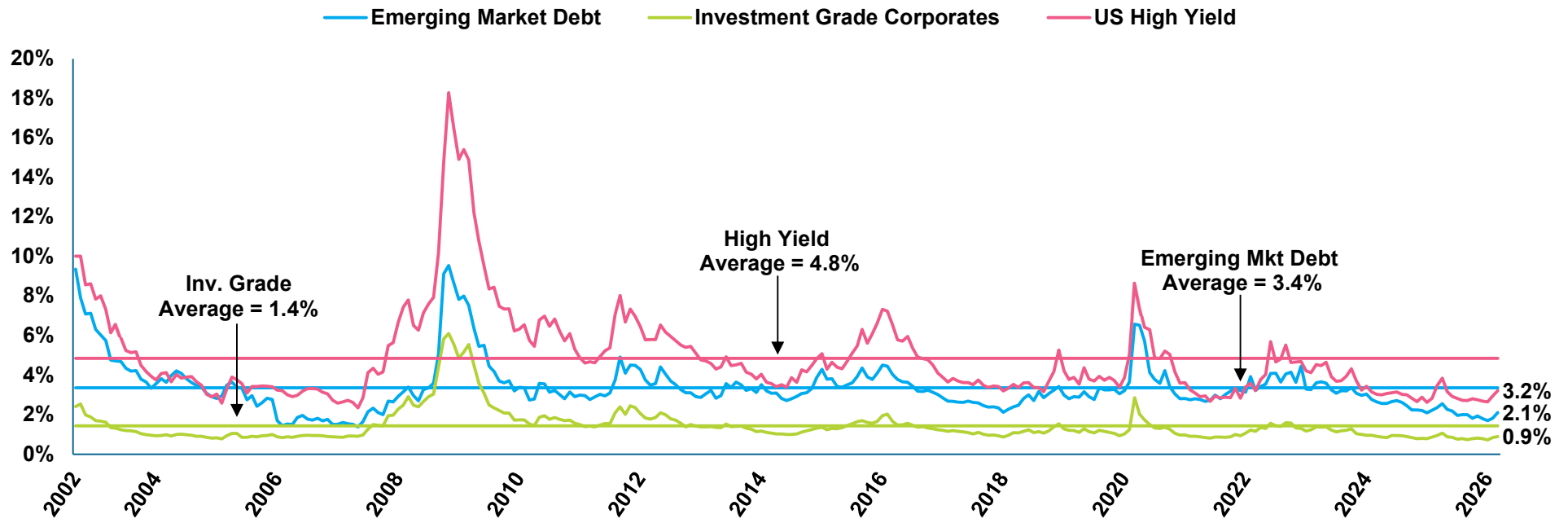
Gold¹



- Gold gained over the first quarter of 2026. The rally reached an all-time high in January of over \$5,300 an ounce before falling to \$4,668 at quarter end. US dollar strength, the conflict in the Middle East, and some central bank liquidations contributed to the price decline.
- At the start of the Middle East conflict the price of gold rose. However, as the energy shock roiled non-US markets many central banks sold or stepped back purchases of gold bullion to raise US dollars and stabilize their currencies. The global energy shock rekindled inflation fears and raised market expectations for central bank rate hikes in the coming months.
- Longer-term support remains anchored by persistent inflation concerns, deteriorating fiscal trajectories in major economies, and despite recent dynamics, central bank de-dollarization.

¹ Source: Bloomberg. Data is as of March 31, 2026. Gold Spot Price is quoted as US Dollars per Troy Ounce.

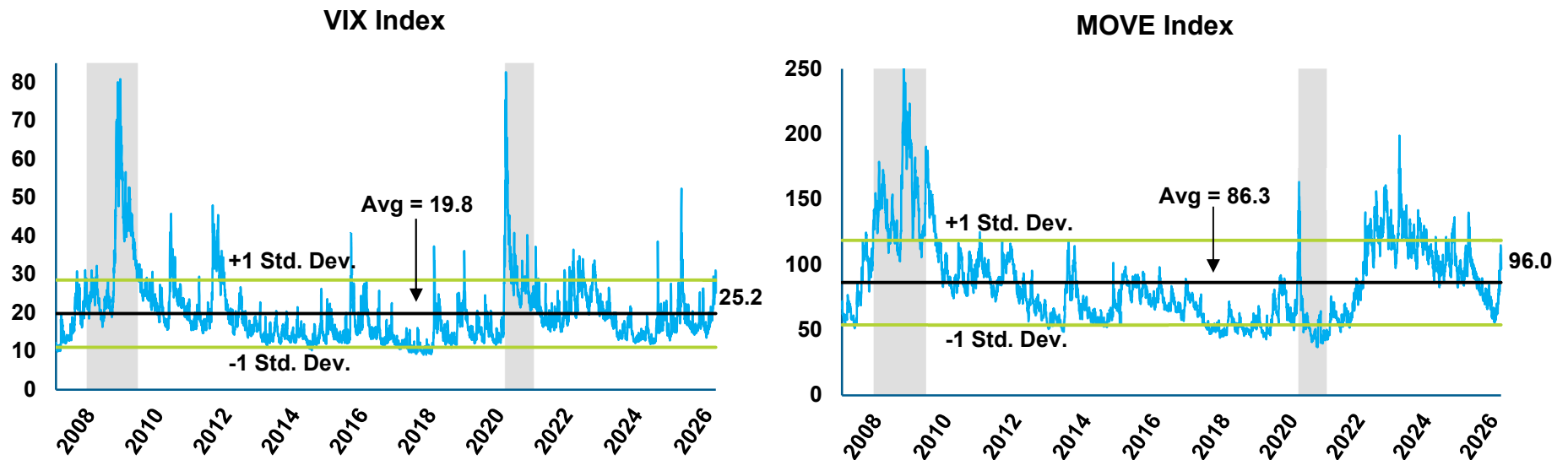
Credit Spreads vs. US Treasury Bonds¹



- Credit spreads (the difference in yield from a comparable-maturity Treasury) rose during the first quarter as the Middle East conflict and the resulting energy shock drove a risk-off rotation.
- Investment grade spreads moved slightly higher for the quarter (0.8% to 0.9%).
- High yield spreads rose the most in the first quarter (2.7% to 3.2%), while emerging market spreads ticked up more modestly (1.8% to 2.1%).
- All yield spreads remain well below their respective long-run averages, particularly high yield (3.2% vs. 4.8%).

¹ Source: Bloomberg. Data is as of March 31, 2026. 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.

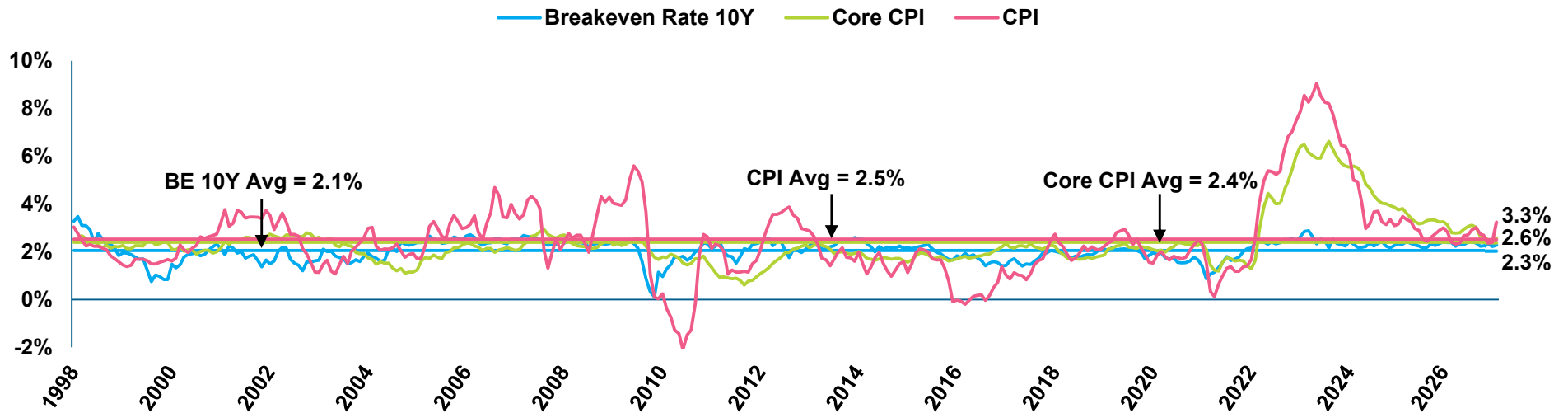
Equity and Fixed Income Volatility¹



- Volatility rose significantly across both equity and fixed income markets in the first quarter, largely due to uncertainty related to the conflict in the Middle East.
- Equity market volatility (VIX) rose in the first quarter (15.0 to 25.2), peaking at over 30 during March. Despite the rise this quarter, the volatility levels were lower than the VIX readings after the US tariff announcements last year.
- Bond market volatility (MOVE) also spiked in the first quarter (64.0 to 96.0) reaching levels around 115 before declining at quarter-end. Heightened uncertainty around geopolitical risks on inflation and the related Federal Reserve policy path drove fixed income volatility levels higher.

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 March 31, 2026. The average line indicated is the average of the VIX and MOVE values between January 2007 and March 2026.

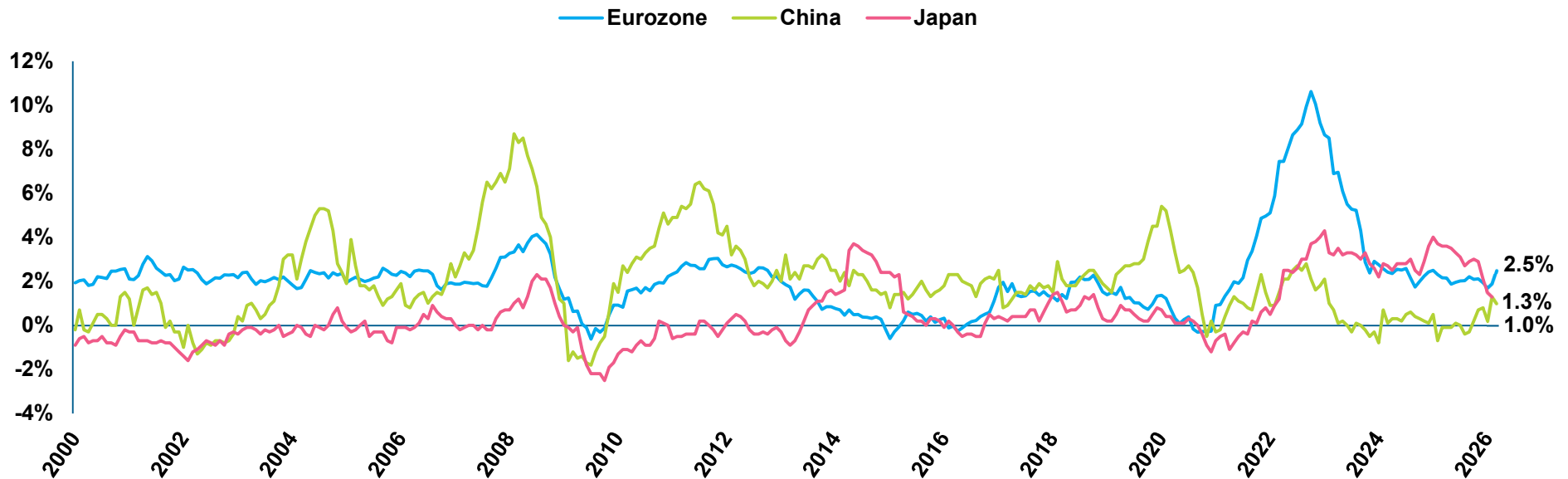
US Inflation¹



- In the first quarter of 2026, year-on-year headline inflation rose from the end of 2025 level of 2.4% in January to 3.3% in March. This was largely driven by an increase in the energy index (+10.9%) with gasoline prices up 21.2%, the largest monthly gain since 1967. The month-on-month rate jumped from +0.2% to +0.9%.
- Year-on-year core inflation remained unchanged in the first quarter at 2.6% with the monthly pace falling slightly (0.3% to 0.2%). Shelter remained the largest contributor, though notably rent posted the smallest monthly increase since 2021.
- Despite a rise in March, long-term inflation expectations (breakevens) rose only modestly over the quarter (2.2% to 2.3%).

