

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

THROUGH: Laura Acosta, Manager of Human Resources 

FROM: Lisa Sorani, Manager of Employee Services 

SUBJECT: Retirement Board Regular Meeting – 9/16/2021

A regular meeting of the Retirement Board will convene at 8:30 a.m. on Thursday, September 16, 2021. This meeting will be conducted via video and teleconference only. Public participation is 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.

Enclosed are the agenda for the September 16, 2021 meeting and the minutes for the July 15, 2021 regular meeting. The package also includes the following: **(1) CONSENT** items: Approval of Minutes–Regular meeting of July 15, 2021, Ratifying and Approving Investment Transactions by Retirement Fund Managers for June 2021 and July 2021, Ratifying and Approving Short-Term Investment Transactions for June 2021 and July 2021, Approving Treasurer’s Statement of Receipts and Disbursements for June 2021 and July 2021; **(2) ACTION** items: Adopt Update to Retirement Board Rule C-3 Low Income Adjustment; **(3) INFORMATION:** Performance Report and Economic Review (Meketa Investment Group), Proxy Voting Services Agreement Update, International Manager Transition and Rebalance Activity, Working Capital Update, Announce 2022 Retirement Board Meeting Calendar, Health Benefit Plan Rate Changes for Calendar Year 2022; **(4) REPORTS FROM THE RETIREMENT BOARD.**

LS:jm

Enclosures

AGENDA

EBMUD EMPLOYEES' RETIREMENT SYSTEM

September 16, 2021

In accordance with the Governor's Executive Order N-08-21 which suspends portions of the Brown Act, this meeting will be available for public participation by webinar and teleconference only. A physical location will not be provided for this meeting.

Retirement Board Members: Clifford Chan, Frank Mellon, Marguerite Young, Jae Park, Tim McGowan, and Elizabeth Grassetti will participate via teleconference

Staff to the Retirement Board: Laura Acosta, Sophia Skoda, Lourdes Matthew, Lisa Sorani, Valerie Weekly, Robert Hannay, Damien Charléty, and Karyn Field will participate via teleconference

Consultants & Presenters: Meketa - Eric White, Sarah Bernstein, Eric Larsen

****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.

CLOSED SESSION AGENDA

1. Significant Exposure to Litigation pursuant to Government Code Section 54956.9: one item
2. Personnel matters pursuant to Government Code Section 54957:
 - a. Application for Disability Retirement of Adam Erlach (R.B. Resolution No. 6936)

REGULAR BUSINESS MEETING

CONSENT CALENDAR:

1. Approval of Minutes of the Retirement Board – Regular meeting of July 15, 2021
2. Ratifying and Approving Investment Transactions by Retirement Fund Managers for June 2021 and July 2021 (R.B. Resolution No. 6942)
3. Ratifying and Approving Short-Term Investment Transactions for June 2021 and July 2021 (R.B. Resolution No. 6943)
4. Approving Treasurer's Statement of Receipts and Disbursements for June 2021 and July 2021

ACTION:

5. Adopt Correction to Updated Retirement Board Rule C-3 Low Income Adjustment (RB Resolution No. 6944) – L. Sorani

INFORMATION:

6. Performance Report and Economic Review (Meketa Investment Group) – S. Skoda
7. Proxy Voting and Other Engagement Activities – S. Skoda
8. International Manager Transition and Rebalance Activity – S. Skoda
9. Working Capital Update – S. Skoda
10. Announcement of 2022 Retirement Board Meeting Calendar – L. Sorani
11. Benefit Plan Renewals for Calendar Year 2022 – L. Sorani

REPORTS FROM THE RETIREMENT BOARD:

12. Brief report on any course, workshop, or conference attended since the last Retirement Board Meeting

ITEMS TO BE CALENDARED:

13. Election Procedures Discussion
14. Low Income Adjustment Survey Results

MEETING ADJOURNMENT:

The next regular meeting of the Retirement Board will be held at 8:30 a.m. on Thursday, September 18, 2021.

2022 Retirement Board Meetings

January 20, 2022
March 17, 2022
May 19, 2022
July 21, 2022
September 15, 2022
November 17, 2022

APPENDIX

Retirement Board Meeting
Thursday, July 15, 2021
8:30 a.m.

EBMUD public Retirement Board meeting will be conducted via Zoom.
Please note that Retirement Board meetings are recorded, live-streamed, and posted on the District's website.

To **OBSERVE** 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>

There will be a closed session occurring at 8:45am during the September 16, 2021 Retirement Board meeting. The main meeting will begin at 8:30 am, the closed session starts at 8:45am and will end at 9:30am, then the original Zoom meeting will restart after the closed session is completed.

8:30 a.m. Retirement Board Meeting

Please click the link below to join the webinar:

You are invited to a Zoom webinar.

When: Sep 16, 2021 08:30 AM Pacific Time (US and Canada)

Topic: September 16, 2021 Retirement Board Meeting

Please click the link below to join the webinar:

<https://ebmud.zoom.us/j/83489583161?pwd=blplcUFIRGJiMHhqY2hlcXhhNVI4UT09>

Passcode: 589392

Or One tap mobile :

US: +16699006833,,83489583161# or +13462487799,,83489583161#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 312 626 6799 or +1 929 205 6099 or +1 301 715 8592

Webinar ID: 834 8958 3161

International numbers available: <https://ebmud.zoom.us/j/83489583161>

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 OF THE RETIREMENT BOARD

July 15, 2021

A regular meeting of the Retirement Board convened on Thursday, July 15, 2021 at 8:31 a.m. The meeting was called to order by Frank Mellon.

Due to COVID-19 and in accordance with Alameda County's Health Order 20-10 (issued April 29, 2020), and with the Governor's Executive Order N-29-20 which suspends portions of the Brown Act, **this meeting was conducted via teleconference only**. In compliance with said orders, a physical location was not provided for this meeting. These measures will only apply during the period in which state or local public health officials have imposed or recommended social distancing.

Roll Call – The following Retirement Board Members were present: Clifford Chan, Frank Mellon, Marguerite Young, Timothy McGowan, Jae Park, and Elizabeth Grassetti.

The following staff members were present: Sophia Skoda, Lourdes Matthew, Lisa Sorani, Robert Hannay, Damien Charléty, and Valerie Weekly.

PUBLIC COMMENT

No public comment

ACTION ITEM

5. Election of Retirement Board Officers (R.B Resolution No. 6939) – Since the prior President, Doug Higashi, did not seek reelection and a new Employee Representative was elected in his place, the position of President is vacant. Frank Mellon requested nominations for President of the Retirement Board. Frank Mellon nominated Tim McGowan to serve as Board President and Clifford Chan seconded the nomination. The motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Young and Park), NOES (none), ABSTAIN (none), ABSENT (none).

When the prior Vice-President of the Board left, a new Vice-President was not elected. Tim McGowan requested nominations for Vice-President. Frank Mellon nominated Marguerite Young to serve as Vice-President of the Retirement Board and Clifford Chan seconded the nomination. The motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Young and Park), NOES (none), ABSTAIN (none), ABSENT (none).

CONSENT CALENDAR

1-4. Consent Calendar – A motion to move the consent calendar was made by Frank Mellon and seconded by Jae Park. The motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Park, and Young), NOES (none), ABSTAIN (none), ABSENT (none).

ACTION

6. **Approve Update to Retirement Board Rule C-22 Minimum Required Distributions (R.B. Resolution No. 6940)** – Valerie Weekly presented this item. Staff requested that the Retirement Board adopt the proposed changes to Rule C-22. The changes stem from the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) which amends the Internal Revenue Code to increase the age for minimum required distributions from 70½ to 72 years old. Clifford Chan made the motion to adopt Resolution 6940 and Marguerite Young seconded the motion. The motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Park, Young), NOES (none), ABSTAIN (none), ABSENT (none).

7. **Declare Interest Rate Credited to Members (R.B. Resolution No. 6941)** – Valerie Weekly presented this item. In accordance with Retirement Board Rule B-9, the annual rate of interest credited to member contributions effective June 30, 2021 is the lesser of the actuarially assumed rate of return or the five-year average rate of return. As of December 31, 2020, the actuarially assumed rate of return was 7.0% and the five-year average rate of return was 10.1%. Resolution 6941 declares the annual interest rate of 7.0% and the rate credited to member accounts will be prorated to a semi-annual rate of 3.5%. Frank Mellon made the motion to adopt Resolution 6941 and Clifford Chan seconded the motion, and the motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Park, Young), NOES (none), ABSTAIN (none), ABSENT (None).

8. **Selection of Retirement System Custody Services Provider** – Sophia Skoda and Damien Charléty presented this item. The Retirement System used a Request for Information (RFI) process. Meketa conducts an annual survey of public fund custodians. In 2021, the survey was sent to 20 firms with 13 responding. Out of the 13, five fit the suitability criteria (threshold of \$1 trillion in assets under custody with at least \$5 billion under custody for public pensions funds). Staff developed a supplemental questionnaire and three of the five firms responded. Retirement Board member Tim McGowan, Meketa, and staff conducted interviews with the three responding firms. The search was narrowed down to two firms following the interviews and the two remaining firms were asked to provide a demonstration of their online platform technology and to discuss their approach to cybersecurity. Following the interviews and demonstrations, Northern Trust is recommended for selection under the terms proposed in their final response to the RFI. Marguerite Young made the motion to adopt, Jae Park seconded the motion, and the motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Park, and Young), NOES (none), ABSTAIN (none), ABSENT (None).

9. **Move International Equity Assets to Passive Management** – Robert Hannay presented this item. At the May 20, 2021 meeting, the Retirement Board voted to transition its remaining actively-managed international equity assets to passive management. Meketa analyzed the current positioning of the international portion of the portfolio. Meketa concluded that a prompt transition to passive was beneficial to the Retirement System because it would eliminate the current style bias in the portfolio and would reduce management fees. Staff and Meketa recommend that the remaining actively managed international assets be moved to the Retirement System's existing international equity passive manager, Northern Trust. Clifford Chan made the

motion to move the item, Frank Mellon seconded the motion, and the motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Park, and Young), NOES (none), ABSTAIN (none), ABSENT (None).

INFORMATION

10. Performance Report and Economic Review – Eric White from Meketa reviewed latest performance data. As of May 31, 2021 plan assets represent just under \$2.3 billion, up 4.5% for the quarter to date. For the quarter to date, the majority of managers met or exceeded the benchmark; US equity returned 5.6%, international equity 6.5%, covered calls 3.9%, real estate 4.9%, and fixed income 0.9%.

11. Discussion on Retiree and Retiree Retirement Board Communications – Lisa Sorani presented this item. The Retirement Board used to include a communications section on the agenda in the early 2000s. This included incoming letters from retirees as well as copies of the District response letters to retirees. Prior to 2012, the District also hosted an annual dinner for retirees and employees with 20 or more years of service. In 2017, the Utility District Employees' Association reinstituted the annual dinner, but on a smaller scale. The original event presented an opportunity for the retiree representative to connect with retirees. The retiree representative is currently provided with a District iPad and a District email address. A questionnaire was included with the 2020 HIB Audit and approximately 500 retirees returned the questionnaire providing their email address and indicating their willingness to receive communication from the retiree representative. Staff has been discussing ideas for how the retiree representative and staff might improve communications with retirees: staff will continue to mail most items to retirees. The upcoming Human Resources Information System technology upgrade is scheduled to include a portal for retirees that would allow for communication options. Staff could also create social media accounts to encourage greater engagement.

12. Actuarial Risk Assessment – Robert Hannay presented this item. This is the first risk assessment report presented to the Retirement Board. A narrative of a similar analysis is included in the Annual Valuation, but this separate report allows for a more in-depth analysis. Segal prepared the risk assessment report for the Retirement System's pension plan as of June 30, 2020. Andy Yeung from Segal presented the results of the report. The report included information on the following topics: historical funded status and employer contribution rates; future funded status and employer contribution rates; and plan maturity measures. The report also included sensitivity analysis to evaluate the potential effects of deviation from assumption, primarily on the assumed investment return factor.

13. Review FY21 Low Income Adjustment Process – Valerie Weekly presented this item. To qualify for the low-income adjustment, retirees or surviving beneficiaries must have 20 or more years of service, receive Social Security benefits, and demonstrate that their total income is below 200% of the federal poverty level (150% for surviving spouses). Staff mailed flyers to 28 potentially eligible members. No applications for the low-income adjustment were received.

REPORTS FROM THE RETIREMENT BOARD

14. **Brief report on any course, workshop, or conference attended since the last Retirement Board meeting**

None

ITEMS TO BE CALENDERED / UPCOMING ITEMS

- Announce 2022 Board Meeting Calendar
- Proxy Voting

ADJOURNMENT – Marguerite Young moved to adjourn the meeting at 11:14 a.m. and Frank Mellon seconded the motion; the motion carried (5-0) by the following voice vote: AYES (Chan, McGowan, Mellon, Park, and Young), NOES (none), ABSTAIN (none), ABSENT (none).

President


ATTEST: _____
Secretary

09/16/2021

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Investment Transactions by Retirement Fund Managers for June 2021 and July 2021

The attached Investment Transactions by Retirement Fund Managers report for the months of June 2021 and July 2021 is hereby submitted for Retirement Board approval.

Attachment

SDS:AM:MH

INVESTMENT TRANSACTIONS BY RETIREMENT FUND MANAGERS			
June 2021			
	PURCHASES	SALES	PORTFOLIO VALUE
<u>FIXED INCOME</u>			
C.S. McKee	\$30,486,539	\$14,480,994	\$189,204,668
Federated Bank Loans	\$1,065,000	\$566,225	\$46,182,408
Garcia Hamilton Associates	\$1,471,145	\$0	\$192,460,449
Mackay Shields - HY	\$3,413,782	\$234,096	\$49,963,704
TOTAL	\$36,436,466	\$15,281,315	\$477,811,229
<u>DOMESTIC EQUITY</u>			
Russell 3000 Index Fund	\$0	\$0	\$642,588,453
Total Domestic Equity	\$0	\$0	\$642,588,453
<u>COVERED CALLS</u>			
Parametric (BXM)	\$2,291,087	\$1,985,664	\$154,207,671
Parametric (Delta-Shift)	\$529,453	\$440,199	\$171,302,411
Van Hulzen	\$12,738,186	\$13,308,577	\$145,599,087
Total Covered Calls	\$15,558,726	\$15,734,440	\$471,109,169
<u>INTERNATIONAL EQUITY</u>			
ACWI Index fund	\$0	\$0	\$428,788,320
Fisher Investments	\$746,437	\$0	\$188,703,719
Global Transition	\$0	\$0	\$1,307,201
Total International Equity	\$746,437	\$0	\$618,799,240
<u>REAL ESTATE EQUITY</u>			
RREEF America II	\$448,632	\$0	\$51,133,441
CenterSquare	\$4,337,395	\$4,088,255	\$62,779,939
Total Real Estate	\$4,786,027	\$4,088,255	\$113,913,380
TOTAL ALL FUND MANAGERS	\$57,527,656	\$35,104,010	\$2,324,221,471
July 2021			
	PURCHASES	SALES	PORTFOLIO VALUE
<u>FIXED INCOME</u>			
C.S. McKee	\$12,259,523	\$8,926,470	\$190,991,695
Federated Bank Loans	\$717,148	\$250,000	\$46,162,376
Garcia Hamilton Associates	\$10,684,552	\$3,349,453	\$193,486,477
Mackay Shields - HY	\$1,410,400	\$232,598	\$50,008,136
TOTAL	\$25,071,623	\$12,758,521	\$480,648,684
<u>DOMESTIC EQUITY</u>			
Russell 3000 Index Fund	\$0	\$24,000,000	\$629,591,759
Total Domestic Equity	\$0	\$24,000,000	\$629,591,759
<u>COVERED CALLS</u>			
Parametric (BXM)	\$5,565,041	\$5,551,825	\$155,966,094
Parametric (Delta-Shift)	\$1,440,535	\$1,171,799	\$174,669,876
Van Hulzen	\$19,184,471	\$16,674,199	\$146,895,981
Total Covered Calls	\$26,190,047	\$23,397,823	\$477,531,951
<u>INTERNATIONAL EQUITY</u>			
ACWI Index fund	\$0	\$0	\$421,838,789
Fisher Investments	\$483,168	\$935,638	\$188,421,675
Global Transition	\$0	\$0	\$1,311,434
Total International Equity	\$483,168	\$935,638	\$611,571,898
<u>REAL ESTATE EQUITY</u>			
RREEF America II	\$415,651	\$0	\$53,026,906
CenterSquare	\$3,840,295	\$3,850,350	\$66,068,057
Total Real Estate	\$4,255,946	\$3,850,350	\$119,094,963
TOTAL ALL FUND MANAGERS	\$56,000,784	\$64,942,332	\$2,318,439,255

Prepared By:

Matt Houck

Matt Houck, Accountant II

Date:

8-25-2021

R.B. RESOLUTION NO. 6942

RATIFYING AND APPROVING INVESTMENT TRANSACTIONS BY FUND MANAGERS
FOR MONTHS OF JUNE, 2021 AND JULY, 2021

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 June, 2021 and July, 2021, in accordance with the provisions of said rule and in securities designated as acceptable by Retirement Board Resolution No. 4974, as amended;

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

President

ATTEST:

Secretary

09/16/2021

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

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

FROM: Andrea Miller, Controller *AM*

SUBJECT: Short Term Investment Transactions for June 2021

The attached Short Term Investment Transactions report for the month of June 2021 is hereby submitted for Retirement Board approval.

Attachment

SDS:AM:MH

**EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF JUNE 2021**

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ 4,188,000.00	Local Agency Investment Fund	1-Jun-21		0.262
4,192,000.00	Local Agency Investment Fund	10-Jun-21		0.262
4,180,000.00	Local Agency Investment Fund	25-Jun-21		0.262
(11,165,000.00)	Local Agency Investment Fund		29-Jun-21	0.262
 <u>\$ 1,395,000.00</u>	Net Activity for Month			
 \$ 893,805.20	Beginning Balance			
<u>1,395,000.00</u>	Net Activity for Month			
<u>\$ 2,288,805.20</u>	Ending Balance			

SUBMITTED BY Andrea Miller
Andrea Miller
Controller

DATE 8/25/2021

Robert L. Hannay MH
Treasury Manager Marina Hughes

Acctg. Systems Supvr.
prepared by Mhouck

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

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

FROM: Andrea Miller, Controller *AM*

SUBJECT: Short Term Investment Transactions for July 2021

The attached Short Term Investment Transactions report for the month of July 2021 is hereby submitted for Retirement Board approval.