¹ Source: FRED. Data is as of March 31, 2026.

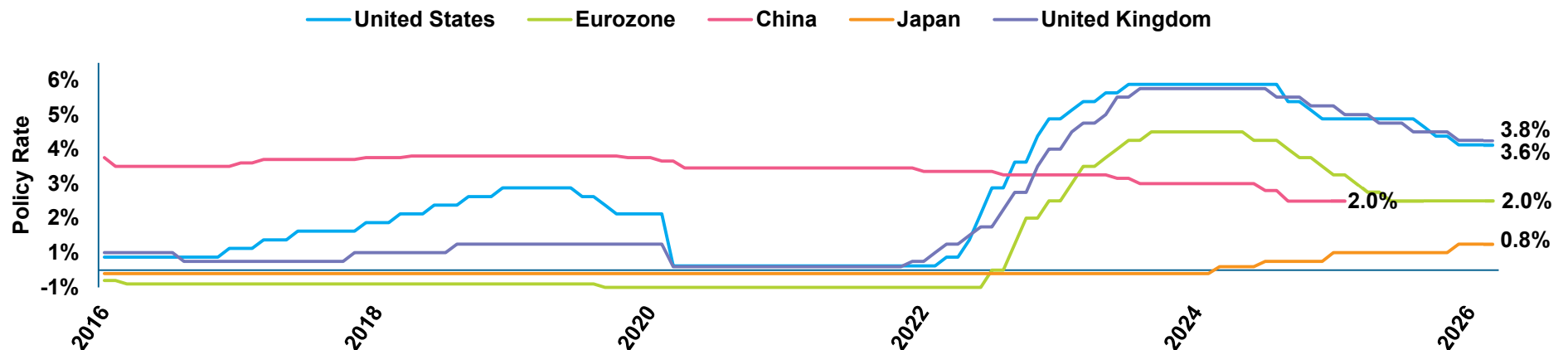
Global Inflation (CPI Trailing Twelve Months)¹



- Eurozone inflation rose during the first quarter of 2026, largely driven by a spike in energy costs. It ended the period at 2.5% year-on-year (above the ECB's 2% target), up from 2.0% at the end of 2025. While inflation pressures remain uneven across components, the elevated headline level continues to complicate the policy outlook.
- Japan's inflation declined over the quarter from 2.1% at the end of 2025 to 1.3% (a four-year low). Government energy subsidies kept electricity and gas prices contained, alongside a deceleration in food price inflation as rice price gains slowed markedly.
- China's inflation rose modestly during the first quarter of 2026, increasing from 0.8% at year-end to 1.0%, though overall price pressures remain subdued and well below levels seen in developed markets.

¹ Source: Bloomberg. Data is as of March 2026 except Japan which is as of February.

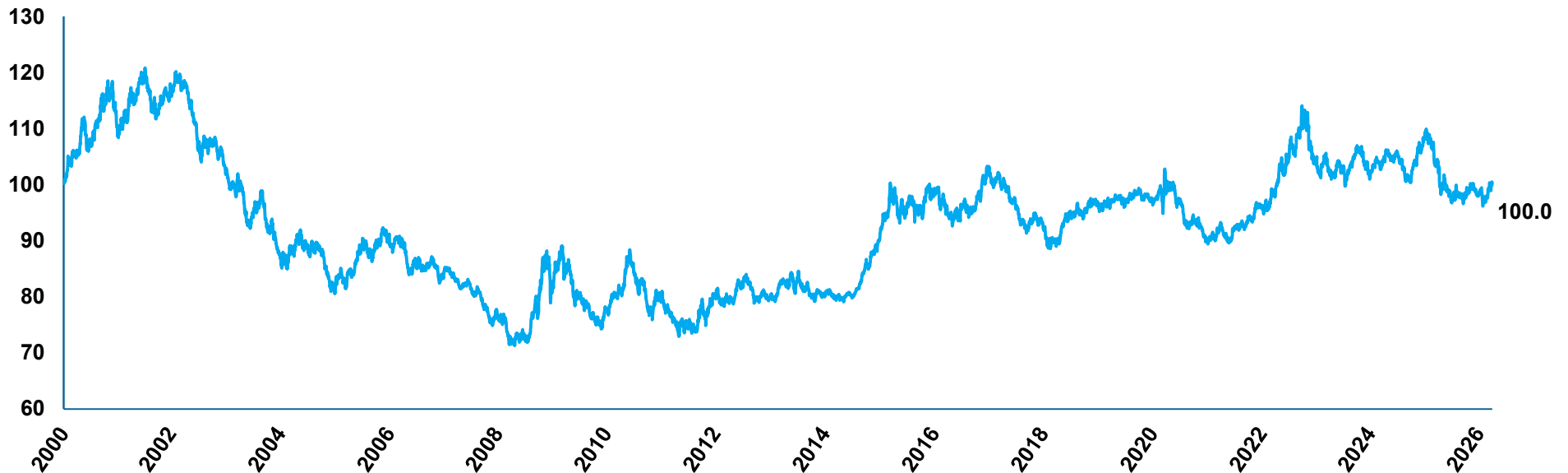
Global Policy Rates¹



- Global monetary policy was increasingly divergent during the first quarter of 2026, as tensions in the Middle East created inflation fears, driving expectations for some central banks to start increasing policy rates.
- The Federal Reserve held policy rates steady throughout the first quarter as inflation remained above target and labor market conditions cooled gradually. In Q1, markets materially reduced expectations for rate cuts in 2026 given the Iran conflict, with a slight chance of a rate increase priced in late in the quarter.
- The European Central Bank and Bank of England are expected to increase policy rates 1-2 times this year given the impact of higher oil prices on inflation and both areas being net importers of oil.
- China's central bank is expected to keep supporting economic growth with accommodative monetary policy and other easing measures.
- The Bank of Japan continued its gradual normalization away from ultra-easy monetary policy. While rates remain low by global standards, markets continue to anticipate additional incremental rate increases later in 2026.

¹ Source: Bloomberg. Data is as of March 31, 2026, 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

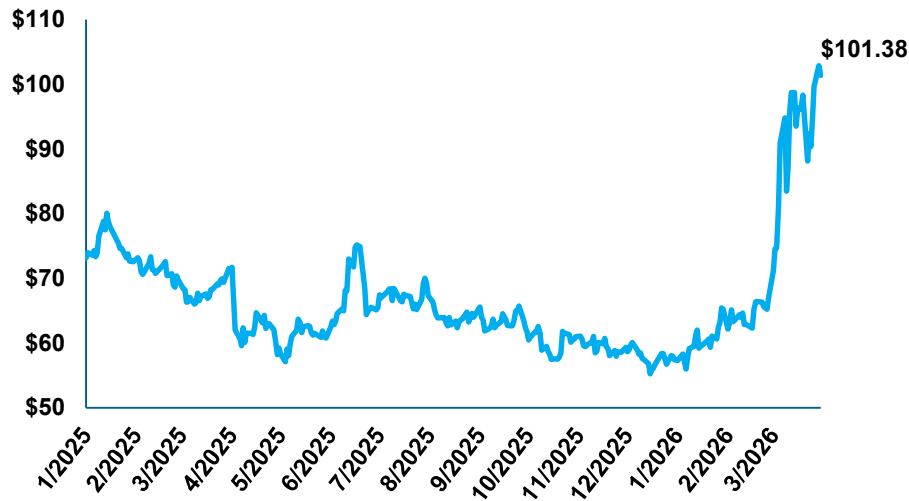


- The US dollar was volatile over the quarter but rose modestly with the DXY rising from 98.3 at the end of 2025 to 100.0 by quarter-end.
- The dollar weakened early in Q1 given softer US inflation data and related expectations for aggressive Fed rate cuts, then strengthened sharply as the Middle East conflict drove safe-haven demand and the energy-shock inflation threat pushed the Fed back to a holding pattern on potential interest rate cuts.
- Overall, the dollar remains sensitive to changes in interest rate expectations and geopolitical developments, with policy divergence across regions continuing to play a central role in currency markets.

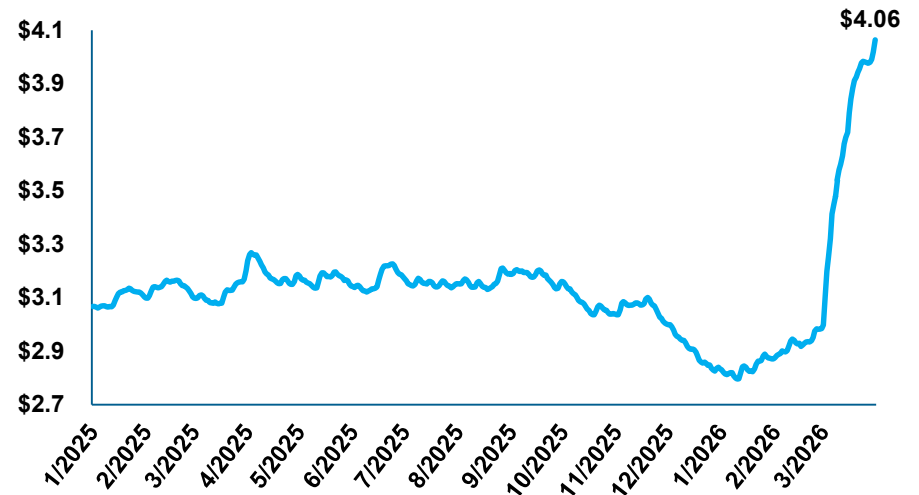
¹ Source: Bloomberg. Data is as of March 31, 2026.

Gas and Oil¹

WTI Crude



Avg. Retail Gas Price

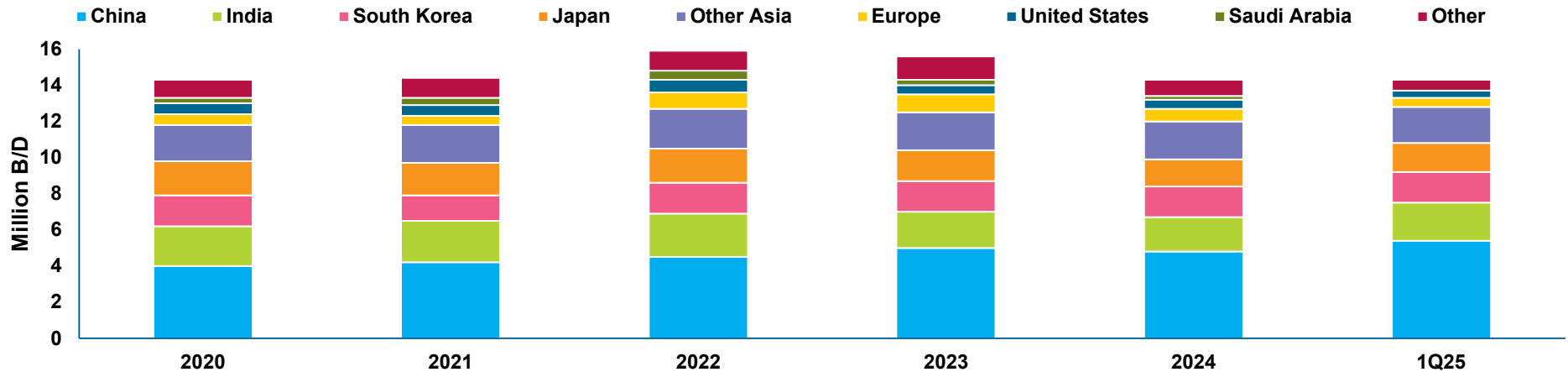


- Energy prices rose sharply during the first quarter of 2026 following a significant escalation in the Middle East conflict, marking one of the largest geopolitical shocks to global energy markets in history. Concerns around supply disruption risk pushed WTI crude oil from approximately \$58 at year-end to \$101.38 by quarter-end.
- The surge in crude prices translated quickly to consumers, with average US retail gasoline prices rising from \$2.81 at the end of 2025 to \$4.06 by the end of the first quarter, increasing inflation pressures and weighing on household purchasing power.

¹ Source: Bloomberg. Data is as of March 31, 2026.