Attachment

SDS:AM:MH

**EBMUD EMPLOYEES' RETIREMENT SYSTEM
SHORT TERM INVESTMENT TRANSACTIONS
CONSUMMATED BY THE TREASURER
MONTH OF JULY 2021**

<u>COST/ FACE VALUE</u>	<u>DESCRIPTION</u>	<u>DATE OF PURCHASE</u>	<u>DATE OF SALE/MATURITY</u>	<u>YIELD (%)</u>
\$ 4,199,000.00	Local Agency Investment Fund	9-Jul-21		0.221
7,440.95	Local Agency Investment Fund	15-Jul-21		0.221
4,472,000.00	Local Agency Investment Fund	23-Jul-21		0.221
24,000,000.00	Local Agency Investment Fund	29-Jul-21		0.221
(11,440,000.00)	Local Agency Investment Fund		30-Jul-21	0.221
 <u>\$ 21,238,440.95</u>	Net Activity for Month			
 \$ 2,288,805.20	Beginning Balance			
<u>21,238,440.95</u>	Net Activity for Month			
<u>\$ 23,527,246.15</u>	Ending Balance			

SUBMITTED BY Andrea Miller
Andrea Miller
Controller

DATE 8/25/2021



Robert L. Hannay
Treasury Manager



Marina Hughes
Acctg. Systems Supvr.
prepared by Mhouck

R.B. RESOLUTION NO. 6943

RATIFYING AND APPROVING SHORT TERM INVESTMENT TRANSACTIONS BY THE
TREASURER FOR JUNE 2021 AND JULY 2021

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 June, 2021 and July, 2021, 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 Exhibit A for June, 2021 and July, 2021 are hereby ratified and approved.

President

ATTEST:

Secretary

09/16/2021

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

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

FROM: Andrea Miller, Controller *AM*

SUBJECT: Statement of Receipts and Disbursements for June 2021

The attached Statement of Receipts and Disbursements report for the month of June 2021 is hereby submitted for Retirement Board approval.

Attachment

SDS:AM:MH

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF JUNE 2021**

CASH BALANCE at May 31, 2021		\$	5,667,352.70
<u>Receipts</u>			
Employees' Contributions	\$	1,499,335.51	
District Contributions		6,917,454.52	
LAIF Redemptions		11,165,000.00	
Refunds and Commission Recapture		<u>14,144.19</u>	
TOTAL Receipts			19,595,934.22
<u>Disbursements</u>			
Checks/Wires Issued:			
Service Retirement Allowances	\$	9,993,201.82	
Disability Retirement Allowances		154,959.56	
Health Insurance Benefit		1,011,676.05	
Payments to Retiree's Resigned/Deceased		5,500.96	
LAIF Deposits		12,560,000.00	
Administrative Cost		<u>316,625.78</u>	
TOTAL Disbursements			(24,041,964.17)
CASH BALANCE at June 30, 2021		\$	<u>1,221,322.75</u>
LAIF			<u>2,288,805.20</u>
LAIF and CASH BALANCE at June 30, 2021		\$	<u>3,510,127.95</u>
<u>Domestic Equity</u>			
Russell 3000 Index Fund	\$	<u>642,588,452.72</u>	
Subtotal Domestic Equity		642,588,452.72	
<u>Covered Calls</u>			
Parametric (BXM)	\$	154,207,671.19	
Parametric (Delta-Shift)		171,302,411.47	
Van Hulzen		<u>145,599,086.68</u>	
Subtotal Covered Calls		471,109,169.34	
<u>International Equity</u>			
ACWI Index fund	\$	428,788,319.91	
Fisher Investments		188,703,718.52	
Global Transition		<u>1,307,201.30</u>	
Subtotal International Equity		618,799,239.73	
<u>Real Estate</u>			
RREEF America REIT II	\$	51,133,441.00	
Center Square		<u>62,779,939.04</u>	
Subtotal Real Estate		113,913,380.04	
<u>Fixed Income</u>			
CS Mckee	\$	189,204,668.22	
Federated Bank Loans		46,182,408.05	
Garcia Hamilton Associates		192,460,448.64	
Mackay Shields-High Yield		<u>49,963,703.91</u>	
Subtotal Fixed Income		477,811,228.82	
Total for Domestic and International Equities			<u>2,324,221,470.65</u>
MARKET VALUE of ASSETS at June 30, 2021		\$	<u>2,327,731,598.60</u>

Respectfully submitted,

Andrea Miller

Andrea Miller
Controller

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.

MH

Marina Hughes
Acctg Sys Supvr.

prepared by Mhouck

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

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

FROM: Andrea Miller, Controller *AM*

SUBJECT: Statement of Receipts and Disbursements for July 2021

The attached Statement of Receipts and Disbursements report for the month of July 2021 is hereby submitted for Retirement Board approval.

Attachment

SDS:AM:MH

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
EMPLOYEES' RETIREMENT FUND
MONTH OF JULY 2021**

CASH BALANCE at June 30, 2021		\$ 1,221,322.75
<u>Receipts</u>		
Employees' Contributions	\$ 1,526,739.46	
District Contributions	7,194,711.56	
LAIF Redemptions	11,440,000.00	
Northern Trust Redemptions	24,000,000.00	
Refunds and Commission Recapture	<u>13,098.67</u>	
TOTAL Receipts		44,174,549.69
<u>Disbursements</u>		
Checks/Wires Issued:		
Service Retirement Allowances	\$ 10,277,912.36	
Disability Retirement Allowances	154,959.56	
Health Insurance Benefit	1,018,753.82	
Payments to Retiree's Resigned/Deceased	76,080.54	
LAIF Deposits	32,671,000.00	
Administrative Cost	<u>38,812.69</u>	
TOTAL Disbursements		<u>(44,237,518.97)</u>
CASH BALANCE at July 31, 2021		\$ 1,158,353.47
LAIF		<u>23,527,246.15</u>
LAIF and CASH BALANCE at July 31, 2021		\$ <u>24,685,599.62</u>
<u>Domestic Equity</u>		
Russell 3000 Index Fund	\$ <u>629,591,758.91</u>	
Subtotal Domestic Equity	629,591,758.91	
<u>Covered Calls</u>		
Parametric (BXM)	\$ 155,966,094.46	
Parametric (Delta-Shift)	174,669,875.64	
Van Hulzen	<u>146,895,980.65</u>	
Subtotal Covered Calls	477,531,950.75	
<u>International Equity</u>		
ACWI Index fund	\$ 421,838,789.37	
Fisher Investments	188,421,674.83	
Global Transition	<u>1,311,433.72</u>	
Subtotal International Equity	611,571,897.92	
<u>Real Estate</u>		
RREEF America REIT II	\$ 53,026,906.00	
Center Square	<u>66,068,057.29</u>	
Subtotal Real Estate	119,094,963.29	
<u>Fixed Income</u>		
CS Mckee	\$ 190,991,695.21	
Federated Bank Loans	46,162,375.94	
Garcia Hamilton Associates	193,486,477.01	
Mackay Shields-High Yield	<u>50,008,135.61</u>	
Subtotal Fixed Income	480,648,683.77	
Total for Domestic and International Equities		<u>2,318,439,254.64</u>
MARKET VALUE of ASSETS at July 31, 2021		\$ <u>2,343,124,854.26</u>

Respectfully submitted,

Andrea Miller

Andrea Miller
Controller

Robert L. Hannay

Robert L. Hannay
Treasury Mgr.

MH

Marina Hughes
Acctg Sys Supvr.

prepared by Mhouck

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

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

SUBJECT: Adopt Correction to Updated Retirement Board Rule C-3 Low Income
Adjustment as referenced in Reso. 6924 and replace with Reso. 6944

Retirement Board Rule C-13 was updated by the Retirement Board at the November 19, 2020 meeting as Resolution No. 6924.

When staff made the authorized revisions to the Retirement Board Rule, an error in Resolution No. 6924 was discovered. In the Resolution 6924, one word of the Retirement Board Rule was changed that was not reflected as a change in the Resolution. The word change was inaccurate and unintended. To ensure the accuracy of Retirement Board resolutions and the Retirement Board Rules, staff requests the Retirement Board to authorize a new resolution correcting the error.

The attached Resolution No. 6944 corrects the error by changing the word “adjustment” back to the prior word “benefit” in the section of Retirement Board Rule C-3 which discusses “Total Gross Income Defined.” Staff recommends approving the language correction to Retirement Board Rule c-3 as shown in the attached Resolution No. 6944.

LS

Attachment: Resolution No. 6944

R.B. RESOLUTION NO. 6944

UPDATING RULE C-3 REGARDING THE LOW INCOME ADJUSTMENT
PROCEDURE

Introduced by: ; Seconded by:

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

WHEREAS, Staff identified an error in the language of the Board Rule C-3 Low Income Adjustment; and

WHEREAS, The error, which changed the word Benefit to the word Adjustment, is not accurate for the meaning of the sentence in the Board Rule C-3; and

WHEREAS, the proposed amendment to Board Rule C-3 corrects the word change.

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

1. Retirement Board Rule C-3 shall be updated as follows:

*RULE NO. C-3
(PREVIOUS RULE NO. 23)*

- *Low Income Adjustment
Res. 5826 – 5/24/88
Revised by motion 1/28/92
Revised by Res. 6924
Revised by Res. 6944*

Authorization and Eligibility

The Retirement Board is authorized to grant to service and disability retirees who retired with twenty or more years of service, other than as a member of the Board of Directors, a low-income adjustment sufficient to bring the total gross income of the retiree and his or her spouse to two hundred percent of the poverty level of the State of California as of December 31 of the prior calendar year. The Retirement Board is also authorized to grant to beneficiaries of retirees described above, a low-income adjustment sufficient to bring the total gross income of the beneficiary to one hundred fifty percent of the poverty level described above. Retired members and beneficiaries of retired members who resigned from District service and elected to remain members of the Retirement System,

R.B. RESOLUTION NO. 6944

September 16, 2021

and retired members and beneficiaries not currently receiving federal social security benefits are ineligible for low-income adjustments. Eligibility for low-income adjustments and the amount of said adjustments shall be determined by the Retirement Board based upon District records and information submitted by those applying for the adjustment.

Total Gross Income Defined

For purposes of determining the amount of low-income adjustments payable, the combined total gross income of a retired member and spouse, or the total gross income of a beneficiary, shall include total retirement system benefits, including any health insurance ~~adjustment~~ benefit, social security benefits, and all other income from all sources, whether taxable or non-taxable benefit but excluding any low-income adjustment., social security benefits, and all other income from all sources, whether taxable or non-taxable.

Annual Notice to Retired Members and Beneficiaries

Not later than June 1 of each year, the Secretary of the Retirement Board will notify retired members and surviving beneficiaries of the requirements and procedure for applying for low-income adjustments.

Application Procedure

Retired members and beneficiaries wishing to apply for low-income adjustments will complete an application and return it to the Secretary of the Retirement Board by July 1 and attach (1) a copy of that portion of the prior year's federal income tax form 1040 or equivalent which shows gross income, and (2) copies of current social security forms which show the social security benefit being received by the retired member and spouse or by the beneficiary making application.

Determining Adjustments

Except as otherwise provided, low-income adjustments will be determined and established for the twelve months beginning July 1 of each year. The amount of low-income adjustment shall be based upon the total gross income received in the preceding calendar year, plus any retirement benefit increases and social security benefit increases made payable up to and including July 1 of the year in which the low-income adjustment is determined. Low-income adjustments will be payable monthly, in an amount equal to one-twelfth of the annual adjustment determined. Increases in District retirement benefits made effective after July 1 of any year shall result in reduction of low-income adjustments for the remainder of the one-year adjustment period.

Death of Retiree

Upon the death of a retired member, the surviving spouse or other beneficiary designated at the time of member retirement to continue to receive Retirement System benefits shall continue to receive the previously authorized low-income adjustment for the remainder of

R.B. RESOLUTION NO. 6944

September 16, 2021

the fiscal year in which death occurred. Thereafter, the low-income adjustment will cease. However, the surviving spouse or beneficiary who continues to receive regular Retirement System benefits may, on the annual schedule described, apply for a low-income adjustment applicable to beneficiaries, to be payable in addition to other benefits payable under Ordinance provisions. In the event there is no surviving spouse or other beneficiary authorized to continue to receive regular benefits upon the death of the retired member, the low-income adjustment will terminate at the end of the month in which death occurred.

Effect on Other Retirement Benefits

Low-income adjustment shall not be included in calculation of survivorship benefits, payments under retirement benefit options selected at retirement, or cost-of-living adjustments.

Renewal of Adjustments

Low-income adjustments are applicable only for one fiscal year, and are renewable on July 1 of each year, with approval of the Retirement Board through the application procedure described.

ADOPTED this 16th day of September, 2021 by the Retirement Board.

President

ATTEST:

Secretary

East Bay Municipal Utility District Employees' Retirement System

September 16, 2021

Q2 2021 Performance Report and
July Performance Update

1. Introduction
2. Economic & Market Update as of June 30, 2021
3. World Markets in the Second Quarter of 2021
4. EBMUD Portfolio Review
 - a. Second Quarter Performance Review
5. Manager Watch Screens
6. Manager Compliance Certification Responses
7. Appendix

Introduction

EBMUDERS Total Plan Composite | As of June 30, 2021

Performance Summary								
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)
EBMUDERS Total Plan Composite	2,326,510,277	100.0	5.7	26.9	11.3	11.6	9.9	7.7
<i>Total Plan Bench ¹</i>			<i>5.2</i>	<i>26.5</i>	<i>10.1</i>	<i>10.5</i>	<i>9.1</i>	<i>7.3</i>
US Equity Composite	643,895,654	27.7	8.2	44.0	18.6	18.4	14.9	9.1
<i>Russell 3000 Hybrid ²</i>			<i>8.2</i>	<i>44.2</i>	<i>18.7</i>	<i>17.9</i>	<i>14.7</i>	<i>9.3</i>
NonUS Equity Composite	617,492,038	26.5	6.3	36.5	9.2	11.4	6.0	6.8
<i>MSCI ACWI xUS (blend) ³</i>			<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	<i>11.6</i>	<i>5.9</i>	<i>6.4</i>
Covered Calls Composite	471,109,169	20.2	5.9	28.8	11.4	10.9	--	--
<i>CBOE S&P 500 BuyWrite USD ⁴</i>			<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>	--	--
Real Estate Composite	113,913,380	4.9	7.4	21.5	9.5	7.4	11.0	--
<i>NCREIF NPI Lag</i>			<i>6.8</i>	<i>19.4</i>	<i>8.1</i>	<i>6.5</i>	<i>9.9</i>	--
Fixed Income Composite	477,811,229	20.5	1.3	1.7	5.1	3.8	3.7	4.9
<i>Fixed Income Composite Bench ⁵</i>			<i>1.4</i>	<i>1.7</i>	<i>4.8</i>	<i>3.5</i>	<i>3.5</i>	<i>4.6</i>
Cash Composite	2,288,805	0.1	0.2	0.9	2.0	1.5	0.9	2.0
<i>FTSE T-Bill 3 Months TR</i>			<i>0.0</i>	<i>0.1</i>	<i>1.3</i>	<i>1.1</i>	<i>0.6</i>	<i>1.3</i>

¹ Policy Benchmark consists of 25% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 25% MSCI ACWI ex USA Gross / 10% BBgBarc US Aggregate TR / 10% BBgBarc US Intermediate Gov/Cred / 2.5% ICE BofAML US Corp Cash Pay BB-B 1-5Yr / 2.5% 60% CredSuisLevLoan/40% BBStGovCorp / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD index 12/1/2019 - present; see Appendix for historical Policy Benchmark composition.

² Russell 3000 as of 10/1/05. Prior: 30% S&P500, 10% S&P400, 10% Russell 2000 (4/1/05-9/30/05); 33% S&P500, 10% S&P400, 10% Russell 2000 (9/1/98-3/31/05); 30% S&P500, 15% Wilshire 5000 (4/1/96-8/31/98).

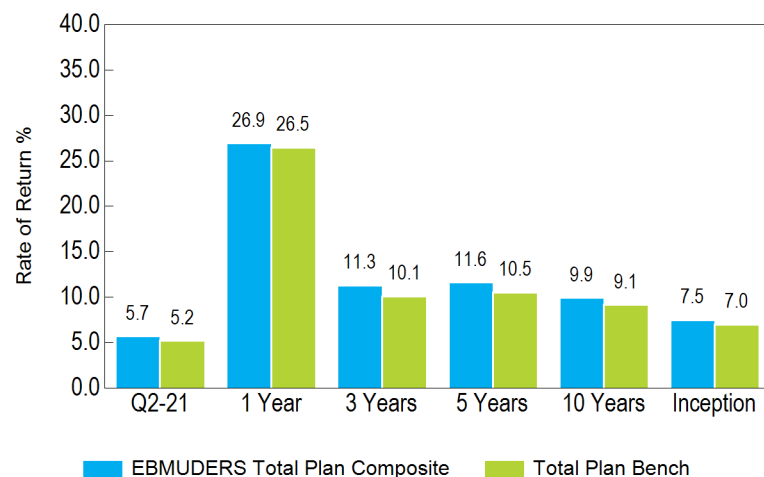
³ MSCI ACWIxU.S. as of 1/1/07; MSCI EAFE ND thru 12/31/06.

⁴ 40% BB Aggregate, 40% BBgBarc US Intermediate Gov/Cred, 10% ICE BofA ML U.S. Corp Cash Pay BB-B 1-5 Year, and 10% Blend 60% Credit Suisse Leverage Loan/40% BBg BC Short Term Gov/Corp 12/1/2019-present. See Appendix for historical Composite benchmark.

⁵ 50% NCREIF (lagged), 50% FTSE NAREIT Equity REITs Index as of 11/1/11; NCREIF (lagged) thru 10/31/11.

EBMUDERS Total Plan Composite | As of June 30, 2021

Return Summary* Ending June 30, 2021



* Performance is gross of fees.

Summary of Cash Flows

	Second Quarter	One Year
Beginning Market Value	\$2,216,033,299	\$1,853,379,610
Net Cash Flow	-\$14,982,993	-\$19,871,292
Capital Appreciation	\$125,459,971	\$493,001,958
Ending Market Value	\$2,326,510,277	\$2,326,510,277

	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)
EBMUDERS Total Plan Composite - Gross	5.7	26.9	11.3	11.6	9.9	7.7
EBMUDERS Total Plan Composite - Net¹	5.7	26.7	11.1	11.4	9.6	--
<i>Total Plan Bench</i>	<i>5.2</i>	<i>26.5</i>	<i>10.1</i>	<i>10.5</i>	<i>9.1</i>	<i>7.3</i>
<i>InvMetrics Public DB > \$1B Gross Median²</i>	<i>5.4</i>	<i>27.4</i>	<i>11.0</i>	<i>11.0</i>	<i>8.7</i>	<i>7.1</i>

¹ Historical net returns for the Total Portfolio aggregate are currently available from 2Q 2011.

² InvMetrics Public DB > \$1B Universe includes BNY Mellon Public > \$1B Fund Universe and IM client data.