Volume of Crude Oil¹

Volume of Crude Oil Transported Through The Strait of Hormuz, By Destination



- Major economies are impacted differently from the conflict depending on their reliance on regional oil and whether they are net importers or exporters. The Strait of Hormuz is the critical chokepoint with Saudi Arabia, Iraq, and the UAE depending on it to export their oil, meaning a closure disrupts supply on both sides of the equation.
- China purchases around 90% of Iran's oil, while Japan, South Korea, and India are heavily dependent on broader Gulf supply.
- US crude production near record highs provides a meaningful buffer against Middle Eastern disruption, though global prices will ultimately reflect the scale and duration of any supply shortfall.
- As we move forward, the length of the conflict and the path of energy prices will be the defining variables for both inflation and growth globally with central banks caught in the difficult position of responding to a shock they cannot control.

¹ Source: Apollo Academy. Data is as of March 31, 2025.

Key Trends

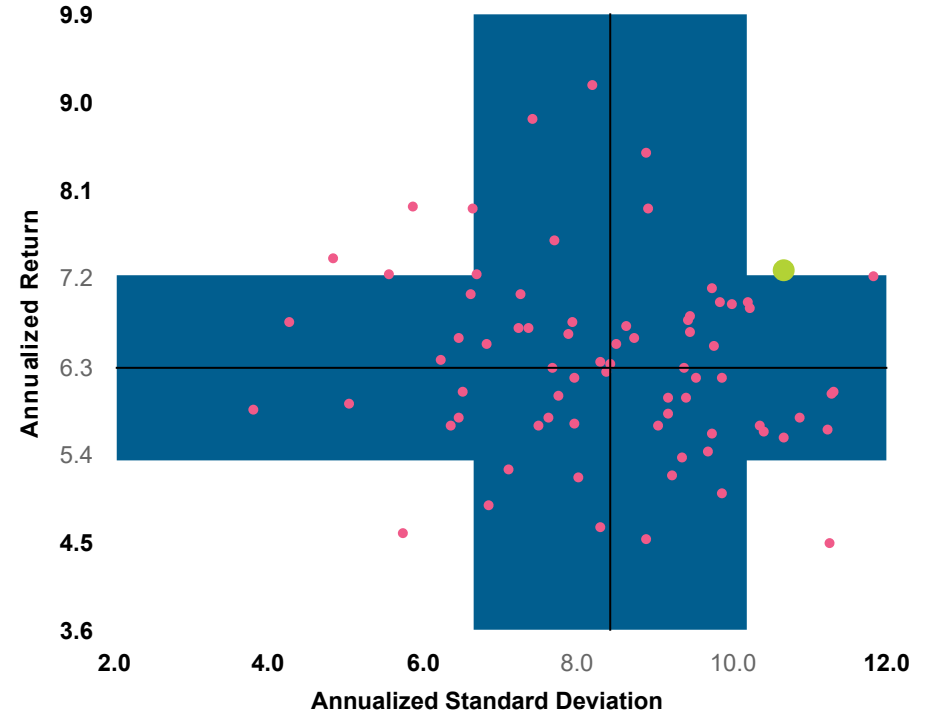
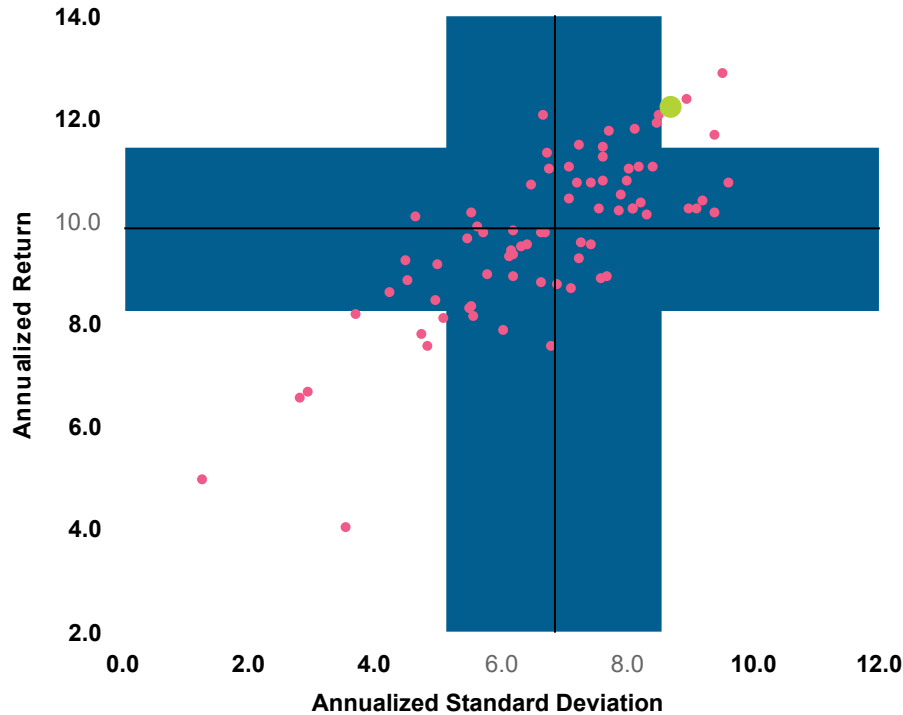
- Global growth expectations entering 2026 remained relatively resilient, with the IMF projecting global GDP growth of 3.3% for the year, masking growing divergence across regions. The US outlook remains comparatively stronger, while growth in the euro area and China is expected to moderate amid structural and policy headwinds.
- As the first quarter progressed, the global macro backdrop became more fragile, with geopolitical escalation in the Middle East introducing a significant energy price shock that threatens to weigh on growth while simultaneously re-accelerating inflation pressures. This dynamic has complicated the outlook for monetary policy globally.
- US consumer conditions showed early signs of strain entering 2026. Despite a strong January jobs report, hiring was narrowly concentrated, prior gains were revised lower, and confidence weakened — particularly among lower-income households facing persistent pressure from elevated prices and borrowing costs. February's unexpected loss of 133,000 payroll jobs confirmed that the labor market's apparent resilience might have been more fragile than the headline numbers suggested. However, the economy added 178,000 jobs in March, offsetting the previous month's job losses.
- US equity market leadership continued to broaden during Q1. Elevated valuations and increased dispersion shifted investor focus toward earnings durability, cash generation, and return on capital rather than momentum-driven growth. The underperformance of AI-linked mega-caps reinforced this trend.
- Global trade tensions remained outwardly contained during the quarter following the late-2025 tariff suspension, but underlying frictions persisted. Strategic competition in semiconductors and rare-earths, China's slowing growth and low inflation, and heightened geopolitical risk continue to pose downside risks to the global outlook.
- The late-February US-Israel strikes on Iran represent the most significant new risk to the global macro-outlook. Oil's sharp move higher, despite recent declines, is tightening financial conditions, threatening to reignite inflation just as some central banks were preparing to ease. This puts the Fed in an increasingly difficult position between a softening labor market and resurging energy prices.

First Quarter Performance Review

EBMUDERS Total Plan | As of March 31, 2026

**Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2026**

**Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2026**



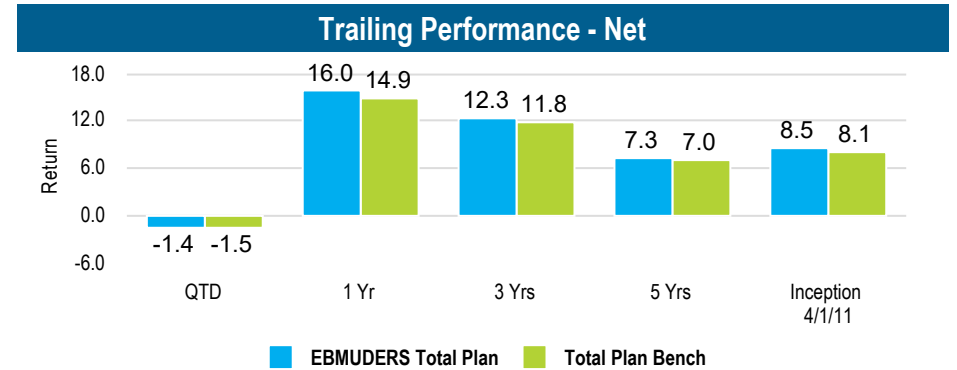
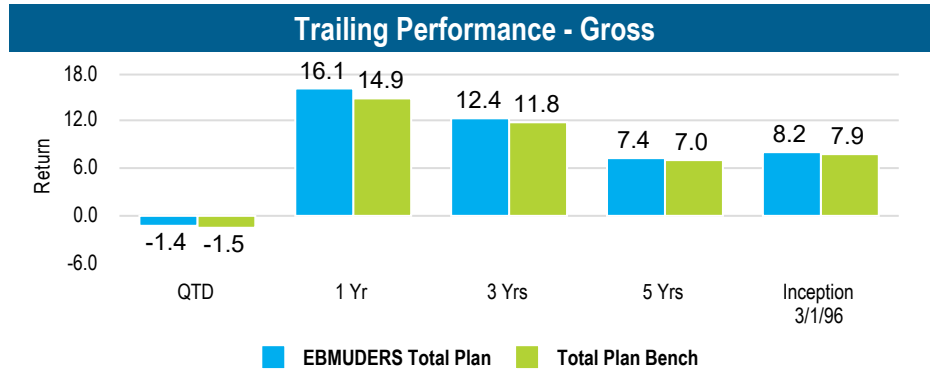
- InvMetrics All Public DB Plans > \$1B
- EBMUDERS Total Plan

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- EBMUDERS Total Plan

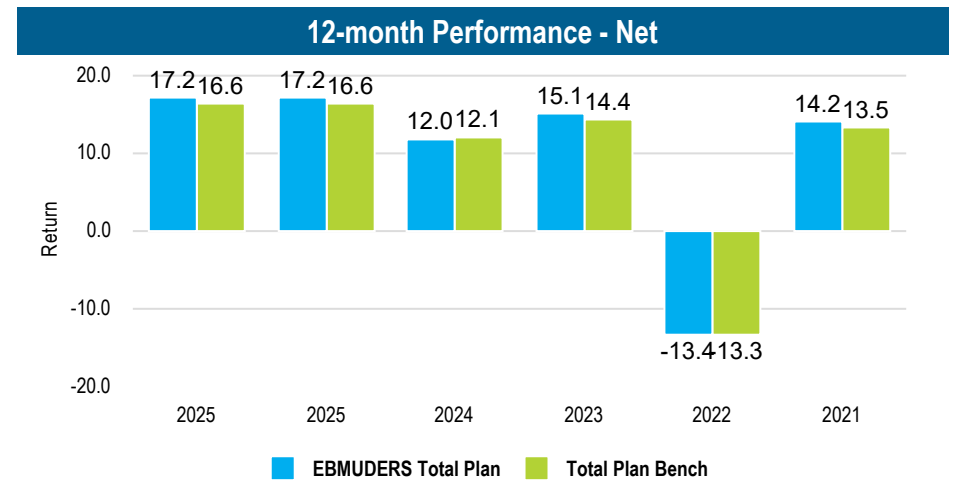
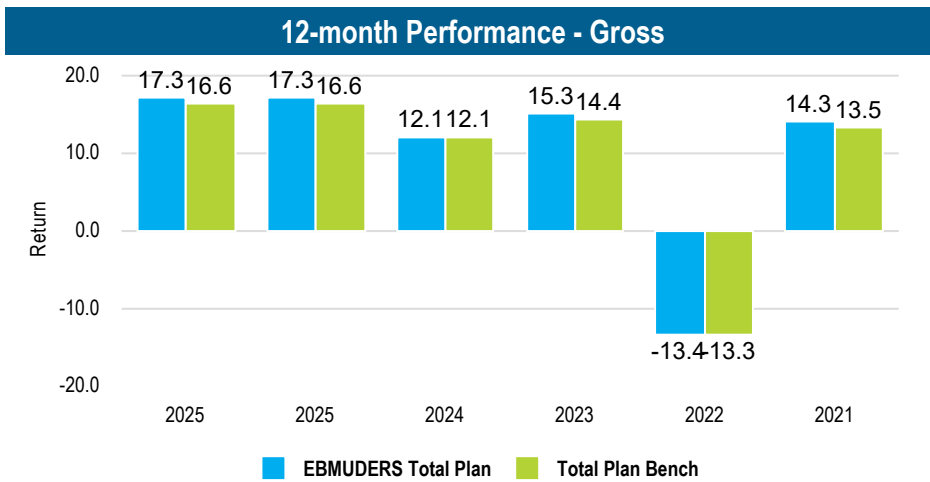
3 Years Ending March 31, 2026			
	Return	Standard Deviation	Sharpe Ratio
EBMUDERS Total Plan	12.3	8.7	0.9
Total Plan Bench	11.8	8.1	0.9