The World Markets Second Quarter of 2021



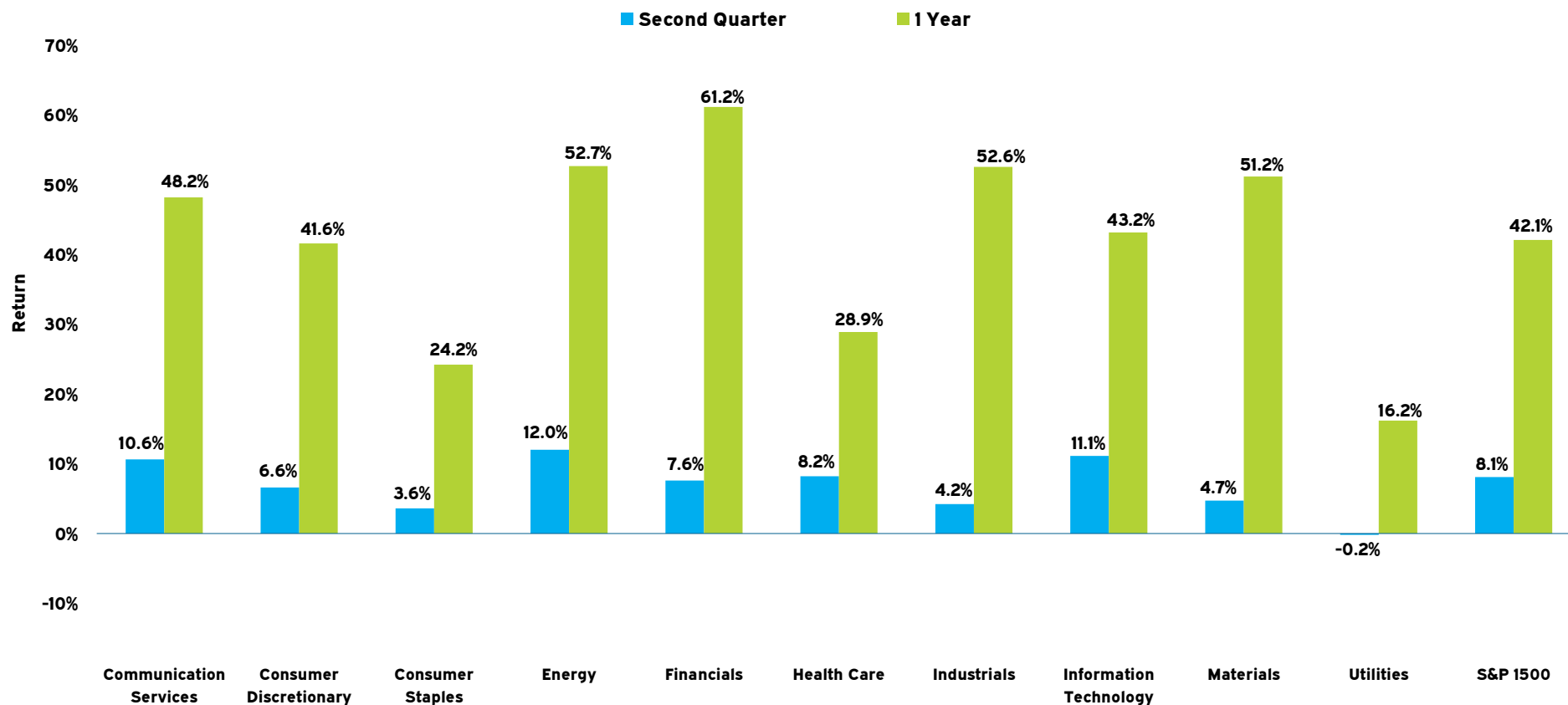
¹ Source: InvestorForce.

Index Returns¹

	2Q21 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity						
S&P 500	8.5	15.3	40.8	18.7	17.6	14.8
Russell 3000	8.2	15.1	44.2	18.7	17.9	14.7
Russell 1000	8.5	15.0	43.1	19.2	18.0	14.9
Russell 1000 Growth	11.9	13.0	42.5	25.1	23.7	17.9
Russell 1000 Value	5.2	17.0	43.7	12.4	11.9	11.6
Russell MidCap	7.5	16.2	49.8	16.4	15.6	13.2
Russell MidCap Growth	11.1	10.4	43.8	22.4	20.5	15.1
Russell MidCap Value	5.7	19.5	53.1	11.9	11.8	11.7
Russell 2000	4.3	17.5	62.0	13.5	16.5	12.3
Russell 2000 Growth	3.9	9.0	51.4	15.9	18.8	13.5
Russell 2000 Value	4.6	26.7	73.3	10.3	13.6	10.8
Foreign Equity						
MSCI ACWI (ex. US)	5.6	9.3	35.9	9.4	11.1	5.5
MSCI EAFE	5.2	8.8	32.3	8.3	10.3	5.9
MSCI EAFE (Local Currency)	4.8	12.7	27.1	7.5	10.0	8.1
MSCI EAFE Small Cap	4.4	9.1	41.1	8.4	12.0	8.4
MSCI Emerging Markets	5.0	7.4	40.9	11.3	13.0	4.3
MSCI Emerging Markets (Local Currency)	3.8	7.9	36.1	12.0	13.6	7.6
Fixed Income						
Bloomberg Barclays Universal	2.0	-1.1	1.1	5.6	3.5	3.7
Bloomberg Barclays Aggregate	1.8	-1.6	-0.3	5.3	3.0	3.4
Bloomberg Barclays US TIPS	3.2	1.7	6.5	6.5	4.2	3.4
Bloomberg Barclays High Yield	2.7	3.6	15.4	7.4	7.5	6.7
JPM GBI-EM Global Diversified	3.5	-3.4	6.6	4.1	3.2	0.5
Other						
FTSE NAREIT Equity	12.0	21.3	32.8	11.8	8.0	10.2
Bloomberg Commodity Index	13.3	21.2	45.6	3.9	2.4	-4.4
HFRI Fund of Funds	2.7	4.8	18.1	6.3	6.1	3.8

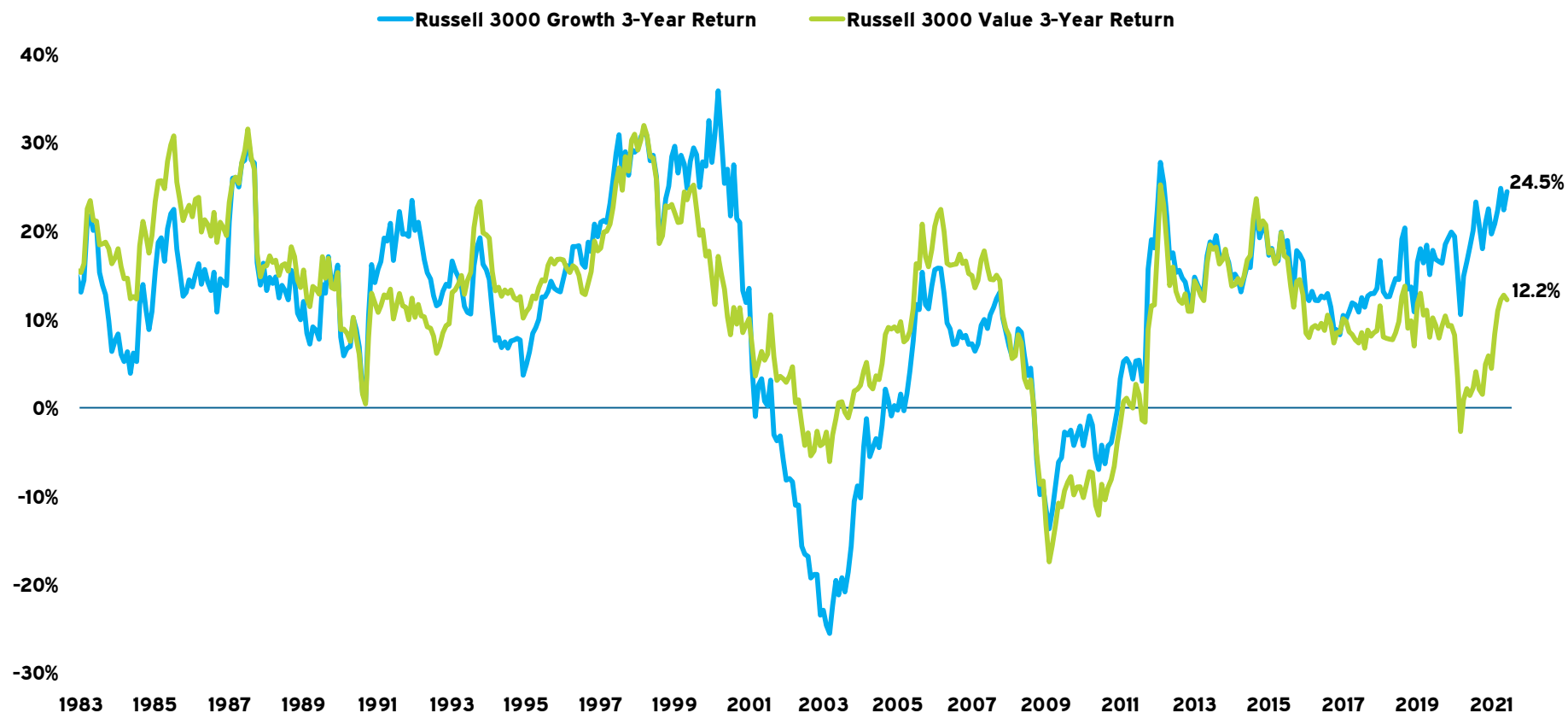
¹ Source: InvestorForce.

S&P Sector Returns¹



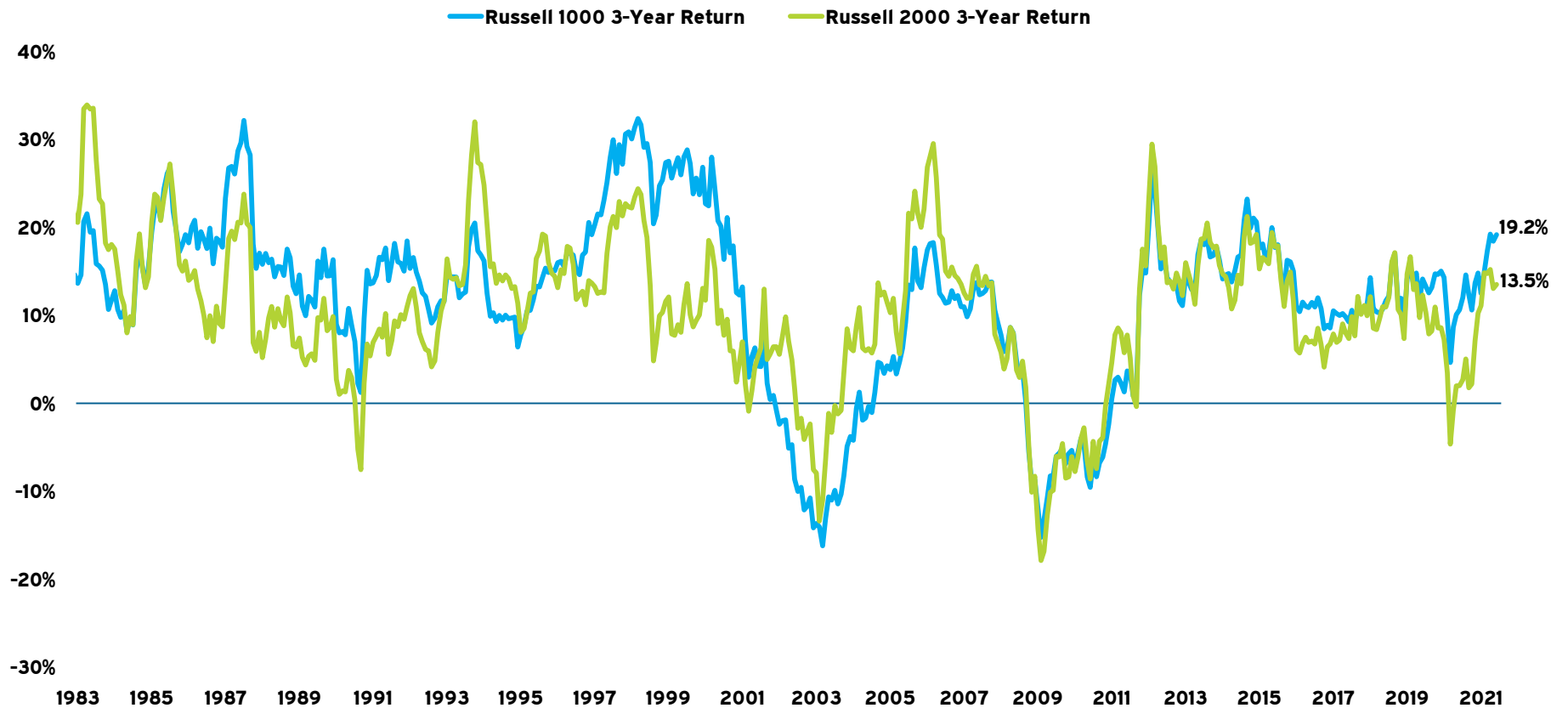
¹ Source: InvestorForce. Represents S&P 1500 (All Cap) data.

Growth and Value Rolling Three Year Returns¹



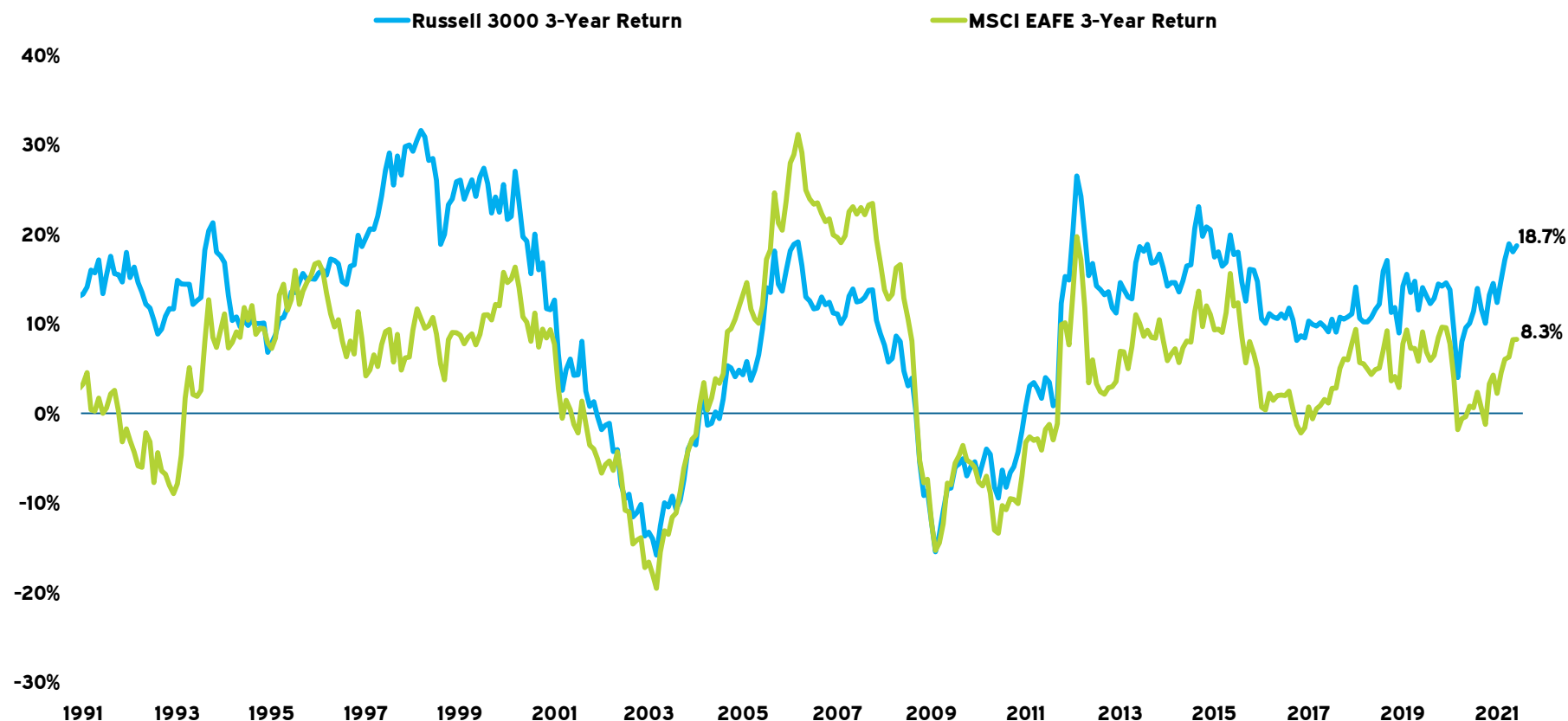
¹ Source: InvestorForce.

Large Cap (Russell 1000) and Small Cap (Russell 2000) Rolling Three Year Returns¹



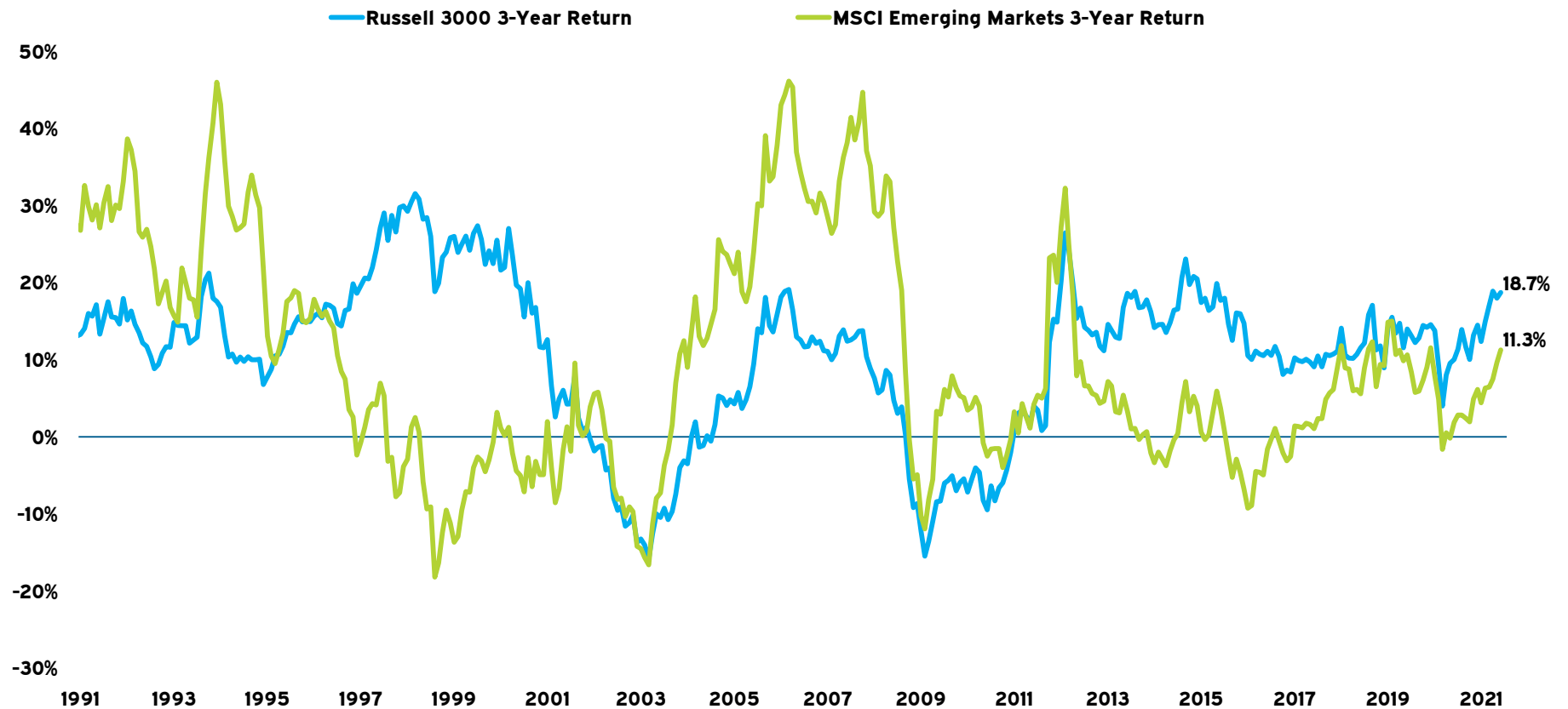
¹ Source: InvestorForce.

US and Developed Market Foreign Equity Rolling Three-Year Returns¹



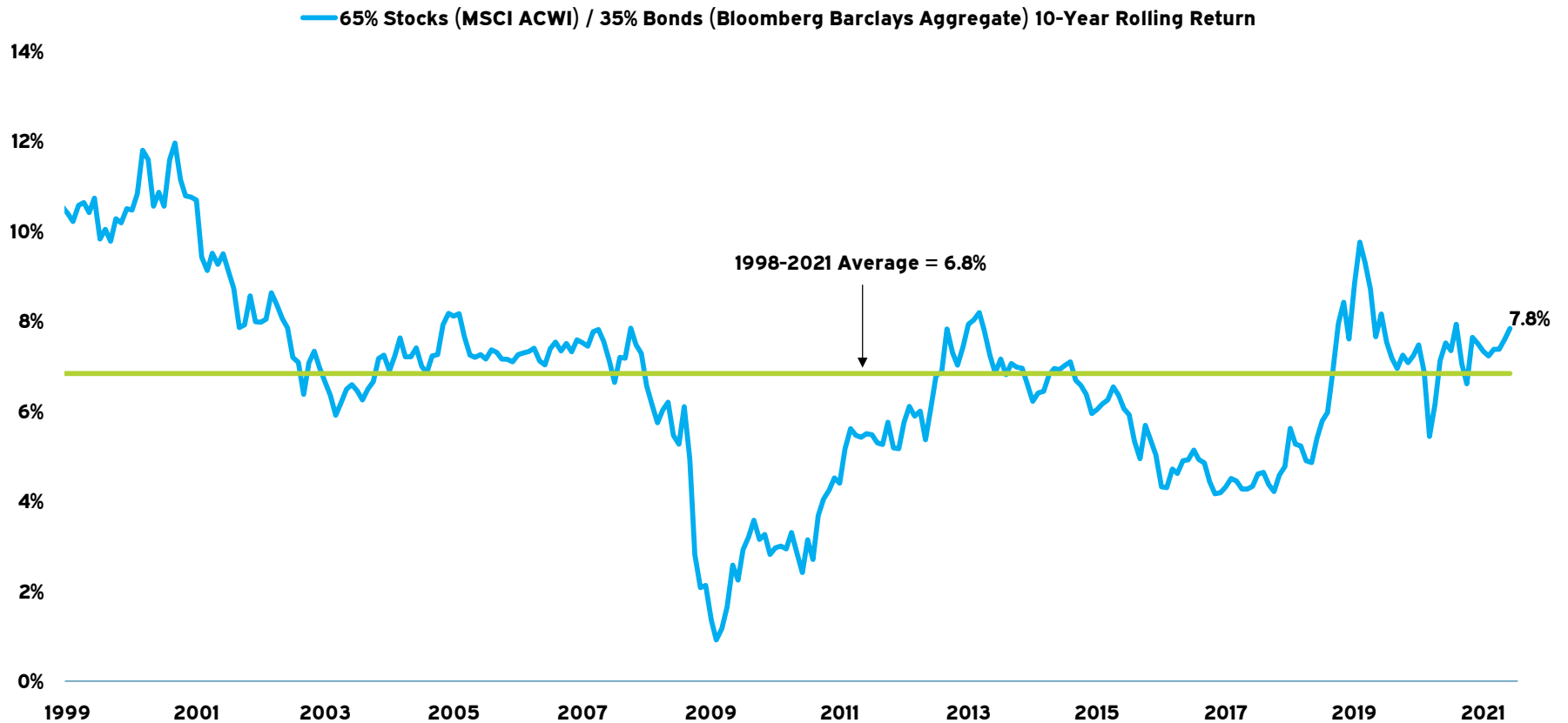
¹ Source: InvestorForce.

US and Emerging Market Equity Rolling Three-Year Returns¹



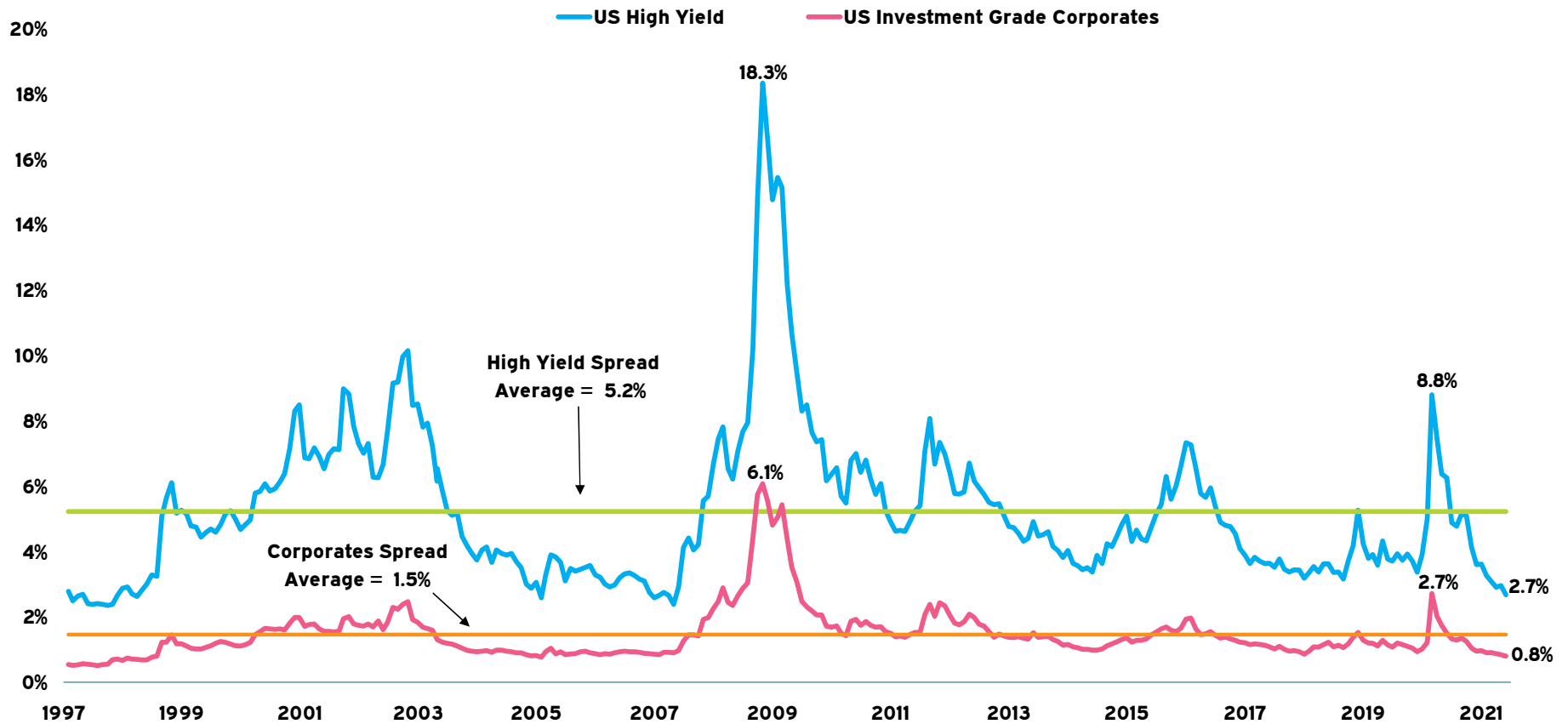
¹ Source: InvestorForce.

Rolling Ten-Year Returns: 65% Stocks and 35% Bonds¹



¹ Source: InvestorForce.

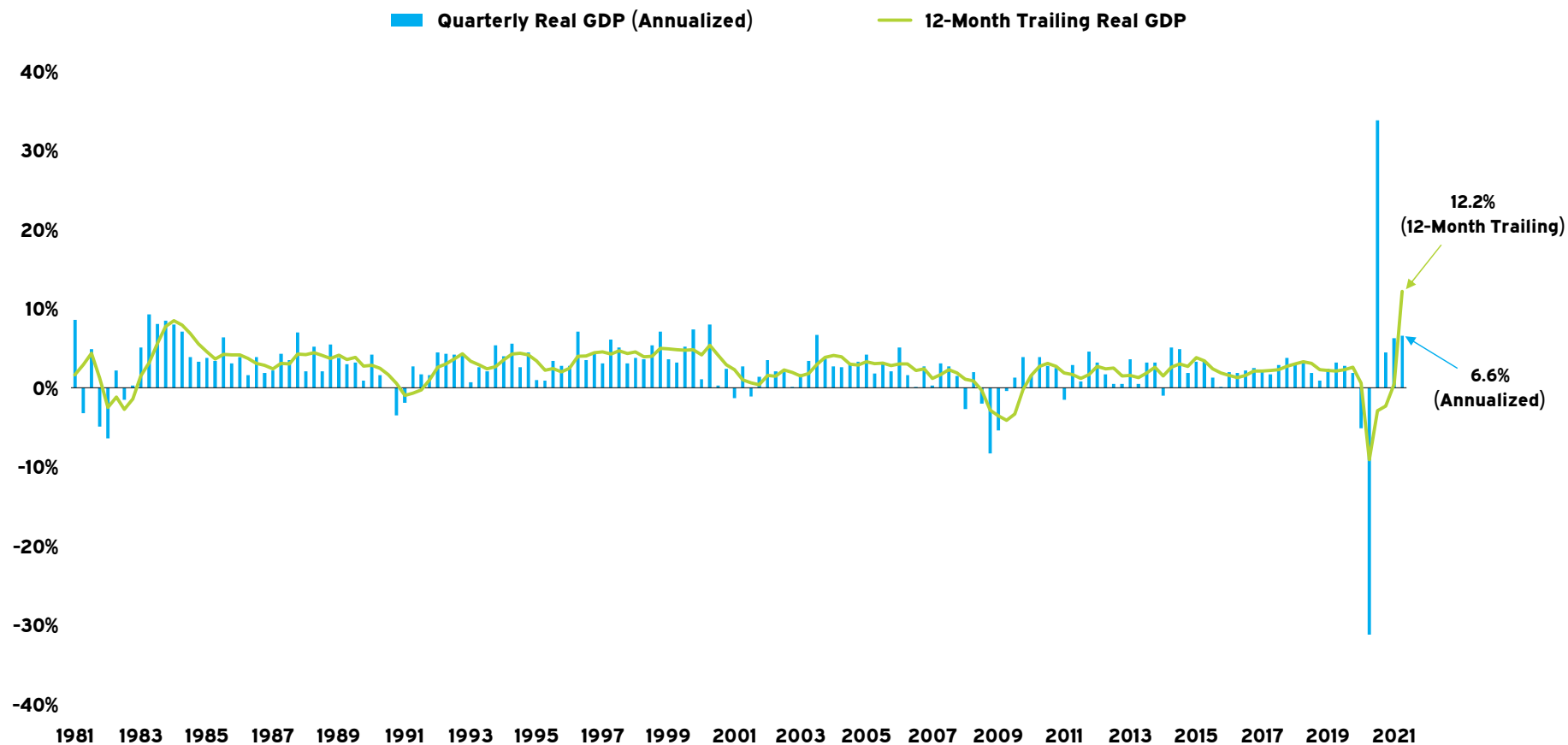
Credit Spreads vs. US Treasury Bonds^{1,2}



¹ Source: Barclays Live. Data represents the OAS.

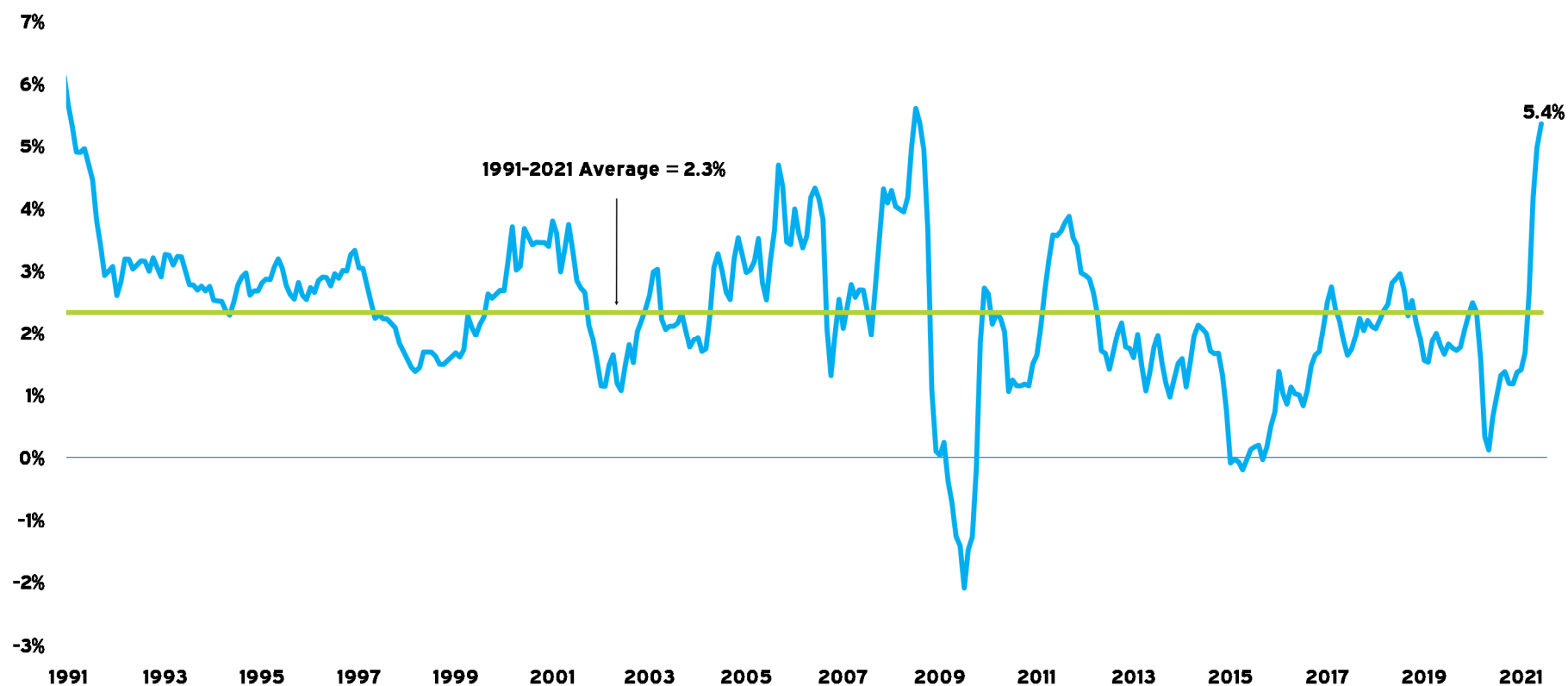
² The median high yield spread was 4.7% from 1997-2021.

US Real Gross Domestic Product (GDP) Growth¹



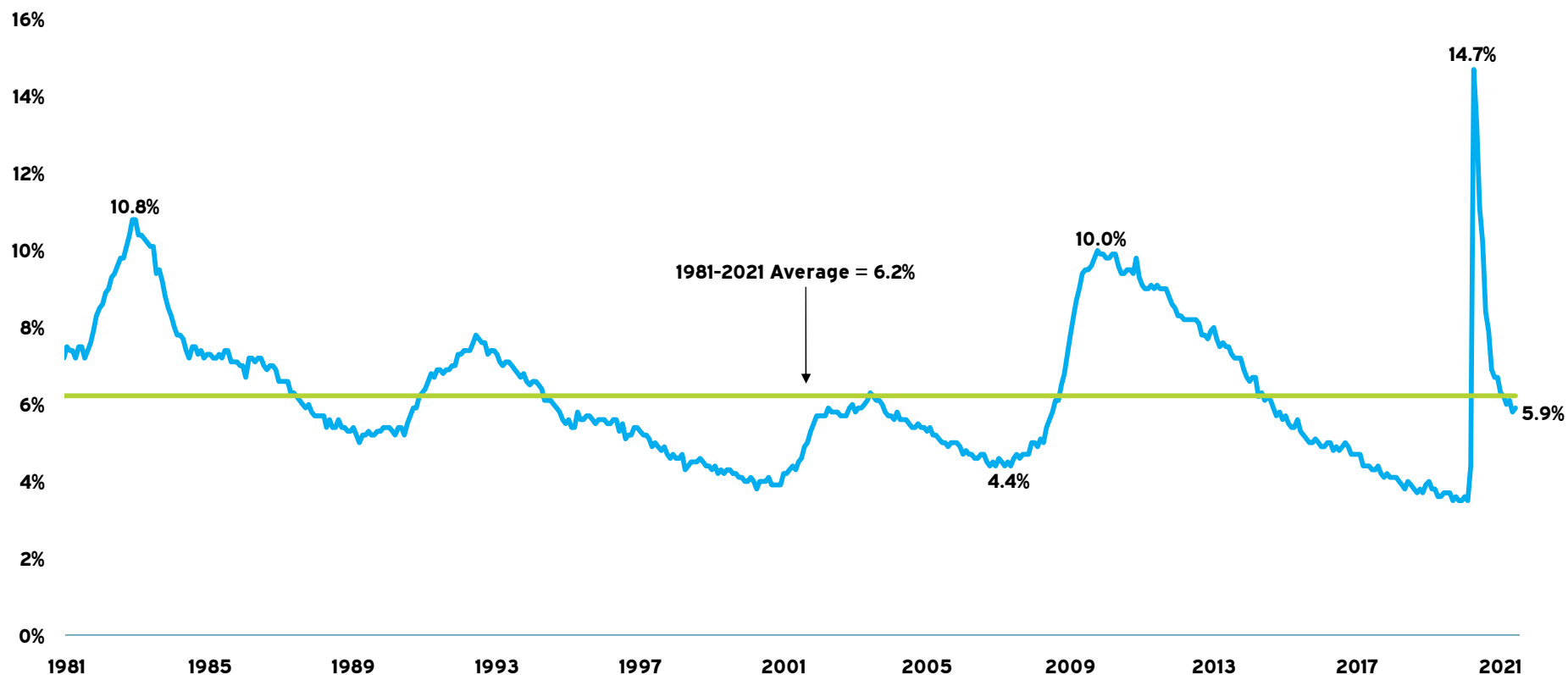
¹ Source: Bureau of Economic Analysis. Data is as of Q2 2021 and represents the second estimate.