5 Years Ending March 31, 2026			
	Return	Standard Deviation	Sharpe Ratio
EBMUDERS Total Plan	7.3	10.7	0.4
Total Plan Bench	7.0	10.0	0.4

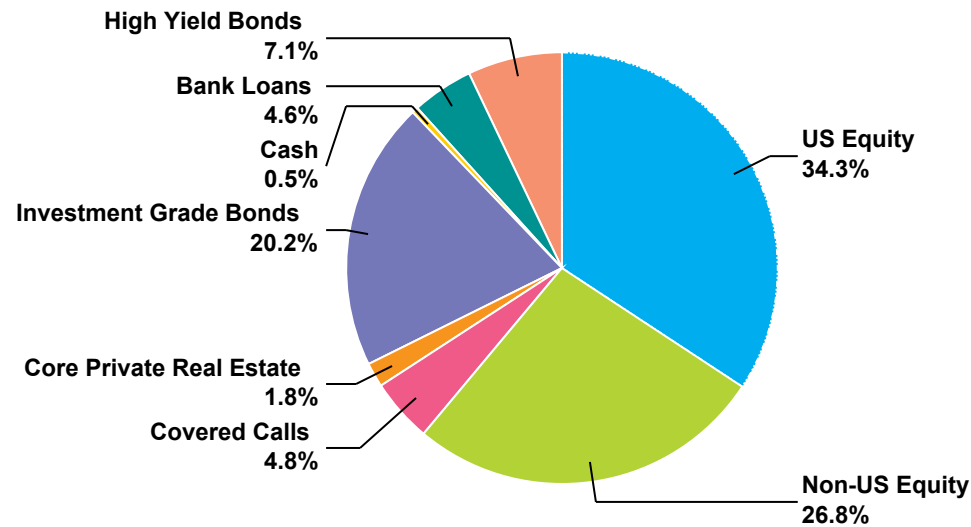
EBMUDERS Total Plan | As of March 31, 2026



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2025 (%)	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)
EBMUDERS Total Plan	-1.4	16.0	12.3	7.3	8.9	17.2	17.2	12.0	15.1	-13.4	14.2
EBMUDERS Total Plan	-1.4	16.1	12.4	7.4	9.1	17.3	17.3	12.1	15.3	-13.4	14.3
<i>Total Plan Benchmark</i>	-1.5	14.9	11.8	7.0	8.5	16.6	16.6	12.1	14.4	-13.3	13.5
InvMetrics Public DB > \$1B Median	-0.7	12.1	9.9	6.3	8.2	13.6	13.6	9.3	11.4	-10.3	16.0



Allocation vs. Targets and Policy				
	Current Balance (\$)	Current Allocation (%)	Policy (%)	Policy Range (%)
US Equity	\$1,032,382,391	34.3	35.0	30.0 - 40.0
Non-US Equity	\$808,005,214	26.8	25.0	20.0 - 30.0
Covered Calls	\$143,588,113	4.8	7.5	4.5 - 10.5
High Yield Bonds	\$213,452,900	7.1	5.0	2.5 - 7.5
Bank Loans	\$138,945,727	4.6	5.0	2.5 - 7.5
Investment Grade Bonds	\$607,693,526	20.2	20.0	17.0 - 23.0
Core Private Real Estate	\$55,069,203	1.8	2.5	0.5 - 4.5
Cash	\$13,998,088	0.5	0.0	0.0 - 100.0
Total	\$3,013,135,161	100.0	100.0	



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

Manager Performance - Net of Fees | As of March 31, 2026

	Market Value (\$)	QTR (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
EBMUDERS Total Plan	3,013,135,161	-1.4	16.0	12.3	7.3
<i>Total Plan Benchmark</i>		<i>-1.5</i>	<i>14.9</i>	<i>11.8</i>	<i>7.0</i>
US Equity	1,032,382,391	-4.0	17.6	17.7	10.8
<i>Russell 3000 Hybrid</i>		<i>-4.0</i>	<i>18.1</i>	<i>17.9</i>	<i>10.9</i>
Northern Trust Russell 3000	1,031,258,820	-4.0	17.6	17.7	10.8
<i>Russell 3000 Index</i>		<i>-4.0</i>	<i>18.1</i>	<i>17.9</i>	<i>10.9</i>
Non-US Equity	808,005,214	0.7	26.6	15.2	7.8
<i>MSCI ACWI xUS (blend)</i>		<i>-0.6</i>	<i>25.6</i>	<i>15.1</i>	<i>7.6</i>
Northern Trust ACWI ex US	808,005,214	0.7	26.6	15.2	7.6
<i>MSCI AC World ex USA Index</i>		<i>-0.6</i>	<i>25.6</i>	<i>15.1</i>	<i>7.6</i>

Manager Performance - Net of Fees | As of March 31, 2026

	Market Value (\$)	QTR (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Covered Calls	143,588,113	-4.0	12.8	12.4	8.4
<i>Cboe S&P 500 Buy Write Index</i>		<i>-0.9</i>	<i>11.4</i>	<i>11.0</i>	<i>7.9</i>
Parametric Delta Shift	143,588,113	-4.0	15.4	15.1	10.2
<i>Cboe S&P 500 Buy Write Index</i>		<i>-0.9</i>	<i>11.4</i>	<i>11.0</i>	<i>7.9</i>

Manager Performance - Net of Fees | As of March 31, 2026

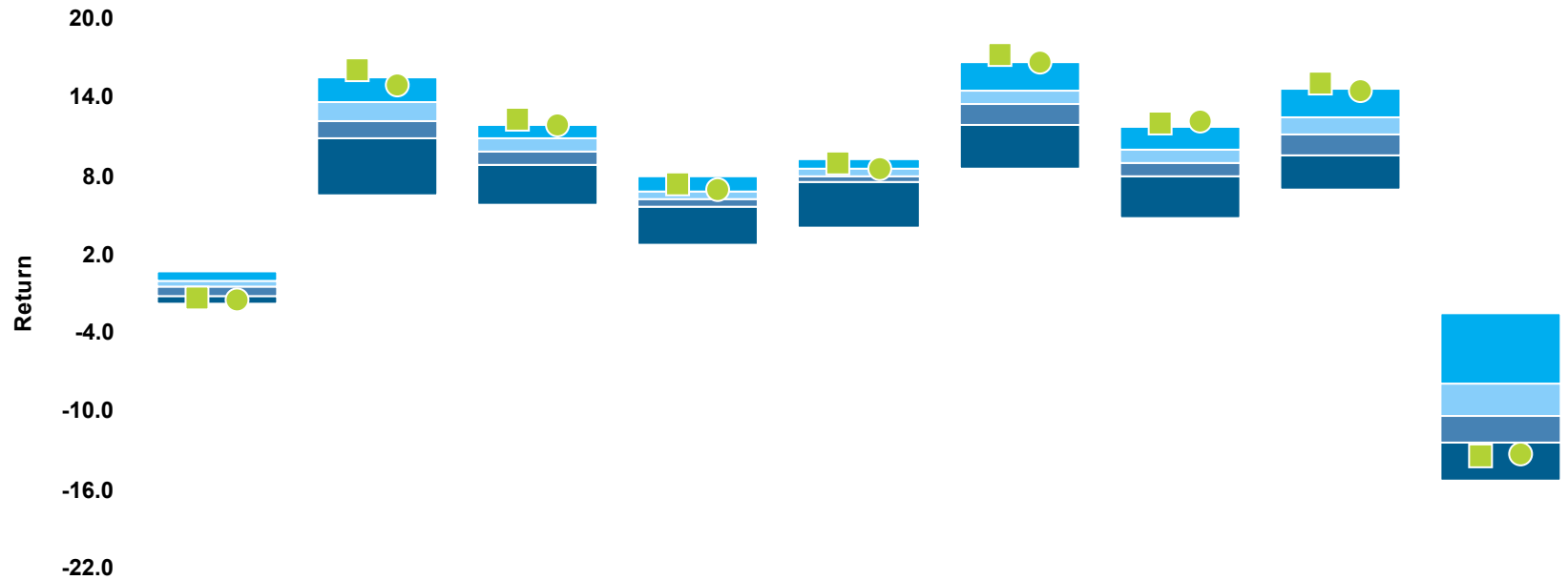
	Market Value (\$)	QTR (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Investment Grade Bonds	607,693,526	0.0	4.6	3.6	0.8
<i>Investment Grade Bonds Benchmark</i>		<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.6</i>
CS McKee	304,387,071	0.0	4.6	4.2	0.6
<i>Blmbg. U.S. Aggregate Index</i>		<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>
Garcia Hamilton	303,306,455	0.0	4.6	3.1	1.0
<i>Garcia Hamilton Blended Benchmark</i>		<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.9</i>
High Yield	213,452,900	0.0	6.2	7.1	5.0
<i>Blmbg. U.S. Corp: High Yield Index</i>		<i>-0.5</i>	<i>7.0</i>	<i>8.6</i>	<i>4.2</i>
MacKay Shields (HY)	105,456,606	0.1	6.0	7.1	4.9
<i>Mackay Shields Blended Benchmark</i>		<i>-0.5</i>	<i>7.0</i>	<i>8.1</i>	<i>5.0</i>
Brigade High Yield	107,996,294	-0.1	--	--	--
<i>ICE BofA Global High Yield Constrained (USD)</i>		<i>-1.1</i>	<i>--</i>	<i>--</i>	<i>--</i>
Bank Loans	138,945,727	-0.5	2.8	5.3	3.2
<i>Morningstar LSTA U.S. Leveraged Loan</i>		<i>-0.6</i>	<i>4.8</i>	<i>8.0</i>	<i>5.9</i>
Aristotle Bank Loans	70,348,199	-0.3	--	--	--
<i>Morningstar LSTA U.S. Leveraged Loan</i>		<i>-0.6</i>	<i>--</i>	<i>--</i>	<i>--</i>
Beach Point Bank Loans	68,597,528	-0.6	--	--	--
<i>Morningstar LSTA U.S. Leveraged Loan</i>		<i>-0.6</i>	<i>--</i>	<i>--</i>	<i>--</i>

Manager Performance - Net of Fees | As of March 31, 2026

	Market Value (\$)	QTR (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Core Private Real Estate	55,069,203	1.5	5.0	3.5	5.4
<i>Real Estate Benchmark</i>		<i>1.2</i>	<i>4.9</i>	<i>5.1</i>	<i>5.8</i>
RREEF America II Lag	55,069,203	1.5	5.0	-4.6	3.0
<i>NCREIF NPI Lag</i>		<i>1.2</i>	<i>4.9</i>	<i>-1.0</i>	<i>3.8</i>

RREEF results are lagged 1 quarter.