US Inflation (CPI) Trailing Twelve Months¹



¹ Source: Bureau of Labor Statistics. Data is non-seasonally adjusted CPI, which may be volatile in the short-term. Data is as of June 30, 2021.

US Unemployment¹



¹ Source: Bureau of Labor Statistics. Data is as of June 30, 2021.

Economic and Market Update

Data as of June 30, 2021

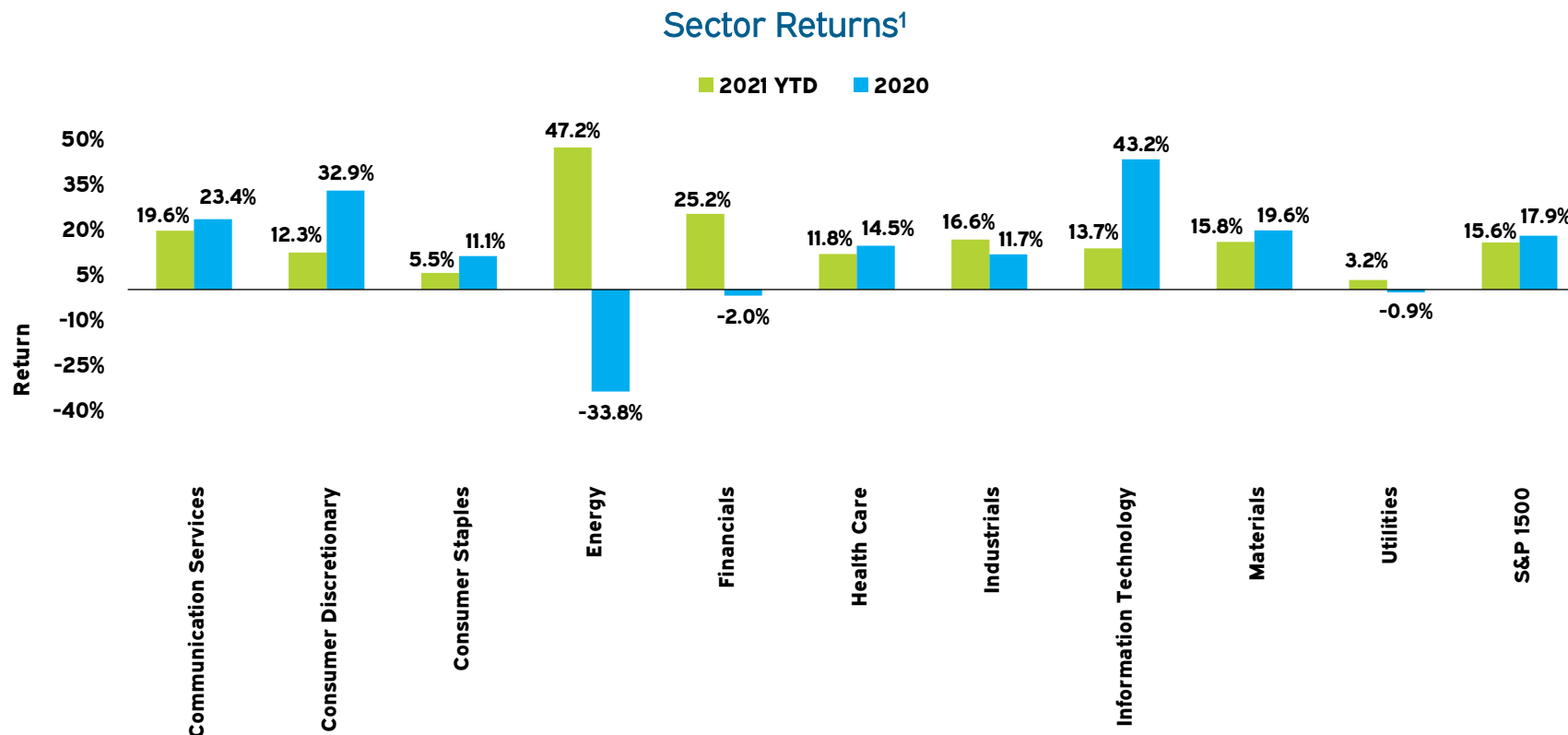


Market Returns¹

Indices	June	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	2.3%	15.3%	40.8%	18.7%	17.7%	14.8%
MSCI EAFE	-1.1%	8.8%	32.4%	8.3%	10.3%	5.9%
MSCI Emerging Markets	0.2%	7.5%	40.9%	11.3%	13.0%	4.3%
MSCI China	0.1%	1.8%	27.4%	10.4%	16.6%	7.7%
Bloomberg Barclays Aggregate	0.7%	-1.6%	-0.3%	5.3%	3.0%	3.4%
Bloomberg Barclays TIPS	0.6%	1.7%	6.5%	6.5%	4.2%	3.4%
Bloomberg Barclays High Yield	1.3%	3.6%	15.4%	7.5%	7.5%	6.7%
10-year US Treasury	1.3%	-4.2%	-7.1%	5.9%	1.8%	3.7%
30-year US Treasury	4.3%	-13.0%	-13.8%	8.2%	2.9%	7.0%

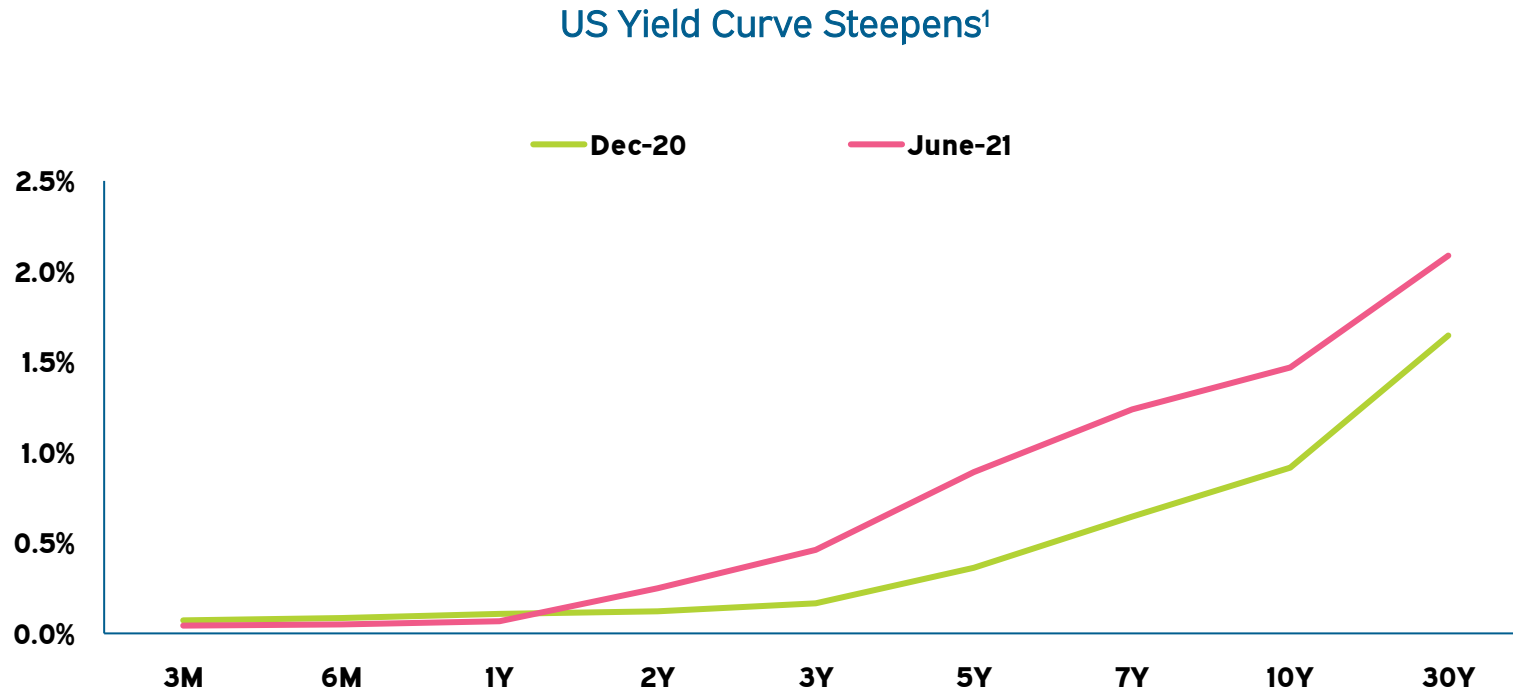
- So far this year, global risk assets continue to appreciate, leading to significant gains over the trailing year. This has largely been driven by record fiscal and monetary policy stimulus and positive developments with the COVID-19 vaccine.
- In June, Treasuries continued to recover, particularly longer dated issues, as inflation concerns declined.
- Equity markets had mixed results in June with the US leading the way. A stronger US dollar and continued vaccine rollout struggles weighed on international equity markets.

¹ Source: Investment Metrics and Bloomberg. Data is as of June 30, 2021.



- Despite growth's recovery in June, cyclical sectors like energy and financials continue to lead the way in 2021, as some investors rotate out of stay-at-home focused companies in the technology sector as the economy reopens.

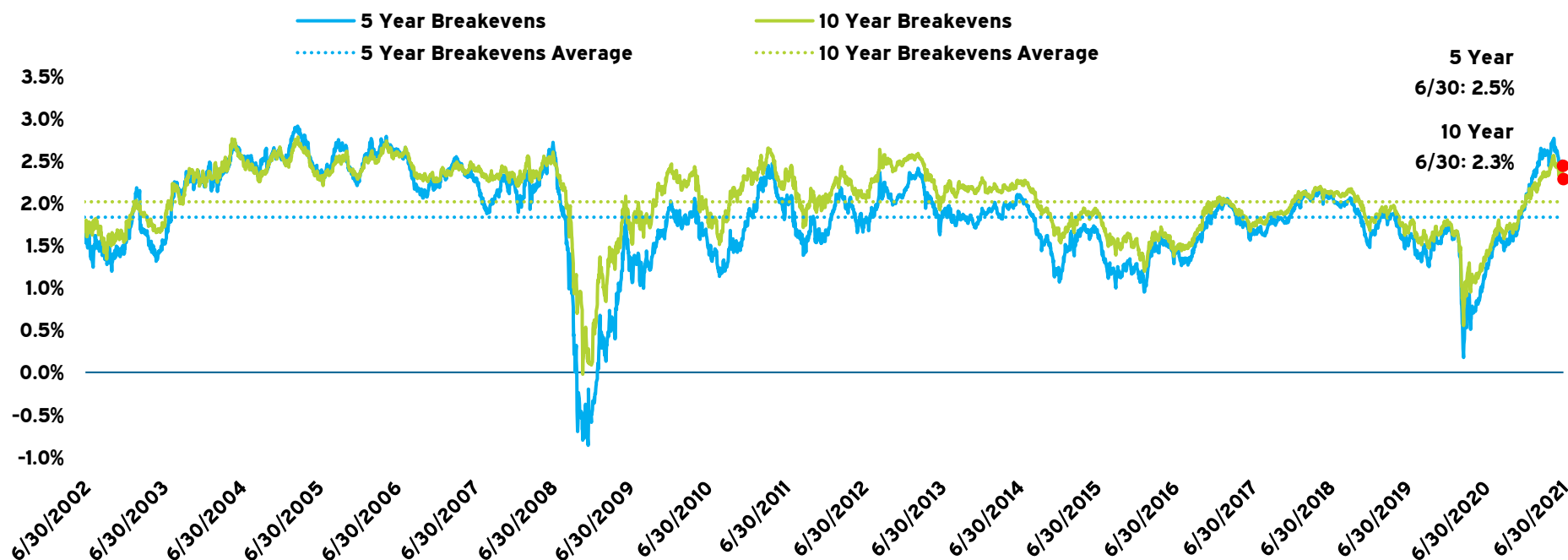
¹ Source: Bloomberg. Data is as of June 30, 2021.



- Overall for 2021, the yield curve steepened on inflation fears related to gradual signs of economic improvement given the vaccine rollout.
- Shorter-dated rates have been largely unmoved given Fed policy, while longer-dated rates recently declined from their peak as investors consider whether inflationary pressures have topped.
- Looking ahead, the yield curve could resume its steepening if growth and inflation pressures build beyond current expectations. Alternatively, if the economy weakens, or if economic progress is simply accelerated versus the prior expectations, the flattening trend could continue.

¹ Source: Bloomberg. Data is as of June 30, 2021.

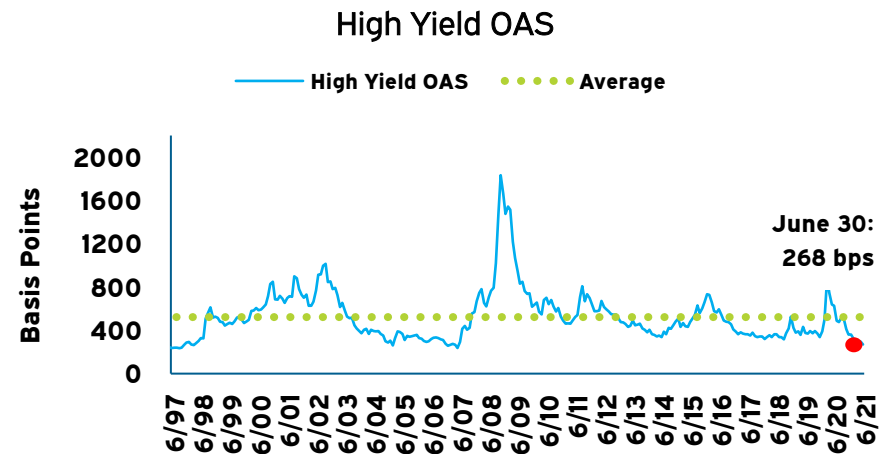
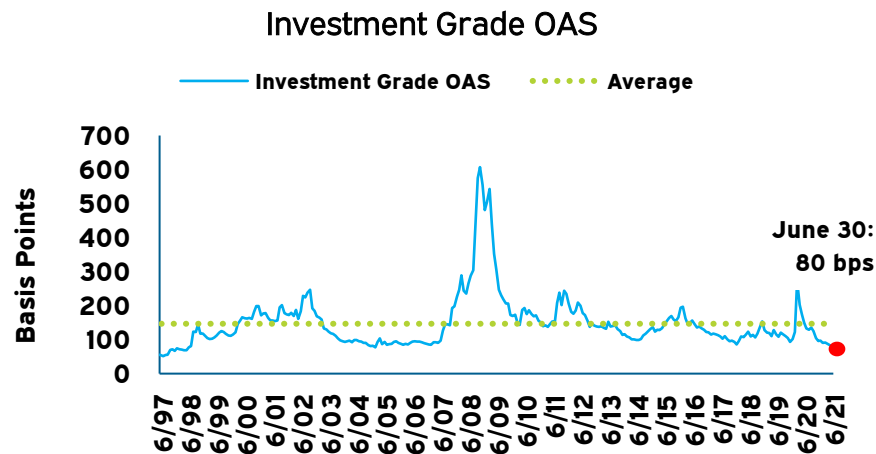
Breakeven Inflation¹



- In 2021, inflation expectations remain well above long-term averages, with the vaccine roll-out, high raw material prices, and expected additional fiscal stimulus as key drivers.
- Recently though, inflation expectations declined from their highs as base effects wane, growth forecasts moderate, and cost pressures slow.
- Looking forward, the track of economic growth and the inflationary effects of the unprecedented US fiscal response will be key issues. Additionally, changes to Fed policy focused on an average inflation target may play a role in the inflation market dynamics.

¹ Source: Bloomberg. Data is as of June 30, 2021.

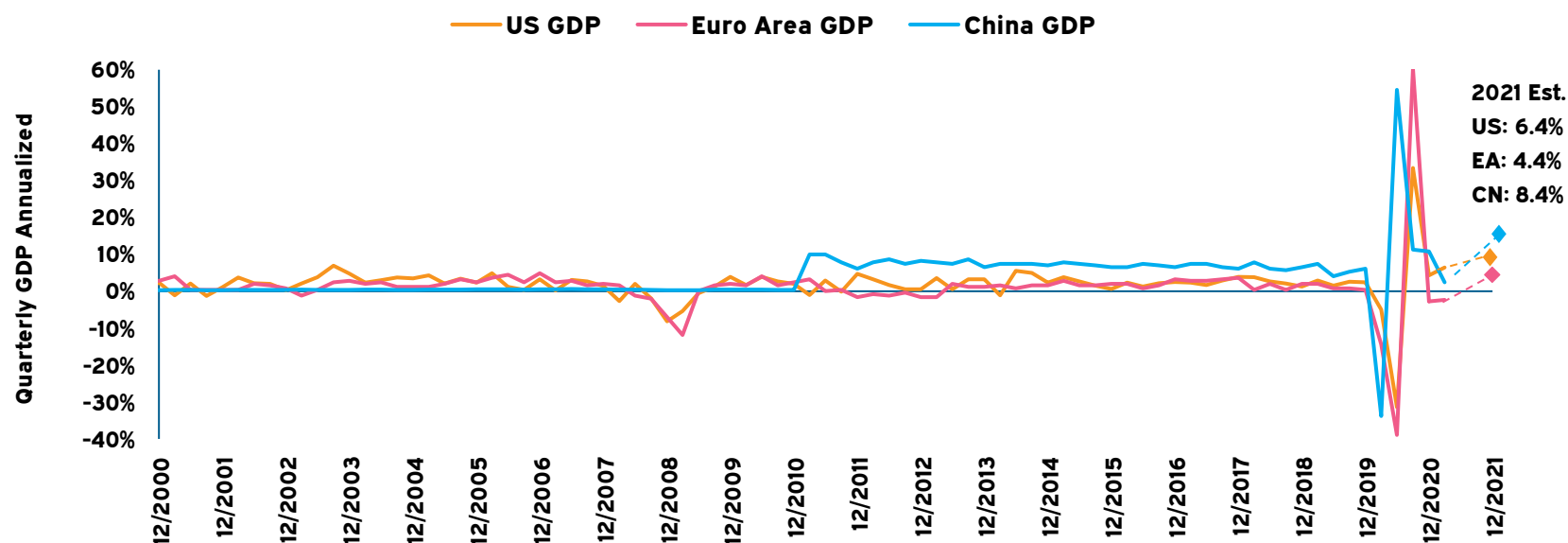
Credit Spreads (High Yield & Investment Grade)¹



- Credit spreads (the spread above a comparable maturity Treasury) for investment-grade and high yield corporate debt continued to compress in June.
- Policy support and the search for yield in a low, and in some cases negative, rate environment have been key drivers in the decline in US credit spreads to below long-term averages, particularly for high yield.

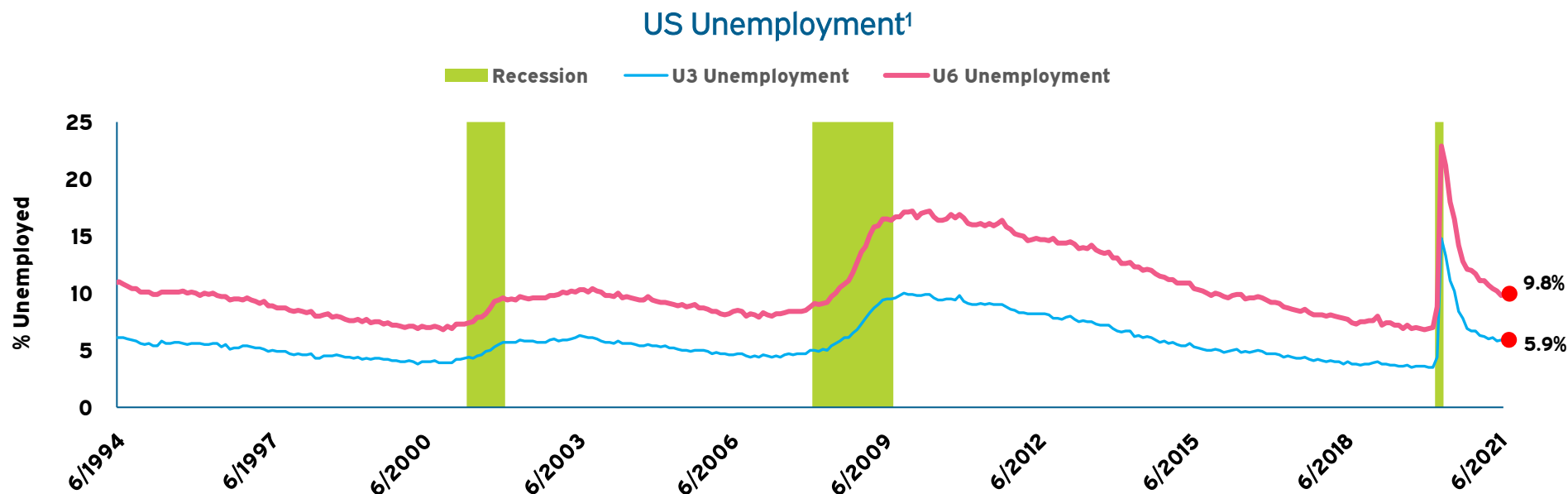
¹ Source: Barclays Live. Data represents OAS and is as of June 30, 2021.

GDP Data Shows Projected Improvements in 2021¹



- Major economies experienced historic declines in growth during the second quarter of 2020, followed by record increases in the third quarter driven by pent-up demand from the lockdown measures earlier in the year.
- Looking forward, strong growth is expected in 2021 particularly for China, projected to grow at an impressive 8.4%, due in part to their ability to quickly control the virus and reopen their economy.
- The US is expected to grow faster than the euro area this year, with some growth pulled forward due to the success in distributing the vaccine.

¹ Source: Bloomberg, and IMF; Euro Area and China figures annualized by Meketa. Projections via April 2021 IMF World Economic Outlook and represent annual numbers.



- The unemployment rate (U3) rose slightly in June from 5.8% to 5.9% and remains well above pre-pandemic levels, but far below the pandemic peak.
- The broader measure of unemployment (U6) that includes discouraged and underemployed workers continues to decline, but remains much higher at 9.8%.
- Pandemic related concerns, childcare issues, and a mismatch of skills and available jobs have all contributed to slack in the labor market.

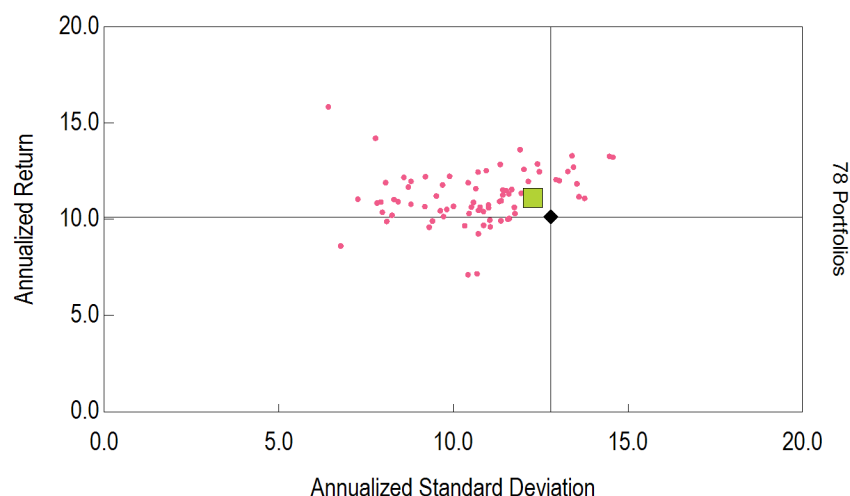
¹ Source: Bloomberg. Data is as of June 30, 2021. Bars represent recessions as observed by the National Bureau of Economic Research.

EBMUD Portfolio Review

Second Quarter Performance Review

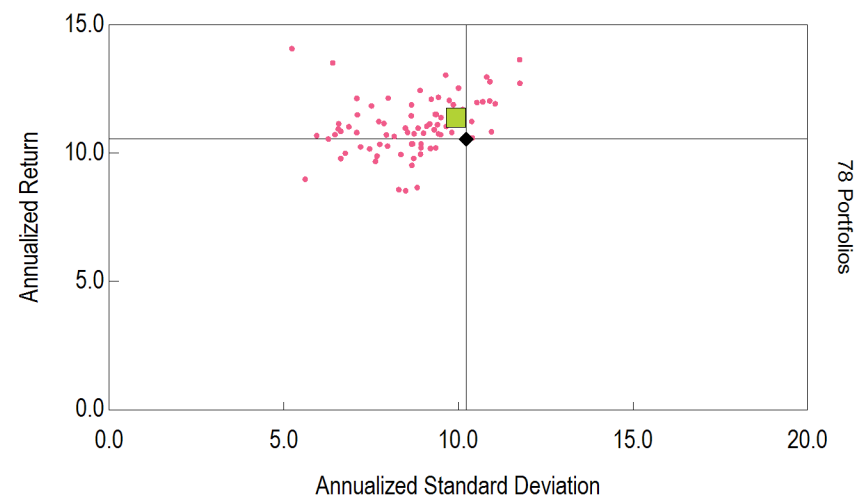
EBMUDERS Total Plan Composite | As of June 30, 2021

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2021



■ EBMUDERS Total Plan Composite ● InvMetrics Public DB > \$1B Gross
◆ Total Plan Bench

Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2021



■ EBMUDERS Total Plan Composite ● InvMetrics Public DB > \$1B Gross
◆ Total Plan Bench

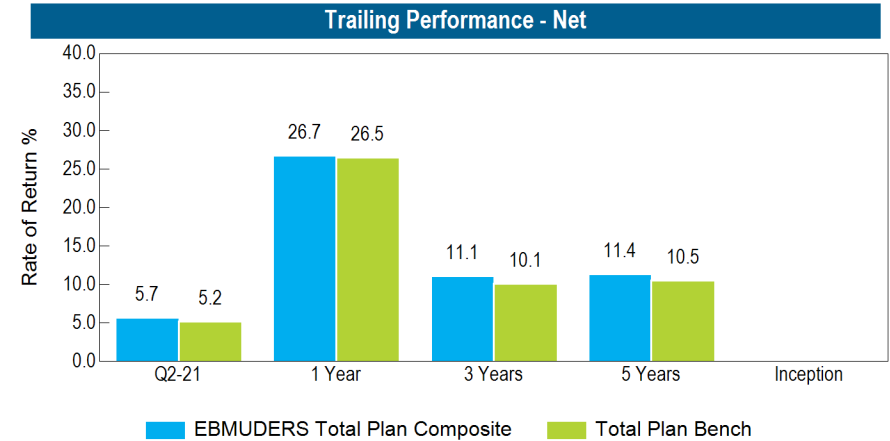
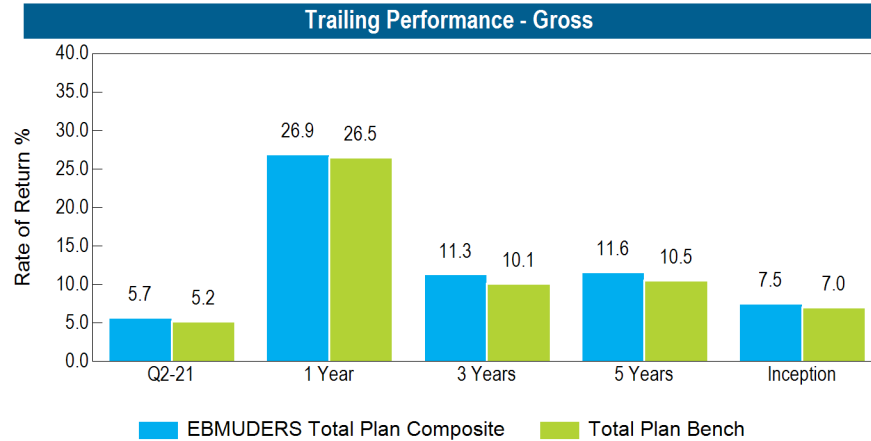
3 Years Ending June 30, 2021

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio
EBMUDERS Total Plan Composite	11.30%	12.27%	0.82
Total Plan Bench	10.11%	12.79%	0.70

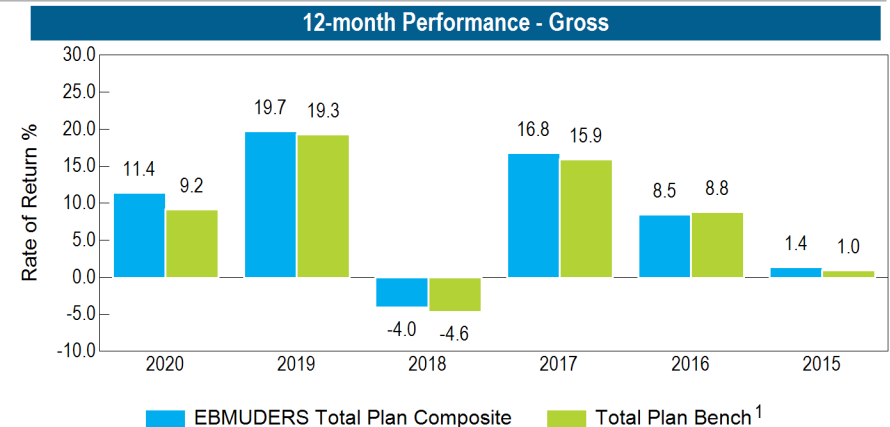
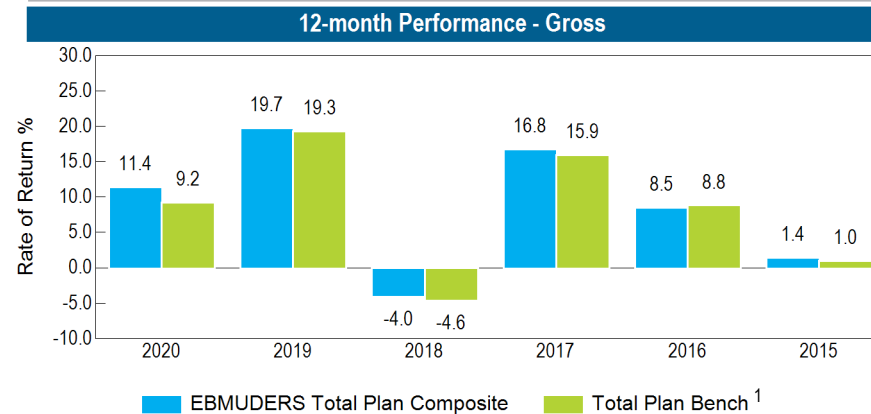
5 Years Ending June 30, 2021

	Anlzd Return	Anlzd Standard Deviation	Sharpe Ratio
EBMUDERS Total Plan Composite	11.60%	9.92%	1.06
Total Plan Bench	10.54%	10.23%	0.92

EBMUDERS Total Plan Composite | As of June 30, 2021



	QTD	1 Yr	3 Yrs	5 Yrs	Inception	2020	2019	2018	2017	2016	2015
EBMUDERS Total Plan Composite - Gross	5.7	26.9	11.3	11.6	--	11.4	19.7	-4.0	16.8	8.5	1.4
EBMUDERS Total Plan Composite - Net	5.7	26.7	11.1	11.4	--	11.2	19.5	-4.3	16.4	8.2	1.1
<i>Total Plan Bench</i>	<i>5.2</i>	<i>26.5</i>	<i>10.1</i>	<i>10.5</i>	--	<i>9.2</i>	<i>19.3</i>	<i>-4.6</i>	<i>15.9</i>	<i>8.8</i>	<i>1.0</i>
<i>InvMetrics Public DB > \$1B Gross Median</i>	<i>5.4</i>	<i>27.4</i>	<i>11.0</i>	<i>11.0</i>	--	<i>11.5</i>	<i>16.7</i>	<i>-3.7</i>	<i>16.2</i>	<i>8.0</i>	<i>0.3</i>



¹ Policy Benchmark consists of 25% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 25% MSCI ACWI ex USA Gross / 10% BBgBarc US Aggregate TR / 10% BBgBarc US Intermediate Gov/Cred / 2.5% ICE BofAML US Corp Cash Pay BB-B 1-5Yr / 2.5% 60% CredSuisLevLoan/40% BBStGovCorp / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD index 12/1/2019 - present; see Appendix for historical Policy Benchmark composition.

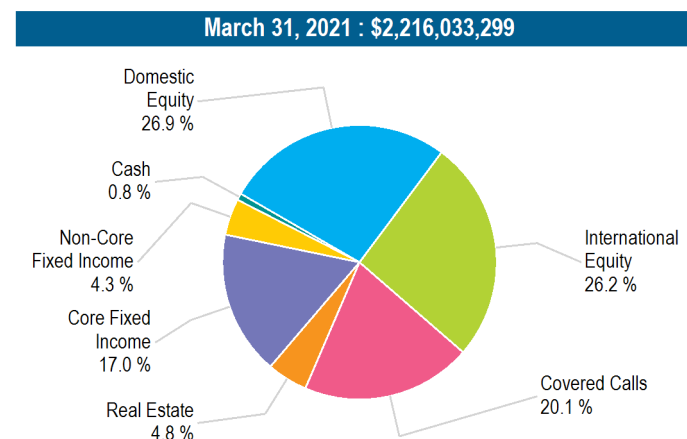
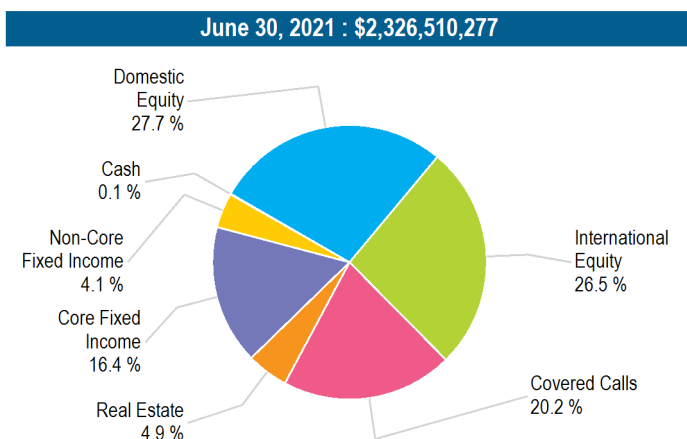
² InvMetrics Public DB > \$1B Universe includes BNY Mellon Public > \$1B Fund Universe and IM client data.

EBMUDERS Total Plan Composite | As of June 30, 2021

Asset Allocation vs. Target¹

	Current (\$)	Current (%)	Policy (%)	Difference* (%)	Within Range ²
Domestic Equity ³	643,895,654	27.7	25.0	2.7	Yes
International Equity	617,492,038	26.5	25.0	1.5	Yes
Covered Calls	471,109,169	20.2	20.0	0.2	Yes
Real Estate ⁴	113,913,380	4.9	5.0	-0.1	Yes
Core Fixed Income	381,665,117	16.4	20.0	-3.6	No
Non-Core Fixed Income	96,146,112	4.1	5.0	-0.9	Yes
Cash	2,288,806	0.1	0.0	0.1	No
Total	2,326,510,277	100.0	100.0		

*Difference between Policy and Current Allocation



¹ Current policy target allocations elected by the Board in January 2019 took effect March 2019 upon the transition to the new long-term strategic allocation.

² Policy rebalancing ranges shown are for non-turbulent market periods. The Plan also has established rebalancing ranges to be in effect during turbulent market periods.

³ Includes approximately \$658,745 in the global transition account.

⁴ RREEF performance results and allocation are lagged one-quarter.

Manager Performance - Gross of Fees | As of June 30, 2021

Domestic and International Equity					
	Market Value	QTD	1 Yr	3 Yrs	5 Yrs
US Equity Composite	643,895,654	8.2	44.0	18.6	18.4
<i>Russell 3000 Hybrid</i>		<i>8.2</i>	<i>44.2</i>	<i>18.7</i>	<i>17.9</i>
Northern Trust Russell 3000	642,588,453	8.2	44.0	18.7	--
<i>Russell 3000</i>		<i>8.2</i>	<i>44.2</i>	<i>18.7</i>	--
NonUS Equity Composite	617,492,038	6.3	36.5	9.2	11.4
<i>MSCI ACWI xUS (blend)</i> ¹		<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	<i>11.6</i>
Northern Trust ACWI ex US	428,788,320	5.7	34.5	9.3	--
<i>MSCI ACWI ex USA Gross</i>		<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	--
Fisher Investments	188,703,719	7.7	41.8	14.1	14.7
<i>MSCI ACWI xUS (blend)</i>		<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	<i>11.6</i>

The EBMUD Domestic Equity class is currently 100% passively managed. The Plan liquidated all of its actively managed domestic equity mandates in June 2018 to move towards the Plan's new strategic policy target allocations effective July 1, 2018.