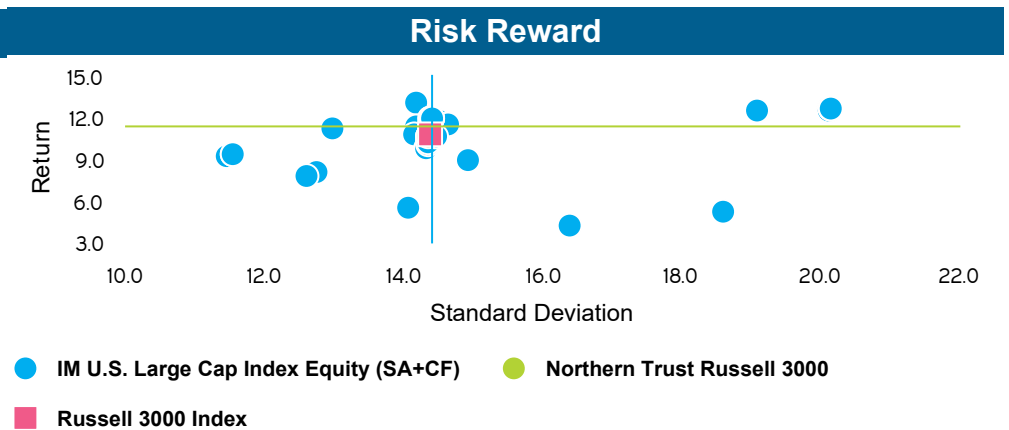
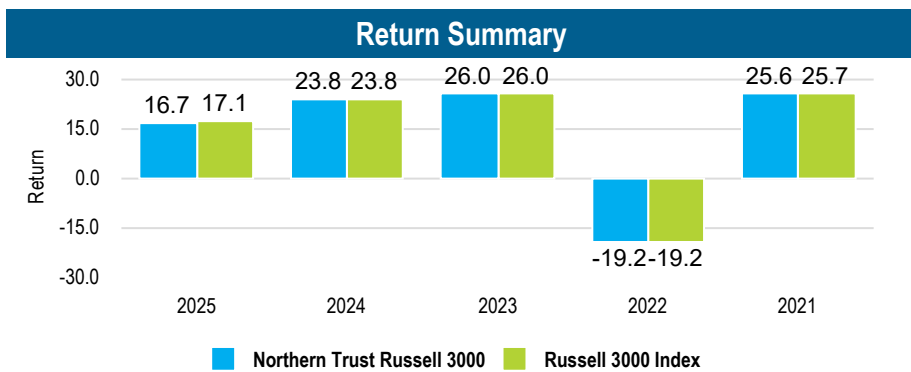
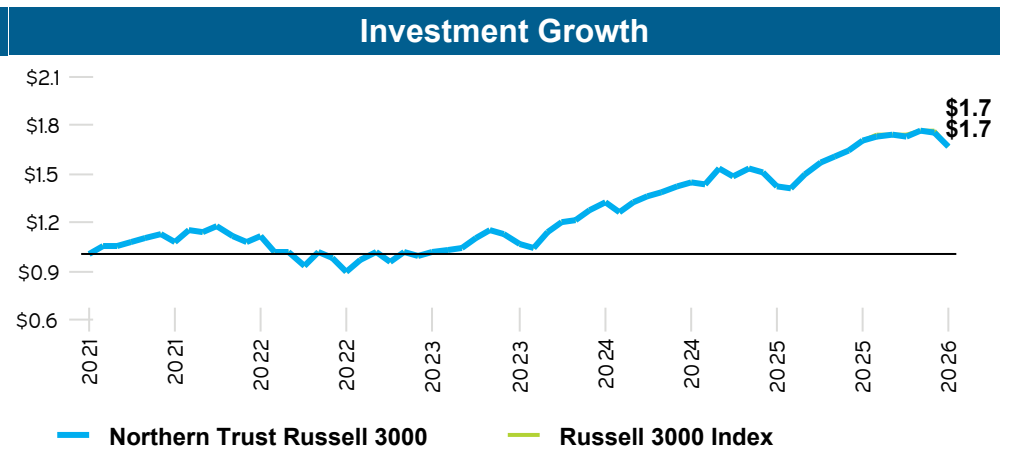
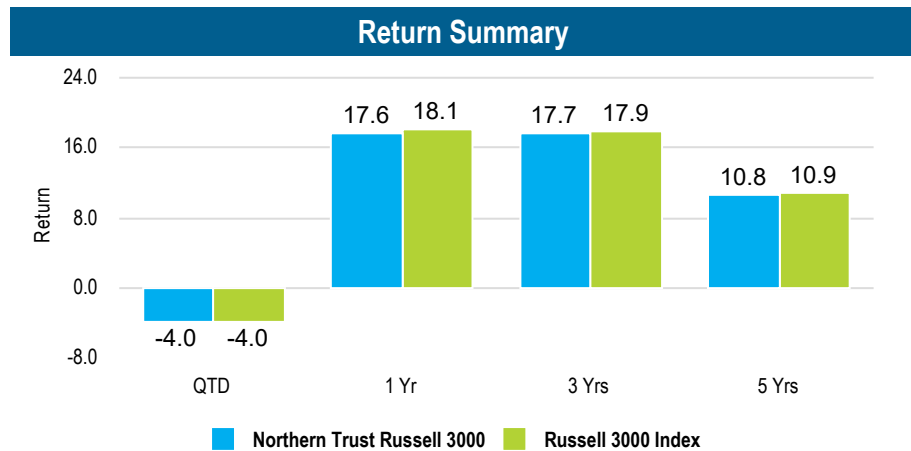
InvMetrics Public Plans > \$1B Return Comparison March 31, 2026



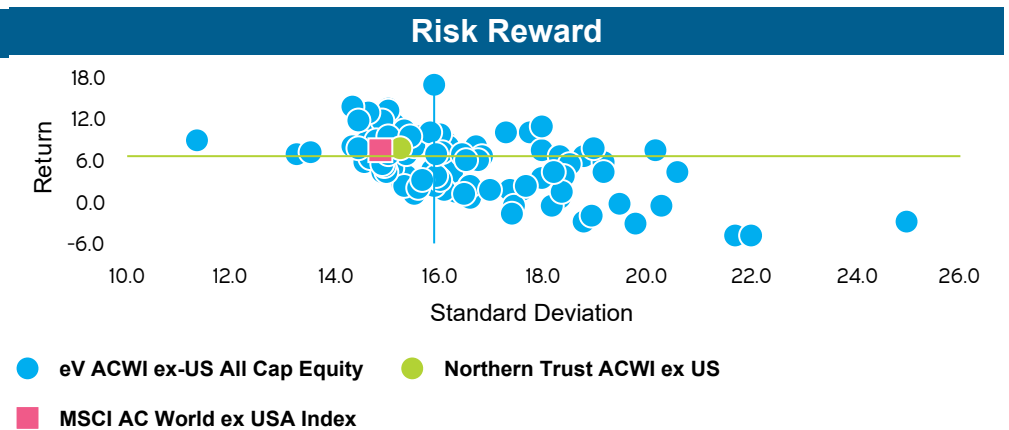
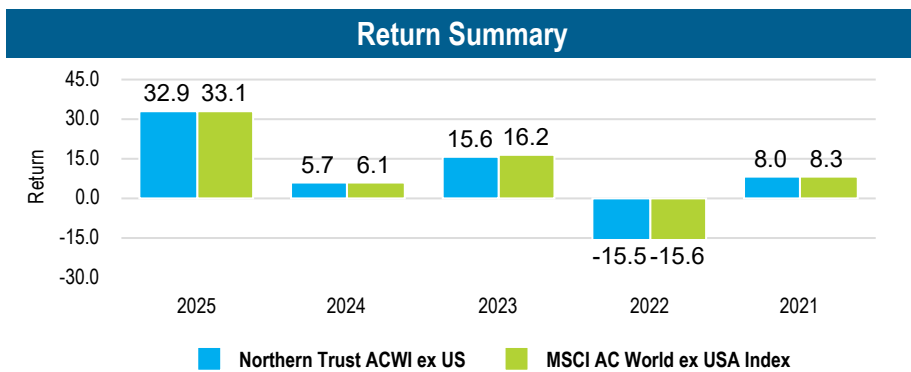
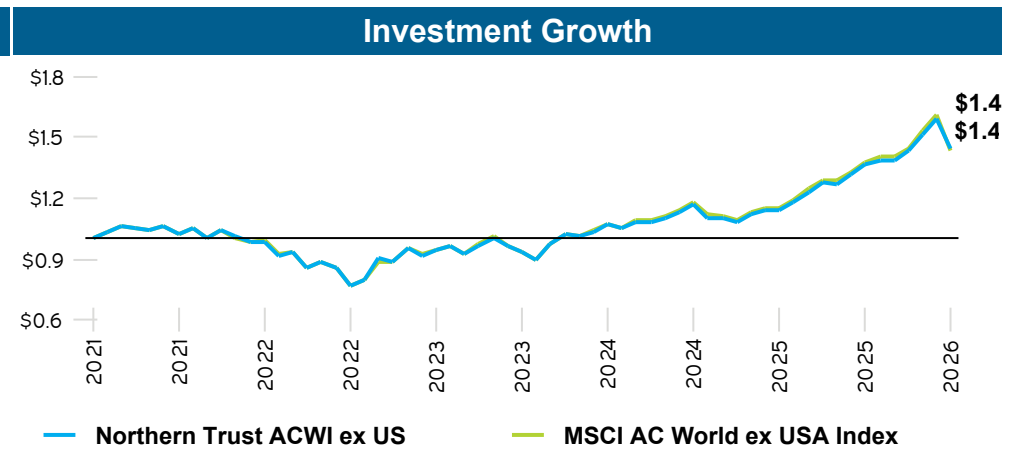
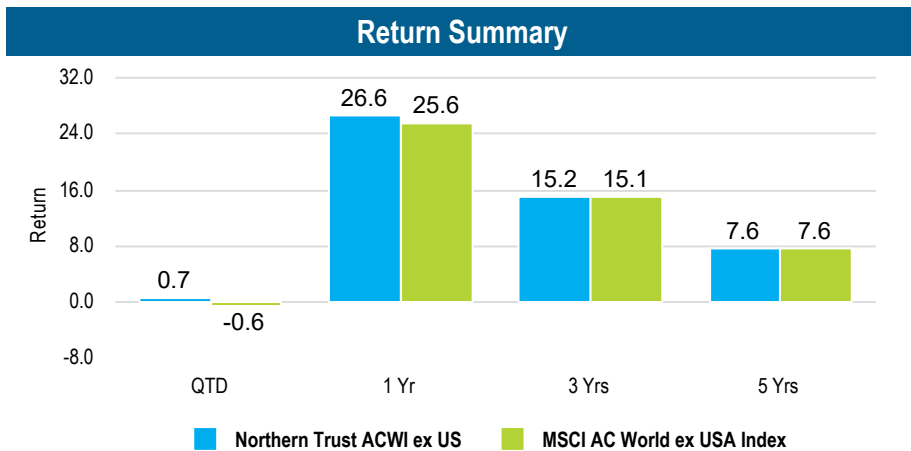
	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2025 (%)	2024 (%)	2023 (%)	2022 (%)
■ EBMUDERS Total Plan	-1.4 (83)	16.0 (4)	12.3 (2)	7.3 (10)	8.9 (11)	17.2 (4)	12.0 (3)	15.1 (5)	-13.4 (87)
● Total Plan Bench	-1.5 (90)	14.9 (11)	11.8 (7)	7.0 (19)	8.5 (26)	16.6 (6)	12.1 (3)	14.4 (7)	-13.3 (85)
5th Percentile	0.6	15.5	11.9	7.9	9.3	16.7	11.8	14.6	-2.6
1st Quartile	0.0	13.6	10.8	6.8	8.5	14.5	10.0	12.5	-7.8
Median	-0.6	12.2	9.8	6.2	8.0	13.4	9.0	11.1	-10.3
3rd Quartile	-1.2	10.9	8.8	5.7	7.5	11.9	7.9	9.5	-12.4
95th Percentile	-1.7	6.5	5.8	2.7	4.0	8.6	4.8	7.0	-15.2
Population	84	83	83	81	78	188	202	213	203

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

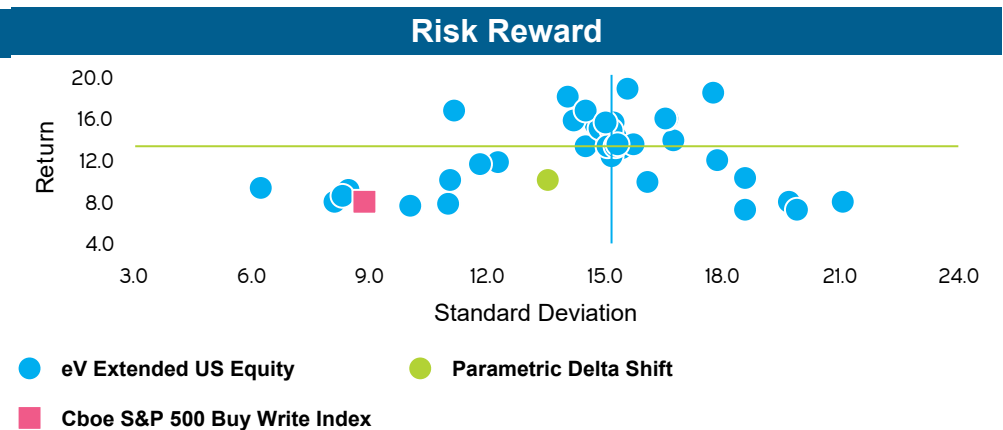
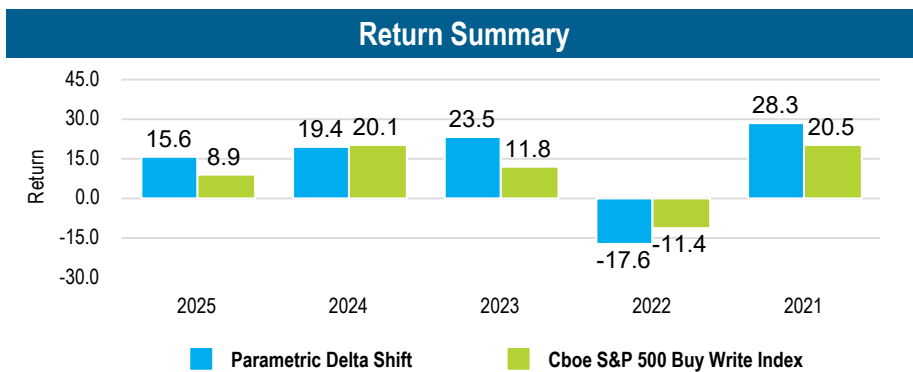
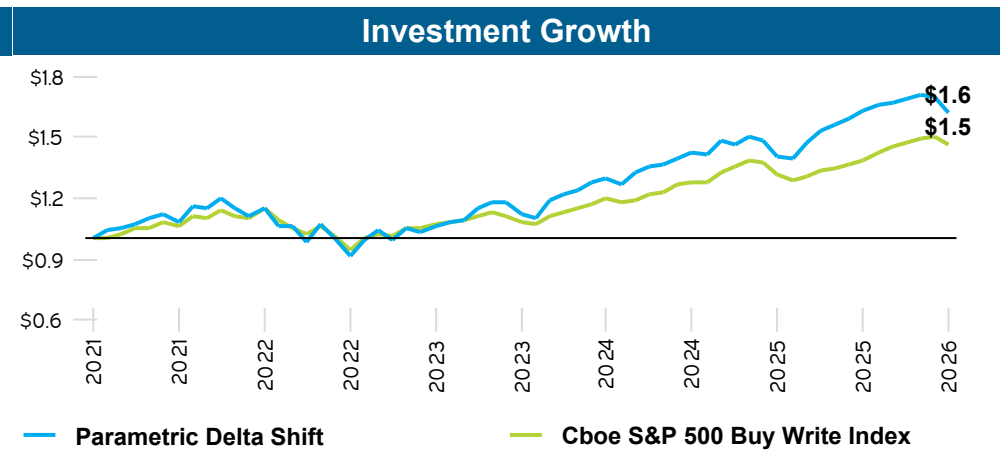
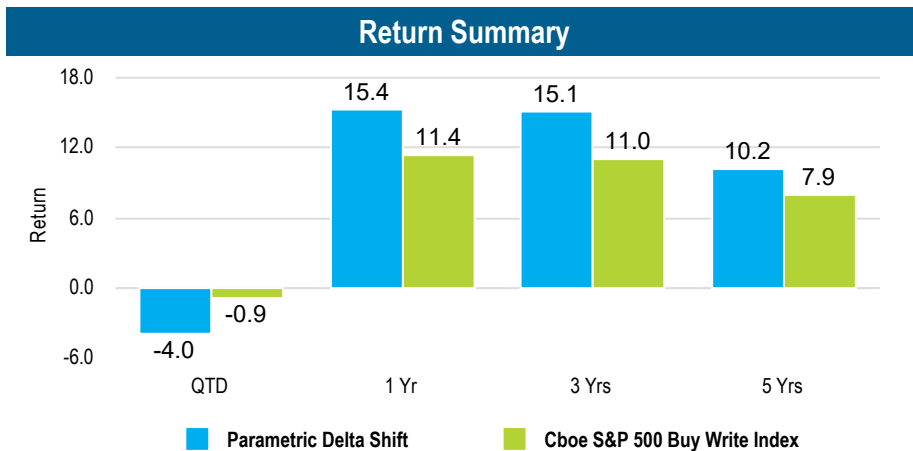
Statistics Summary 5 Years Ending March 31, 2026									
	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Capture	Down Capture	
Northern Trust Russell 3000	-0.1	1.0	-0.5	0.5	0.2	1.0	99.7	100.0	
Russell 3000 Index	0.0	1.0	-	0.5	0.0	1.0	100.0	100.0	



Statistics Summary 5 Years Ending March 31, 2026									
	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Capture	Down Capture	
Northern Trust ACWI ex US	-0.1	1.0	0.1	0.3	1.6	1.0	102.7	103.5	
MSCI AC World ex USA Index	0.0	1.0	-	0.3	0.0	1.0	100.0	100.0	



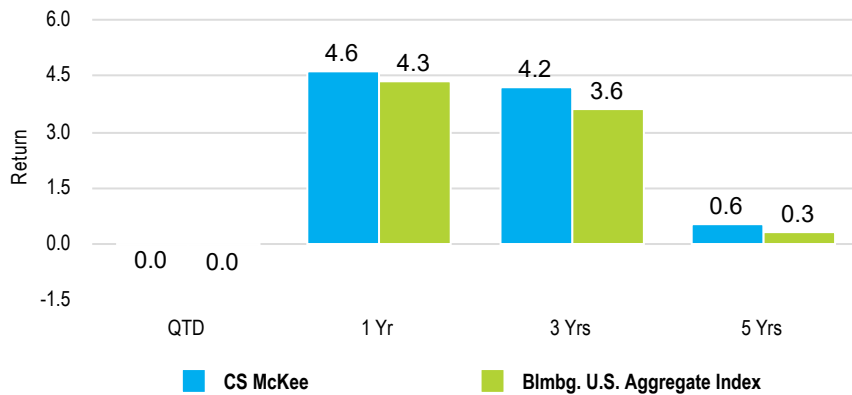
Statistics Summary 5 Years Ending March 31, 2026									
	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Capture	Down Capture	
Parametric Delta Shift	-0.1	1.3	0.4	0.5	7.1	0.8	140.4	147.5	
Cboe S&P 500 Buy Write Index	0.0	1.0	-	0.5	0.0	1.0	100.0	100.0	



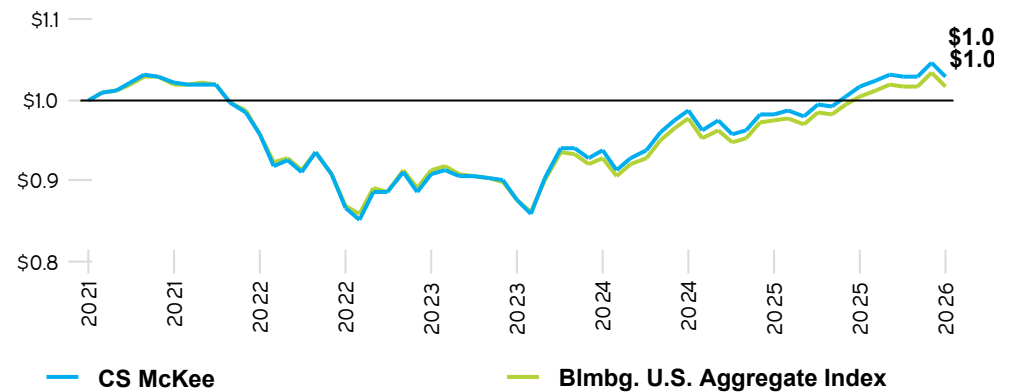
Statistics Summary 5 Years Ending March 31, 2026

	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Capture	Down Capture
CS McKee	0.2	1.0	0.4	-0.4	0.6	1.0	103.3	100.4
Blmbg. U.S. Aggregate Index	0.0	1.0	-	-0.4	0.0	1.0	100.0	100.0