The International Equity class is managed primarily passive through the Northern Trust ACWI ex US Index fund. Fisher remains the lone active manager in the international portfolio, representing about 30% of assets. The Board elected to move International Equity to 100% passive management, transitioning assets from Fisher to the Northern Trust ACWI ex US Index Fund.

- Fisher outperformed the MSCI ACWI x US (blend) Index during the second quarter and has outperformed over the longer trailing periods. Equities remained strong for the second quarter as investors continue to price in vaccine success and a growth driven post-pandemic environment. Growth outperformed for the quarter, though value still holds the edge on a year-to-date basis.

¹ As of January 1, 2007, the benchmark changed from MSCI EAFE to MSCI ACWI xUS.

Manager Performance - Gross of Fees | As of June 30, 2021

	Covered Calls				
	Market Value	QTD	1 Yr	3 Yrs	5 Yrs
Parametric BXM	154,207,671	5.1	28.0	9.8	9.7
<i>CBOE S&P 500 BuyWrite USD</i>		<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>
Parametric Delta Shift	171,302,411	7.7	38.7	16.7	15.3
<i>CBOE S&P 500 BuyWrite USD</i>		<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>
Van Hulzen	145,599,087	4.7	19.4	7.7	7.3
<i>CBOE S&P 500 BuyWrite USD</i>		<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>

Over the latest quarter ending June 30, 2021, covered call strategies performed mixed. Optimism regarding economic recovery and business reopening continues to drive equity performance though global COVID setbacks, domestic tax plans, and inflation concerns dampened markets somewhat in the second quarter.

- The Parametric BXM strategy tracked the CBOE BXM Index over the most recent quarter, returning 5.1%. The fund has outperformed its respective benchmark over the trailing 1-, 3-, and 5- year periods by 0.7%, 4.2%, and 2.5% respectively. The Buy-Write Portfolio is implemented by writing at-the money options and diversifying option expiration dates which eliminates the path-dependency of the mechanical, passive BXM Index.
- Parametric Delta Shift strategy outperformed the benchmark over all reported periods by 2.6%, 11.4%, 11.1%, and 8.1% respectively. Delta Shift generally performs best in down, flat, moderately trending or range bound equity markets.
- Van Hulzen, underperformed the CBOE BXM Index in the second quarter by 0.4%. The fund trails the benchmark over the trailing 1-year period by 7.9%, though still leads the index for trailing 3- and 5- year by 2.1%, and 0.1% respectively. The Van Hulzen covered call strategy uses call options with the goal of reducing portfolio volatility and creating incremental income.

Manager Performance - Gross of Fees | As of June 30, 2021

Fixed Income Composite					
	Market Value	QTD	1 Yr	3 Yrs	5 Yrs
CS McKee	189,204,668	2.1	0.2	5.6	3.4
<i>Bloomberg US Aggregate TR</i>		<i>1.8</i>	<i>-0.3</i>	<i>5.3</i>	<i>3.0</i>
Garcia Hamilton	192,460,449	0.3	-0.5	--	--
<i>BBgBarc US Intermediate Gov/Cred</i>		<i>1.0</i>	<i>0.2</i>	<i>--</i>	<i>--</i>
MacKay Shields (HY)	49,963,704	1.8	10.9	--	--
<i>ICE BofA ML US Corp Cash Pay BB-B 1-5Yr</i>		<i>1.9</i>	<i>11.6</i>	<i>--</i>	<i>--</i>
Federated Investment Counseling (Bank Loans)	46,182,408	1.5	8.2	--	--
<i>60% CredSuisLevLoan/40% BBStGovCorp</i>		<i>0.9</i>	<i>7.0</i>	<i>--</i>	<i>--</i>

Over the latest quarter ending June 30, 2021, the EBMUDERS' market neutral Core Fixed Income mandate outperformed their respective benchmark, while the second intermediate duration manager lagged. The portfolio's high yield manager, MacKay, slightly underperformed their respective benchmark while bank loans manager, Federated Investment Counseling, exhibited the strongest relative performance, outperforming the blended bank loans benchmark.

- CS McKee outperformed in line the BBgBarc US Aggregate Index for the quarter and has outperformed over all longer trailing periods. Decreasing yields, tighter spreads, and lower volatility all supported a strong second quarter for bond markets. The portfolio's overweight to spread sectors was the main driver of outperformance for the quarter.
- Garcia Hamilton has underperformed the BBgBarc US Intermediate Gov/Cred Index over the second quarter and the trailing 1 Yr. period.
- MacKay Shields slightly underperformed the ICE BofAML US Corp Cash Pay BB-B 1-5Yr Index by 0.1% over the quarter and has outperformed the index for the 1-year period. Falling yields in the second quarter, down from their March highs were drag on performance.
- Federated Investment Counseling (Bank Loans) has outperformed the 60% CredSuisLevLoan/40% BBStGovCorp benchmark over the most recent quarter and the trailing 1-year period. Growth expectations continue to support investor appetite for riskier assets, while fiscal stimulus and monetary policy continue to support the necessary liquidity within markets for risk-taking.

Manager Performance - Gross of Fees | As of June 30, 2021

	Real Estate Composite				
	Market Value	QTD	1 Yr	3 Yrs	5 Yrs
RREEF America II Lag ¹	51,133,441	2.2	2.6	5.6	6.8
<i>NCREIF NPI Mo 1 Qtr Lag</i>		<i>1.7</i>	<i>2.6</i>	<i>4.9</i>	<i>5.8</i>
CenterSquare	62,779,939	12.4	37.7	11.7	7.6
<i>FTSE NAREIT Equity REIT</i>		<i>12.0</i>	<i>38.0</i>	<i>10.1</i>	<i>6.3</i>

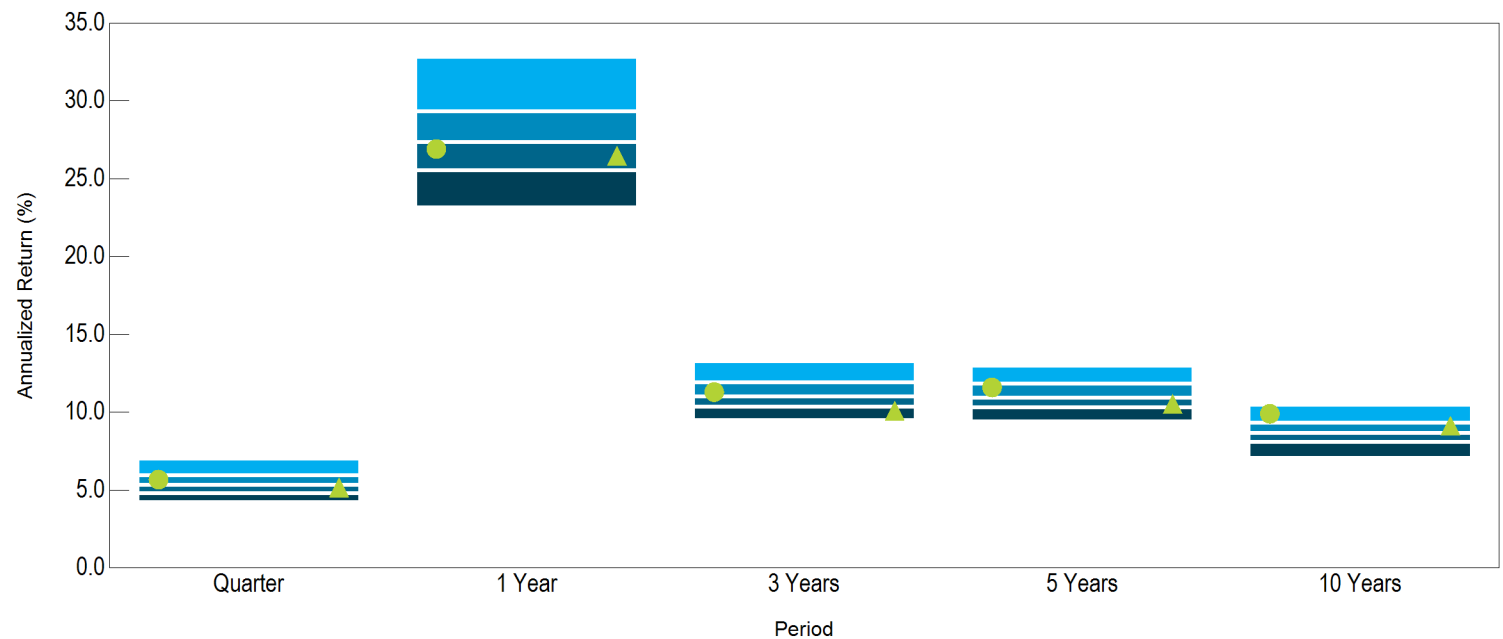
East Bay's Real Estate manager, RREEF II, outperformed its benchmark, the NCREIF Property Index, over the quarter and has tracked the benchmark over the 1-year period. The fund has outperformed over the trailing 3- and 5-year periods. Income producing assets continue to recover as economies continues reopen successfully. During the lagged 12-month period, RREEF America REIT II operations generated an income return of 4.2% before fees. Same store net operating income for 2021 is expected between 6%-7%. Occupancy at the end of the quarter at 93 percent overall, slightly decreasing from the prior quarter.

CenterSquare, East Bay's REIT manager, outperformed the FTSE NAREIT Equity REITs Index for the second quarter and slightly underperformed over the 1-year trailing period. The fund has outperformed over longer periods. REIT performance for the quarter was driven by Self Storage (+23.6%) on strong occupancy growth due to remote working and life disruption as a result of the pandemic. Malls and shopping centers also continue to experience strong leasing growth in the post-pandemic recovery.

¹ Results are lagged one quarter.

EBMUDERS Total Plan Composite | As of June 30, 2021

InvMetrics Public DB > \$1B Gross Return Comparison¹
Ending June 30, 2021

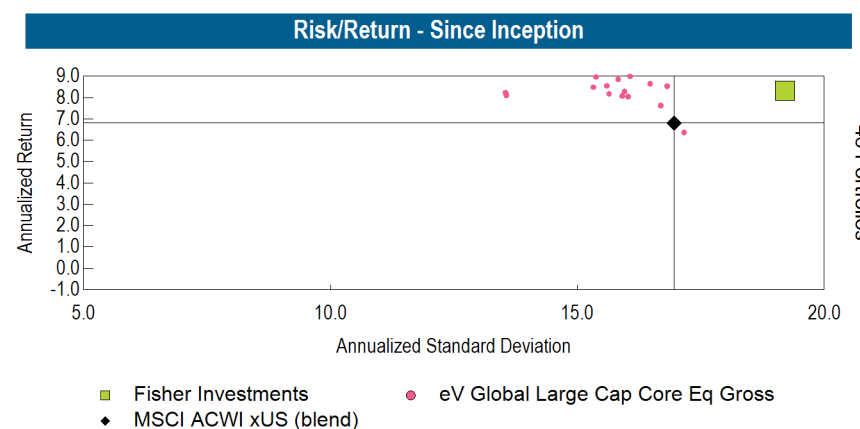
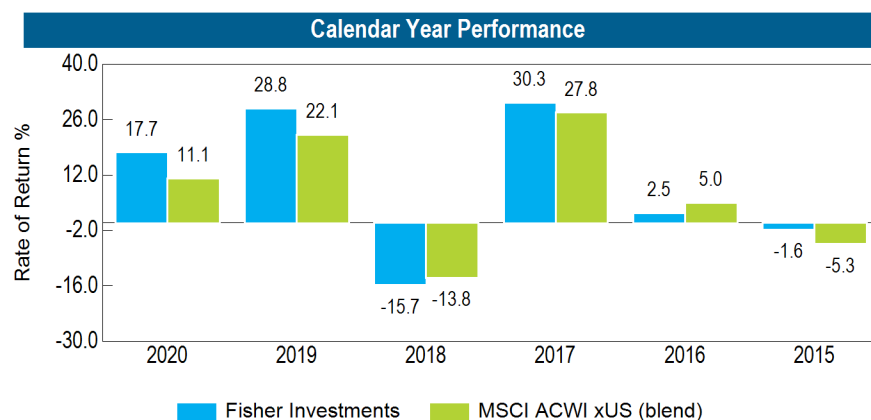
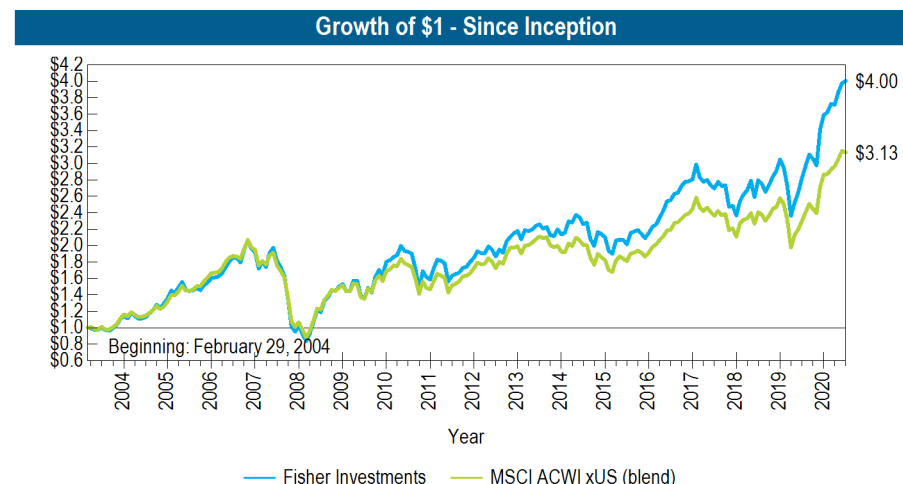
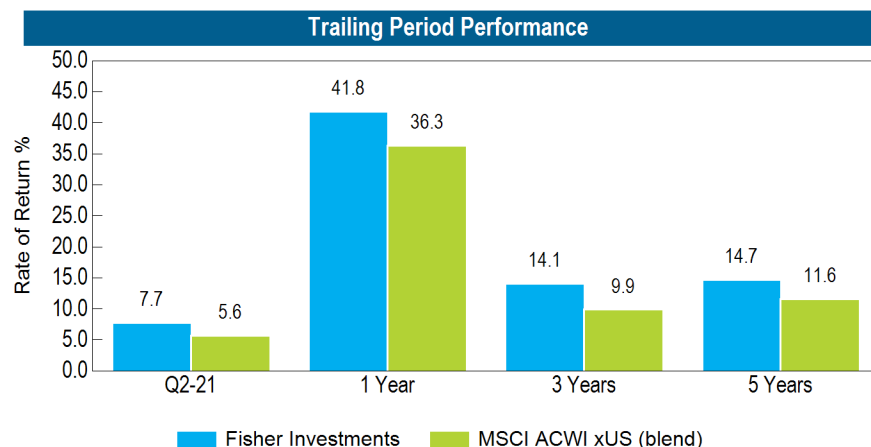


	Return (Rank)									
5th Percentile	7.0		32.8		13.3		13.0		10.5	
25th Percentile	6.0		29.4		12.0		11.9		9.3	
Median	5.4		27.4		11.0		11.0		8.7	
75th Percentile	4.8		25.6		10.4		10.4		8.1	
95th Percentile	4.3		23.2		9.5		9.4		7.1	
# of Portfolios	78		78		78		78		74	
● EBMUDERS Total Plan Composite	5.7	(30)	26.9	(55)	11.3	(42)	11.6	(28)	9.9	(13)
▲ Total Plan Bench	5.2	(59)	26.5	(62)	10.1	(83)	10.5	(72)	9.1	(37)

¹ Calculation based on monthly periodicity.

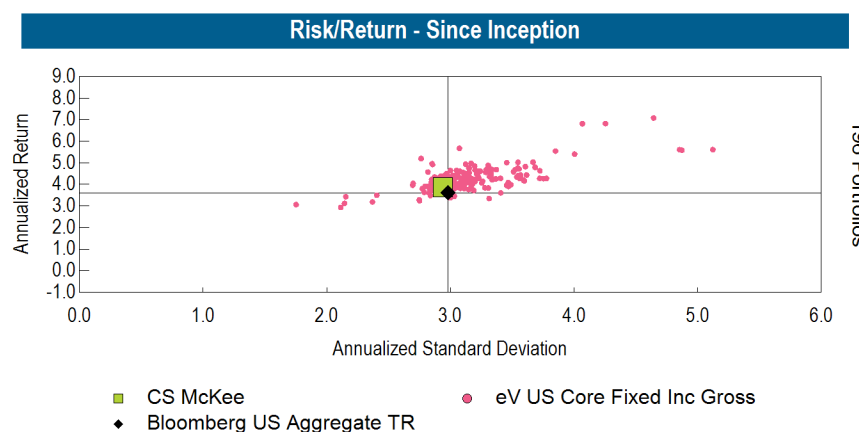
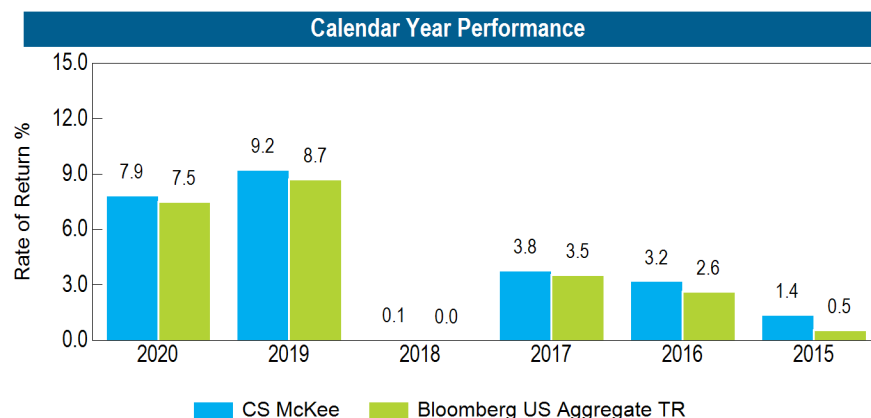
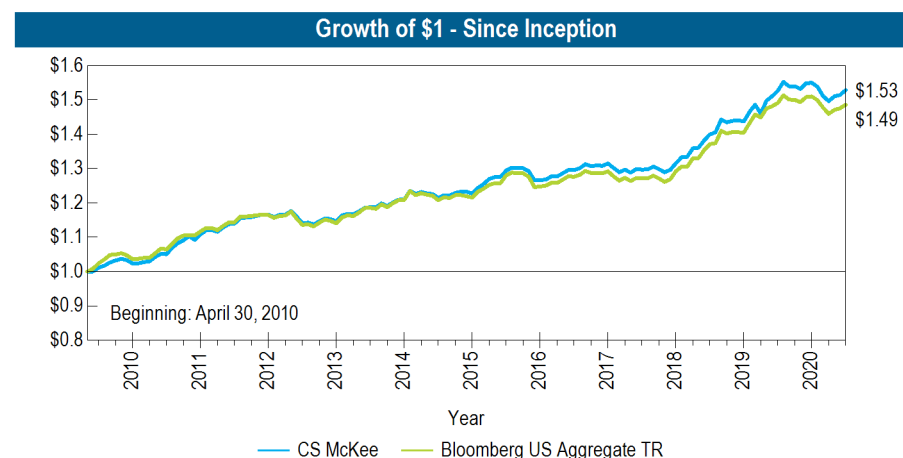
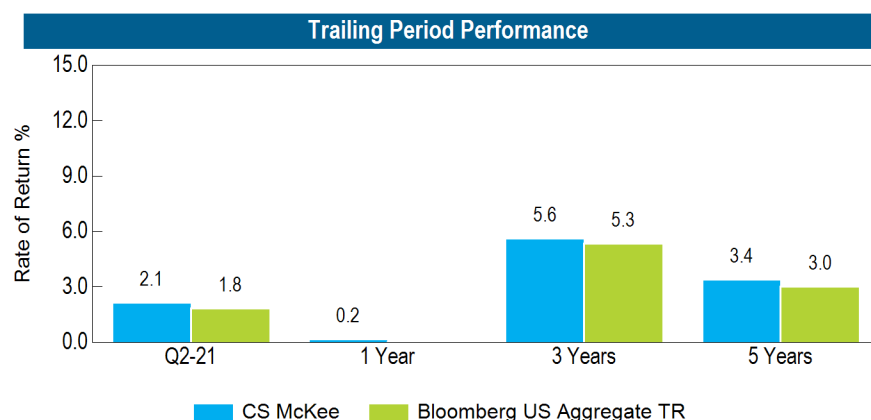
Fisher Investments | As of June 30, 2021