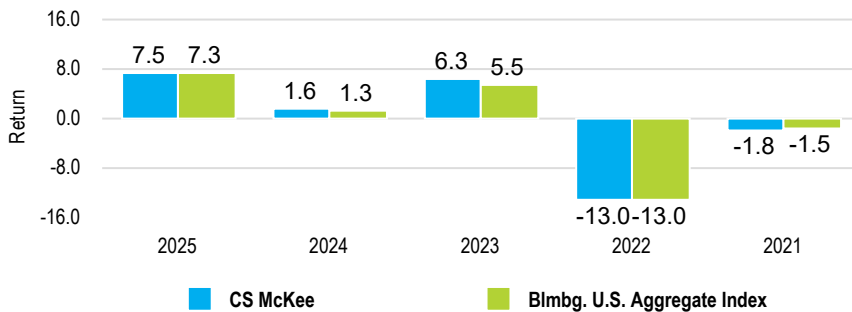
Return Summary



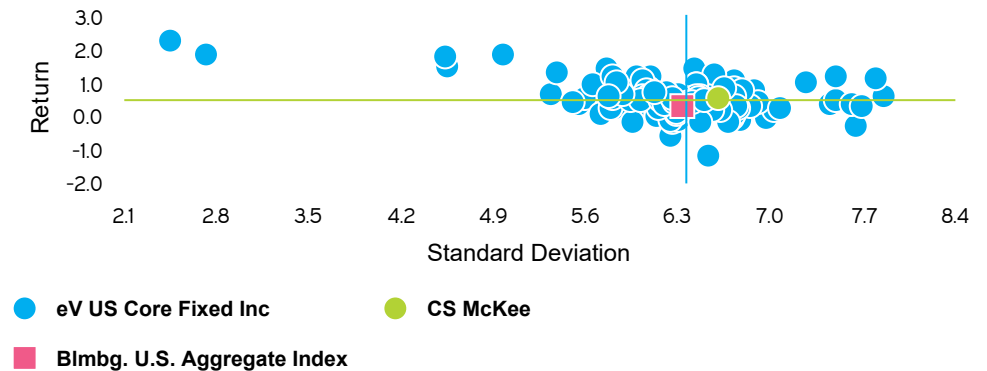
Investment Growth



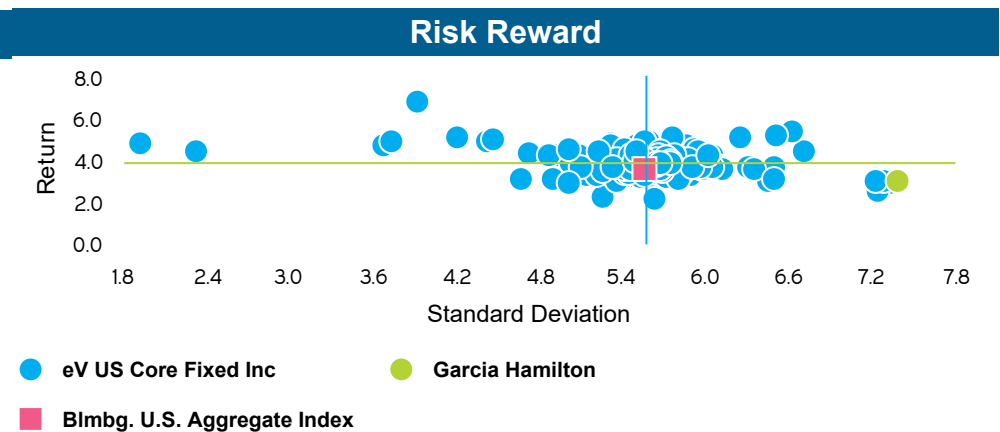
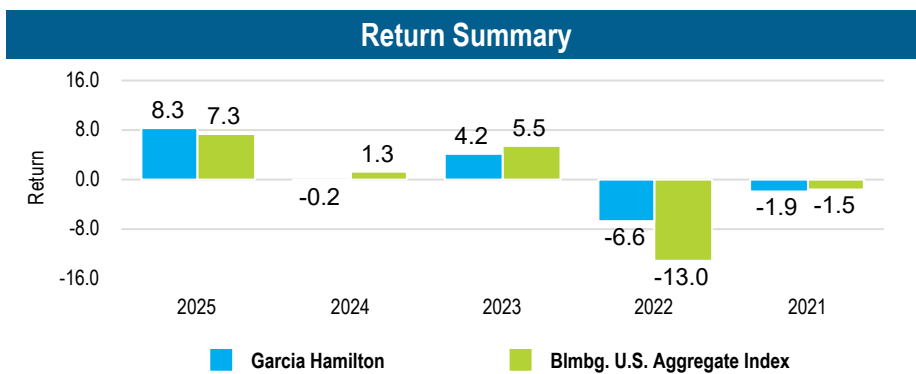
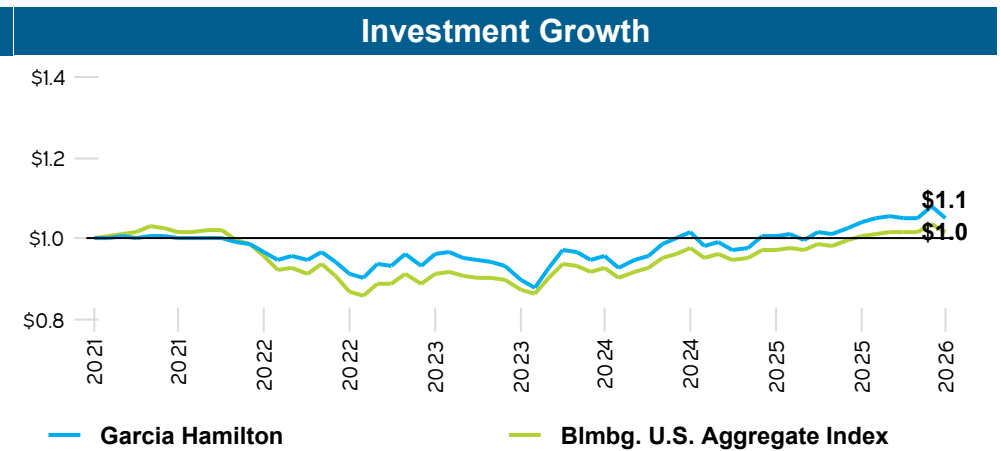
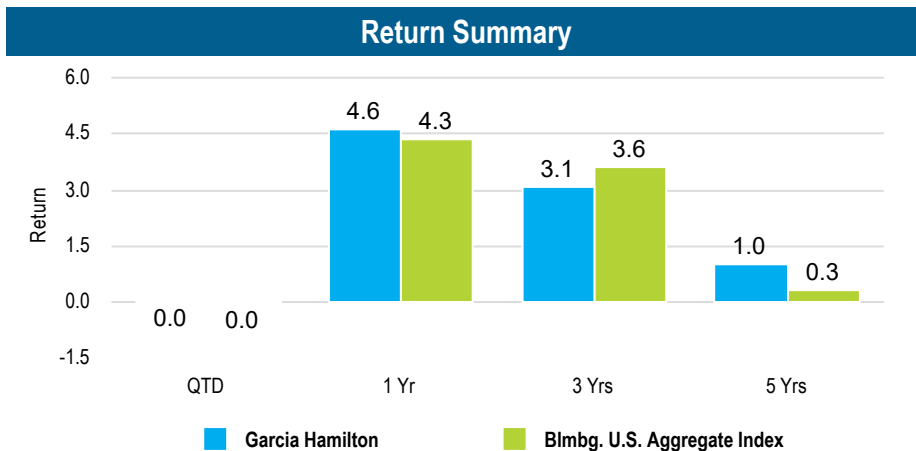
Return Summary



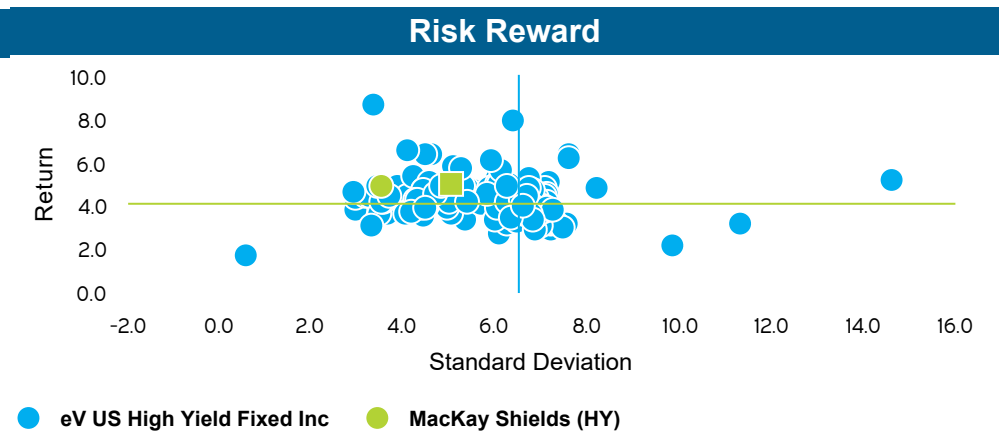
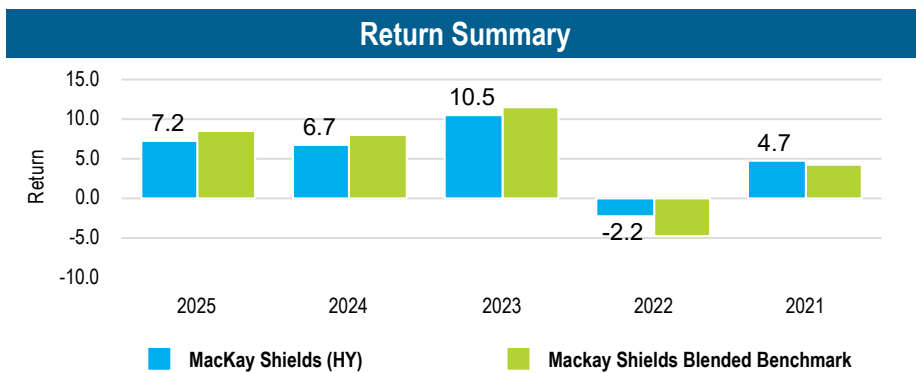
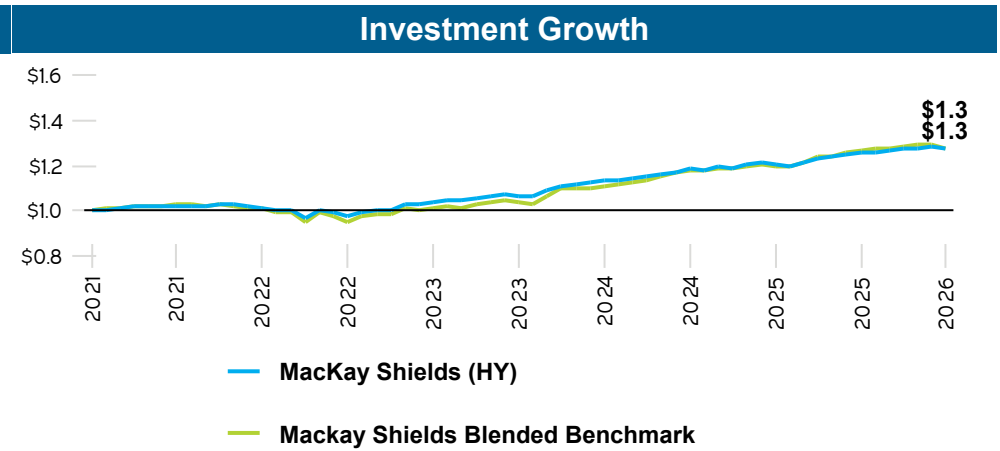
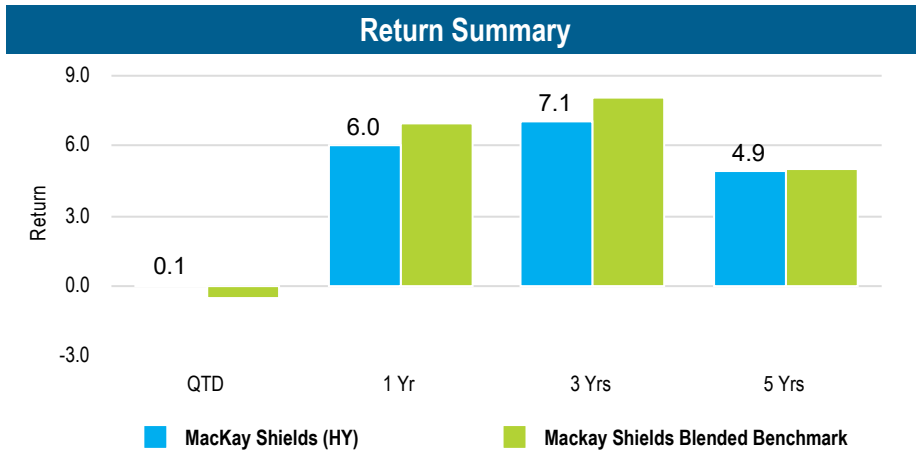
Risk Reward



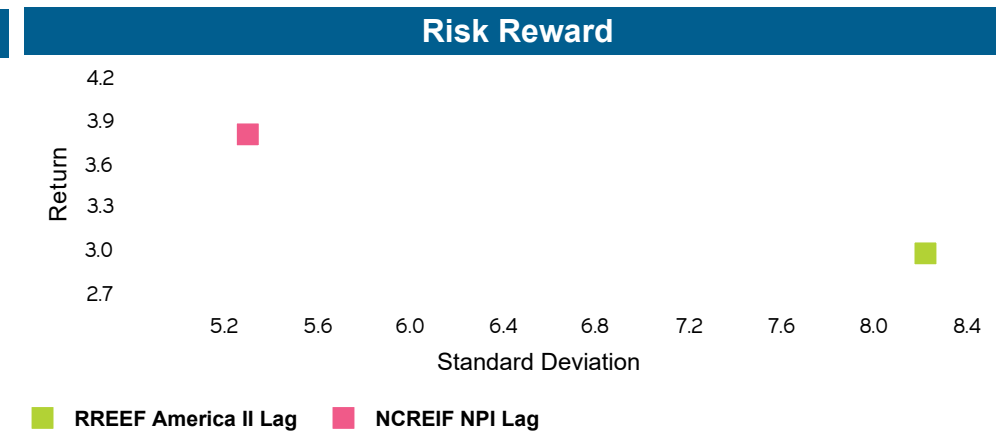
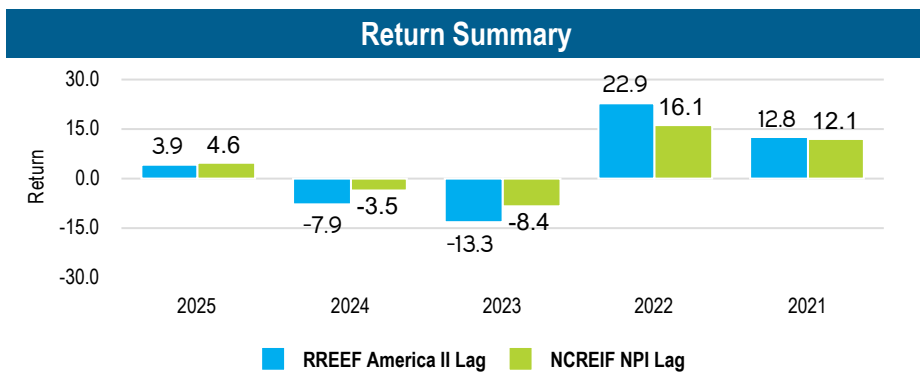
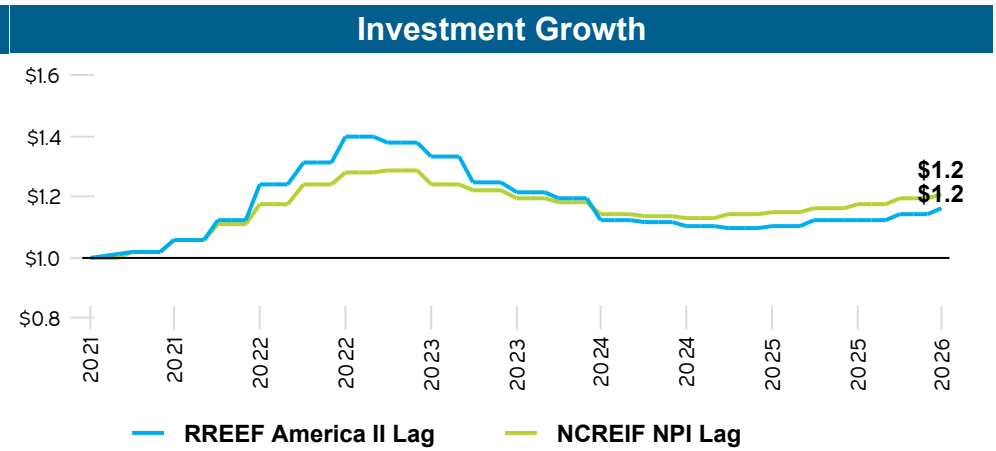
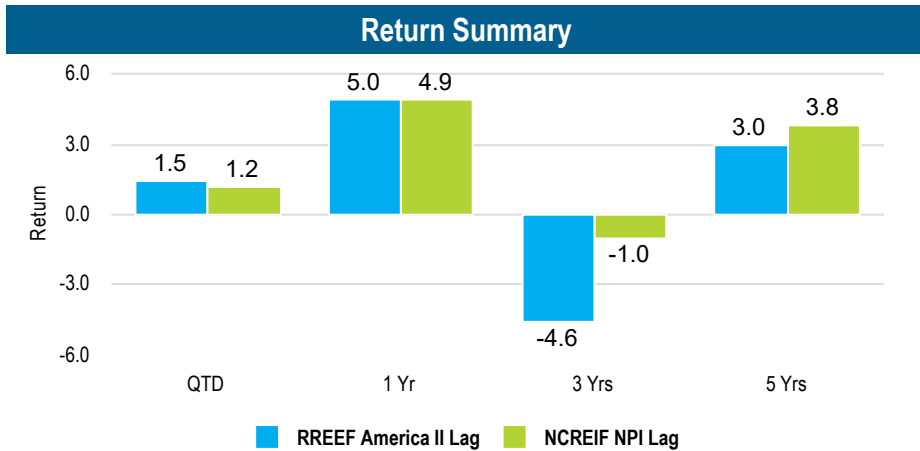
Statistics Summary 5 Years Ending March 31, 2026									
	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Capture	Down Capture	
Garcia Hamilton	0.7	1.0	0.4	-0.3	2.1	0.9	111.1	102.9	
Bloomberg U.S. Aggregate Index	0.0	1.0	-	-0.4	0.0	1.0	100.0	100.0	



Statistics Summary 5 Years Ending March 31, 2026									
	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Capture	Down Capture	
Mackay Shields (HY)	1.5	0.7	-0.1	0.5	1.8	1.0	79.4	57.9	
Mackay Shields Blended Benchmark	0.0	1.0	-	0.4	0.0	1.0	100.0	100.0	



Statistics Summary 5 Years Ending March 31, 2026									
	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Capture	Down Capture	
RREEF America II Lag	-2.1	1.4	-0.2	0.0	3.8	0.9	117.0	166.4	
NCREIF NPI Lag	0.0	1.0	-	0.1	0.0	1.0	100.0	100.0	



Benchmark History		
From Date	To Date	Benchmark
EBMUDERS Total Plan		
01/01/2026	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% Morningstar LSTA U.S. Leveraged Loan, 2.5% NCREIF NPI Lag
07/01/2025	12/31/2025	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

Benchmark History | As of March 31, 2026

From Date	To Date	Benchmark
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)
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

Investment Grade Bonds

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

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
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.

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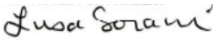
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EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources 

FROM: Lisa Sorani, Manager of Employee Services Human Resources 

SUBJECT: Declaring the Results of the 2026 Election of an Active Member of the Retirement Board

INTRODUCTION

The election of an active Member to fill the Retirement Board seat vacated by Gus Cicala has been completed.

DISCUSSION

On February 24, 2026, the election process was announced to all employees through District-wide e-mail communications, Splashpad, and bulletin postings at District worksites. At each phase of the election process, multiple communications were distributed to employees regarding election status updates, candidacy requirements, nomination deadlines, voting timelines, and election procedures.

The candidacy period ended on March 16, 2026. Three Retirement System participants submitted candidacy applications and each received the required twenty-five (25) nominations necessary to qualify for placement on the ballot:

- Gus Cicala
- Victor Prado
- Hoi Wong

The voting period concluded on April 29, 2026. A total of 395 votes were cast in the 2026 election of an employee-member to the Retirement Board. In accordance with Retirement Board Rule A-3, the election utilized ranked-choice voting methodology.

Following review of the ballots, staff determined that 389 votes were valid and six (6) votes were invalid. The number of votes required to achieve a majority was 195.

After the first round of vote tabulation, Gus Cicala and Hoi Wong advanced to the second round. Pursuant to the ranked-choice voting process, second-choice votes from ballots cast for Victor Prado were redistributed to the remaining candidates.

Retirement Board Member Election
Retirement Board Meeting
May 21, 2026

The final election results were as follows:

Candidate	Round One Votes	Round Two Votes	Final Total
Gus Cicala	183	12	195
Victor Prado	36	Eliminated	Eliminated
Hoi Wong	170	24	194

As Secretary to the Retirement Board, Cindy Charan reviewed the election procedures, supporting documentation, and vote tabulation process and certified the election results.

Pursuant to the Retirement Ordinance and applicable Board Rules, the candidate elected through rank choice voting and meeting eligibility requirements is elected to serve as the active Member representative on the Retirement Board.

Based on the certified election results, Gus Cicala has been elected to serve as the active Member representative for a term beginning June 24, 2026, and ending June 23, 2030.

CC:ls:hrt

Attachment: Employee Election Certification Memo

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

THROUGH: Cindy Charan, Director of Human Resources

FROM: Lisa Sorani, Manager of Employee Services *Lisa Sorani*

SUBJECT: Review of Retiree COLA Bank History and Balances

This memo provides historical background regarding the retiree Cost of Living Adjustment (COLA) Bank and summarizes retiree COLA Bank balances from 2015 through 2025.

The COLA Bank was established concurrently with the retiree COLA benefit through Retirement Ordinance 260, effective March 1, 1968, which added Section 33 to the Retirement Ordinance. Section 33 provides for:

- an annual retiree Cost of Living Adjustment; and
- the accumulation of COLA amounts above the maximum annual adjustment limit into what is commonly referred to as the “COLA Bank.”

At that time, the maximum annual COLA adjustment was 2%. COLA amounts above the annual cap were retained in an individual retiree’s COLA Bank and could be applied in future years when the annual COLA was below the maximum adjustment.

During periods of higher inflation in prior decades, some retirees accumulated significant COLA Bank balances. By the early 2000s, more than 150 retirees had COLA Bank balances exceeding 20%. Between 2000 and 2003, the Retirement Board discussed the possibility of a one-time drawdown of balances above 20%; however, no action was taken.

By 2015, large COLA Bank balances had substantially declined. At that time, no retiree had a COLA Bank balance exceeding 20%, and only a small number of retirees had balances in the 10–11% range.

The table below summarizes the percentage of retirees within various COLA Bank balance ranges from 2015 through 2025. The balances shown reflect amounts available in the COLA Bank prior to application of each year’s COLA adjustment. The COLA max across these years was 3%, except for one year where the COLA max was 5% based on the Pension’s funded status.

Retiree COLA Bank Balance Distribution

Balance in COLA Bank	2015	2016	2017	2018	2019	2020*	2021	2022**	2023	2024	2025
0%	96.42%	96.96%	6.89%	12.40%	5.33%	4.98%	5.21%	21.86%	99.24%	4.03%	3.94%
.1% - 1%	0.13%	0.18%	90.60%	85.45%	92.49%	7.76%	7.89%	77.40%	0.09%	1.16%	3.94%
1.1% - 2%	0.06%	0.06%	0.06%	0.06%	0.49%	85.94%	85.89%	0.00%	0.00%	1.90%	1.70%
2.1% - 3%	0.26%	0.12%	0.18%	0.06%	0.00%	0.00%	0.00%	0.00%	0.05%	89.45%	1.61%
3.1% - 9%	0.32%	0.18%	0.12%	0.11%	0.11%	0.05%	0.05%	0.05%	0.61%	0.05%	88.31%
9.1% - 13%	2.81%	2.49%	2.16%	1.93%	1.58%	1.26%	0.96%	0.69%	0.00%	0.60%	0.49%

*A COLA and COLA Bank correction was applied related to errors in 2014, 2015 and 2016.

** COLA was 3.2 but max was 4% as funding over 85%. COLA banks could draw .8 to get to 4% COLA in 2022.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Retirees	1566	1647	1713	1766	1837	1906	1977	2040	2119	2161	2232
%Retirees receiving less than 3% COLA	96.42%	5.65%	5.66%	4.70%	4.46%	4.25%	17.30%	4.51%	4.20%	3.42%	4.97%

Overall, the COLA Bank mechanism has enabled the majority of retirees to receive the maximum 3% COLA in most years, even when the annual calculated COLA was lower than 3%.

The table reflects a cyclical pattern. Prior to the 2015 COLA adjustment, more than 96% of retirees had no remaining COLA Bank balance, resulting in 96.42% of retirees receiving less than the maximum 3% COLA that year. In subsequent years, balances gradually rebuilt, and from 2016 through 2025 the majority of retirees were again able to receive the full 3% COLA in most years.

The data also includes an annual addition of approximately 50 to 90 new retirees each year. New retirees receive a prorated COLA in their first year of retirement, which is a good portion of the number of retirees receiving a benefit below 3% in each year.

The 2026 COLA was confirmed at 2.2%. In 2025 most retirees added .7% to their COLA Banks. Based on those numbers only about 4% of retirees will receive less than the full 3% COLA maximum in July 2026.

CRC:ls

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: May 21, 2026

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance *gms*

SUBJECT: Private Placements Update

SUMMARY

As part of the 2018 Asset Reallocation, the Retirement System moved several actively managed domestic equity accounts to passive management. During that transition, the Northern Trust Transition Management team identified five private placement securities in existing accounts that could not be sold at that time. At its November 15, 2018 meeting, the Retirement Board elected to hold these securities until each had a public liquidity event, such as an Initial Public Offering (IPO). To date, the Retirement System has sold its shares in Uber, Airbnb, and WeWork after each had an IPO. The two remaining private shares held by the Retirement System are DiDi and Magic Leap. The shares cannot be sold at this time.

DISCUSSION

DiDi Chuxing Technology Co (DiDi)

DiDi completed an IPO on June 30, 2021. As a foreign company, DiDi listed American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE). ADRs allow foreign companies to list on U.S.-based stock exchanges. Post IPO, staff began working with Northern Trust to convert the Retirement System's shares to ADRs. The process has been long and complicated, involving establishing proof of ownership and a reconciliation of the number of shares. Further complicating matters, DiDi de-listed from the NYSE on June 12, 2022. Staff has continued to work with Northern Trust to convert the shares to prepare for the possibility of the company re-listing on a public exchange with the Hong Kong exchange being the most likely. The Retirement System's investment in DiDi was estimated at \$73,804 at the time of the 2018 reallocation.

Magic Leap

The Retirement System owns shares of Magic Leap that are currently not eligible for sale. Magic Leap Inc. has not announced any plans for an IPO, but it is interesting to note that the Saudi Sovereign Wealth Fund, the majority owner, has recently infused Magic Leap with more cash. Magic Leap recently announced it will be focusing on software and platforms as opposed to hardware, aligning with its strategic partnership with Google. Given the recent activity and strategic changes, there appears to be no plan to list the company. A future buyout is the most likely way for the Retirement System's shares to be purchased. Northern Trust is exploring the possibility of registering the shares with the Depository Trust Company (DTC), which could aid in the eventual

Private Placements Update

May 21, 2026

Page 2

sale of shares if an IPO were to take place or if the shares needed to be valued in the case of a buyout. Northern Trust is keeping staff apprised of the process and status of the Magic Leap shares. The Retirement System's investment in Magic Leap was estimated at \$174,020 at the time of the 2018 reallocation.

Staff will continue to work with Northern Trust to monitor the status of these companies and identify opportunities to sell the shares in a public and transparent market.

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