	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Fisher Investments	0.11%	1.08	0.46	0.42	3.68%	0.96	128.55%	101.50%
MSCI ACWI xUS (blend)	0.00%	1.00	--	0.35	0.00%	1.00	100.00%	100.00%



CS McKee | As of June 30, 2021

	Alpha	Beta	Information Ratio	Sharpe Ratio	Tracking Error	R-Squared	Up Mkt Capture Ratio	Down Mkt Capture Ratio
CS McKee	0.04%	0.94	0.30	1.13	0.87%	0.92	102.49%	94.80%
Bloomberg US Aggregate TR	0.00%	1.00	--	1.03	0.00%	1.00	100.00%	100.00%



Asset Class Returns - Net of Fees | As of June 30, 2021

	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
EBMUDERS Total Plan Composite ¹	5.7	26.7	11.1	11.4
<i>Total Plan Bench</i> ²	<i>5.2</i>	<i>26.5</i>	<i>10.1</i>	<i>10.5</i>
US Equity Composite	8.2	43.9	18.6	18.3
<i>Russell 3000 Hybrid</i> ³	<i>8.2</i>	<i>44.2</i>	<i>18.7</i>	<i>17.9</i>
NonUS Equity Composite	6.3	36.3	8.9	11.0
<i>MSCI ACWI xUS (blend)</i> ⁴	<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	<i>11.6</i>
Covered Calls Composite	5.9	28.6	11.2	10.7
<i>CBOE S&P 500 BuyWrite USD</i>	<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>
Real Estate Composite	7.4	20.9	8.8	6.7
<i>NCREIF NPI Lag</i> ⁵	<i>6.8</i>	<i>19.4</i>	<i>8.1</i>	<i>6.5</i>
Fixed Income Composite	1.3	1.5	5.0	3.6
<i>Fixed Income Composite Bench</i> ⁶	<i>1.4</i>	<i>1.7</i>	<i>4.8</i>	<i>3.5</i>
Cash Composite	0.2	0.9	2.0	1.5
<i>FTSE T-Bill 3 Months TR</i>	<i>0.0</i>	<i>0.1</i>	<i>1.3</i>	<i>1.1</i>

¹ Historical net returns for the Total Portfolio aggregate is currently available from 2Q 2011

² Policy Benchmark consists of 25% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 25% MSCI ACWI ex USA Gross / 10% BBgBarc US Aggregate TR / 10% BBgBarc US Intermediate Gov/Cred / 2.5% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr / 2.5% 60% CredSuisLevLoan/40% BBStGovCorp / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD index 12/1/2019-present; see Appendix for historical Policy Benchmark composition.

³ Russell 3000 as of 10/1/05. Prior: 30% S&P500, 10% S&P400, 10% Russell 2000 (4/1/05-9/30/05); 33% S&P500, 10% S&P400, 10% Russell 2000 (9/1/98-3/31/05); 30% S&P500, 15% Wilshire 5000 (4/1/96-8/31/98)

⁴ MSCI ACWIXUS as of 1/1/07; MSCI EAFE ND thru 12/31/06

⁵ 50% NCREIF (lagged), 50% FTSE NAREIT Equity REITs Index as of 11/1/11; NCREIF (lagged) thru 10/31/11

⁶ 60% BC Aggregate, 20% BC US 1-3 Year Government/Credit, 10% ICE BofA ML U.S. Corp Cash Pay BB-B 1-5 Year, and 10% Blend 60% Credit Suisse Leverage Loan/40% BBg BC Short Term Gov/Corp 3/1/2019-present; 60% BC Aggregate, 20% BC US 1-3 Year Government/Credit, 10% BC 1-5 Year U.S. High Yield Cash Pay, and 10% S&P/LSTA Performing Loans index 7/1/18-2/28/2019; 50% BC Aggregate, 25% BC US 1-3 Year Government/Credit, 12.5% BC 1-5 Year U.S. High Yield Cash Pay, and 12.5% S&P/LSTA Performing Loans index 4/1/14-6/30/18; 75% BC Aggregate, 12.5% BC 1-5 Year U.S. High Yield Cash Pay, and 12.5% S&P/LSTA Performing Loans index 3/1/14-3/31/14; BC Universal 1/1/08-2/28/14; BC Aggregate thru 12/31/07

Manager Returns - Net of Fees | As of June 30, 2021

	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
US Equity Composite	8.2	43.9	18.6	18.3
<i>Russell 3000 Hybrid</i>	<i>8.2</i>	<i>44.2</i>	<i>18.7</i>	<i>17.9</i>
Northern Trust Russell 3000	8.2	44.0	18.7	--
<i>Russell 3000</i>	<i>8.2</i>	<i>44.2</i>	<i>18.7</i>	--
NonUS Equity Composite	6.3	36.3	8.9	11.0
<i>MSCI ACWI xUS (blend)¹</i>	<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	<i>11.6</i>
Northern Trust ACWI ex US	5.6	34.4	9.3	--
<i>MSCI ACWI ex USA Gross</i>	<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	--
Fisher Investments	7.6	41.1	13.4	14.0
<i>MSCI ACWI xUS (blend)</i>	<i>5.6</i>	<i>36.3</i>	<i>9.9</i>	<i>11.6</i>
Covered Calls Composite	5.9	28.6	11.2	10.7
<i>CBOE S&P 500 BuyWrite USD</i>	<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>
Parametric BXM	5.1	27.8	9.6	9.5
<i>CBOE S&P 500 BuyWrite USD</i>	<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>
Parametric Delta Shift	7.6	38.2	16.4	15.0
<i>CBOE S&P 500 BuyWrite USD</i>	<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>
Van Hulzen	4.6	19.1	7.4	7.1
<i>CBOE S&P 500 BuyWrite USD</i>	<i>5.1</i>	<i>27.3</i>	<i>5.6</i>	<i>7.2</i>

¹ As of January 1, 2007, the benchmark changed from MSCI EAFE to MSCI ACWI x U.S.

Manager Returns - Net of Fees | As of June 30, 2021

	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Real Estate Composite	7.4	20.9	8.8	6.7
<i>NCREIF NPI Lag</i>	<i>6.8</i>	<i>19.4</i>	<i>8.1</i>	<i>6.5</i>
RREEF America II Lag	1.9	1.5	4.6	5.8
<i>NCREIF NPI Mo 1 Qtr Lag</i>	<i>1.7</i>	<i>2.6</i>	<i>4.9</i>	<i>5.8</i>
CenterSquare	12.3	37.3	11.4	7.3
<i>FTSE NAREIT Equity REIT</i>	<i>12.0</i>	<i>38.0</i>	<i>10.1</i>	<i>6.3</i>
Fixed Income Composite	1.3	1.5	5.0	3.6
<i>Fixed Income Composite Bench</i>	<i>1.4</i>	<i>1.7</i>	<i>4.8</i>	<i>3.5</i>
Fixed Income Core Fixed Income Composite	1.2	-0.3	5.0	3.0
<i>Fixed Income Core Composite Bench</i>	<i>1.4</i>	<i>-0.1</i>	<i>--</i>	<i>--</i>
CS McKee	2.1	0.0	5.4	3.2
<i>Bloomberg US Aggregate TR</i>	<i>1.8</i>	<i>-0.3</i>	<i>5.3</i>	<i>3.0</i>
Garcia Hamilton	0.3	-0.6	--	--
<i>BBgBarc US Intermediate Gov/Cred</i>	<i>1.0</i>	<i>0.2</i>	<i>--</i>	<i>--</i>
Fixed Income Non-Core Fixed Income Composite	1.7	9.2	4.5	4.0
<i>Fixed Income Non-Core Composite Bench</i>	<i>1.4</i>	<i>9.3</i>	<i>4.2</i>	<i>4.0</i>
MacKay Shields (HY)	1.7	10.5	--	--
<i>ICE BofA ML US Corp Cash Pay BB-B 1-5Yr</i>	<i>1.9</i>	<i>11.6</i>	<i>--</i>	<i>--</i>
Federated Investment Counseling (Bank Loans)	1.4	7.7	--	--
<i>60% CredSuisLevLoan/40% BBStGovCorp</i>	<i>0.9</i>	<i>7.0</i>	<i>--</i>	<i>--</i>

EBMUDERS Total Plan Composite | As of June 30, 2021
Benchmark History
As of June 30, 2021
EBMUDERS Total Plan Composite

12/1/2019	Present	25% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 25% MSCI ACWI ex USA Gross / 10% Bloomberg US Aggregate TR / 10% BBgBarc US Intermediate Gov/Cred / 2.5% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr / 2.5% 60% CredSuisLevLoan/40% BBStGovCorp / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD
3/1/2019	11/30/2019	25% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 25% MSCI ACWI ex USA Gross / 15% Bloomberg US Aggregate TR / 5% Bloomberg US Govt/Credit 1-3 Yr. TR / 2.5% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr / 2.5% 60% CredSuisLevLoan/40% BBStGovCorp / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD
7/1/2018	2/28/2019	25% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 25% MSCI ACWI ex USA Gross / 15% Bloomberg US Aggregate TR / 5% Bloomberg US Govt/Credit 1-3 Yr. TR / 2.5% Bloomberg US High Yield 1-5Yr Cash Pay 2% / 2.5% NCREIF NPI Mo 1 Qtr Lag / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD
4/1/2014	6/30/2018	40% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 15% MSCI ACWI ex USA Gross / 10% Bloomberg US Aggregate TR / 5% Bloomberg US Govt/Credit 1-3 Yr. TR / 2.5% Bloomberg US High Yield 1-5Yr Cash Pay 2% / 2.5% NCREIF NPI Mo 1 Qtr Lag / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD
3/1/2014	3/31/2014	40% Russell 3000 / 20% CBOE S&P 500 BuyWrite USD / 15% MSCI ACWI ex USA Gross / 15% Bloomberg US Aggregate TR / 2.5% Bloomberg US High Yield 1-5Yr Cash Pay 2% / 2.5% NCREIF NPI Mo 1 Qtr Lag / 2.5% FTSE NAREIT Equity REIT / 2.5% S&P/LSTA Performing Loan TR USD
11/1/2011	2/28/2014	50% Russell 3000 / 20% MSCI ACWI ex USA Gross / 25% Bloomberg US Universal TR / 2.5% NCREIF NPI Mo 1 Qtr Lag / 2.5% FTSE NAREIT Equity REIT
1/1/2008	10/31/2011	50% Russell 3000 / 20% MSCI ACWI ex USA Gross / 25% Bloomberg US Universal TR / 5% NCREIF NPI Mo 1 Qtr Lag
1/1/2007	12/31/2007	50% Russell 3000 / 20% MSCI ACWI ex USA Gross / 25% Bloomberg US Aggregate TR / 5% NCREIF Property Index
10/1/2005	12/31/2006	50% Russell 3000 / 25% Bloomberg US Aggregate TR / 5% NCREIF NPI Mo 1 Qtr Lag / 20% MSCI EAFE
4/1/2005	9/30/2005	30% S&P 500 / 10% S&P 400 MidCap / 10% Russell 2000 / 20% MSCI EAFE / 25% Bloomberg US Aggregate TR / 5% NCREIF NPI Mo 1 Qtr Lag
9/1/1998	3/31/2005	33% S&P 500 / 10% S&P 400 MidCap / 10% Russell 2000 / 17% MSCI EAFE / 30% Bloomberg US Aggregate TR
3/31/1996	8/31/1998	30% S&P 500 / 15% Wilshire 5000 / 15% MSCI EAFE / 30% Bloomberg US Aggregate TR / 5% NCREIF Property Index / 5% FTSE T-Bill 3 Months TR

Fixed Income Composite | As of June 30, 2021
Benchmark History
As of June 30, 2021
Fixed Income Composite

12/1/2019	Present	40% Bloomberg US Aggregate TR / 10% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr / 40% BBgBarc US Intermediate Gov/Cred / 10% 60% CredSuisLevLoan/40% BBStGovCorp
3/1/2019	11/30/2019	60% Bloomberg US Aggregate TR / 10% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr / 20% Bloomberg US Govt/Credit 1-3 Yr. TR / 10% 60% CredSuisLevLoan/40% BBStGovCorp
7/1/2018	2/28/2019	60% Bloomberg US Aggregate TR / 10% S&P/LSTA Performing Loan TR USD / 20% Bloomberg US Govt/Credit 1-3 Yr. TR / 10% Bloomberg US High Yield 1-5Yr Cash Pay 2%
4/1/2014	6/30/2018	50% Bloomberg US Aggregate TR / 12.5% S&P/LSTA Performing Loan TR USD / 25% Bloomberg US Govt/Credit 1-3 Yr. TR / 12.5% Bloomberg US High Yield 1-5Yr Cash Pay 2%
3/1/2014	3/31/2014	75% Bloomberg US Aggregate TR / 12.5% Bloomberg US High Yield 1-5Yr Cash Pay 2% / 12.5% S&P/LSTA Performing Loan TR USD
1/1/2008	2/28/2014	Bloomberg US Universal TR
1/1/1976	12/31/2007	Bloomberg US Aggregate TR

Fixed Income Core Fixed Income Composite

12/1/2019	Present	50% Bloomberg US Aggregate TR / 50% BBgBarc US Intermediate Gov/Cred
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Fixed Income Non-Core Fixed Income Composite

12/1/2019	Present	50% 60% CredSuisLevLoan/40% BBStGovCorp / 50% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr
3/1/2019	11/30/2019	25% 60% CredSuisLevLoan/40% BBStGovCorp / 25% ICE BofA ML US Corp Cash Pay BB-B 1-5Yr / 50% Bloomberg US Govt/Credit 1-3 Yr. TR
3/1/2014	2/28/2019	25% S&P/LSTA Performing Loan TR USD / 25% Bloomberg US High Yield 1-5Yr Cash Pay 2% / 50% Bloomberg US Govt/Credit 1-3 Yr. TR

EBMUDERS Total Plan Composite | As of June 30, 2021

Summary of Cash Flows		
	Second Quarter	Year-To-Date
Beginning Market Value	\$2,216,033,299	\$2,136,702,861
Net Cash Flow	-\$14,982,993	-\$11,166,317
Capital Appreciation	\$125,459,971	\$200,973,733
Ending Market Value	\$2,326,510,277	\$2,326,510,277

Manager Watch Screens

Performance Monitoring Summary

Portfolio	Violation Type (Window) ¹	Date of Initial Violation	Correction Action(s)	Current Status			
				Current Status	Est. Beg. Date of Current Status	Months Since Est. Beg. Date	Performance Since Est. Beg. Date ²
Parametric BXM	Qualitative	10/08/2020	Placed on Watch (Nov-23)	Watch	12/01/2020	7	14.4
CBOE S&P 500 BuyWrite							13.1
Parametric Delta Shift	Qualitative	10/08/2020	Placed on Watch (Nov-23)	Watch	12/01/2020	7	19.0
CBOE S&P 500 BuyWrite							13.1

- Parametric was placed on a qualitative watch as a firm following the October 2020 announcement that Morgan Stanley would be purchasing Eaton Vance, Parametric's parent company.

¹ Defined as: Short-Term (12 months), Medium-Term (36 months), Long-Term (60 months).

² Annualized for periods greater than 12 months.

Quantitative Compliance Monitoring per Watch Criteria

Active Management Criteria

- Active investment managers are expected to outperform their respective passive benchmarks related to both their asset class and investment style.
- Relative excess performance that falls below the red acceptable threshold stated in the Watch Criteria for six consecutive months may be a trigger for Watch status.

Passive Management Criteria

- Passive investment managers are expected to track the performance of their respective passive benchmarks related to both their asset class and their investment style.
- Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked.
- For short- and medium-term performance monitoring, a portfolio with tracking error that is above the red acceptable threshold stated in the Watch Criteria for six consecutive months may be a trigger for Watch status.
- For long-term performance monitoring, relative excess performance that falls below the red acceptable threshold stated in the Watch Criteria for six consecutive months may be a trigger for Watch status.

Quantitative Monitoring Results - Overall Status Summary

	Prior Qtr Status	Current Qtr Status
Northern Trust – R3000	Acceptable	Acceptable
Fisher Investments	Acceptable	Acceptable
Northern Trust – ACWixUS	N/A	N/A
Parametric – BXM	Caution	Caution
Parametric – Delta Shift	Caution	Caution
Van Hulzen	Acceptable	Acceptable
CS McKee	Acceptable	Acceptable
Garcia Hamilton	Acceptable	Acceptable
Mackay Shields – Short Term HY	Acceptable	Acceptable
Federated – Bank Loans	Acceptable	Acceptable
CenterSquare	Acceptable	Acceptable

Investment Performance Criteria by Asset Class

Asset Class	Short-term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (60+ months)
Domestic Equity - Active	Fund return < benchmark return - 3.5%	Fund annualized return < benchmark annualized return - 1.75% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Domestic Equity - Passive	Tracking error > 0.30%	Tracking error > 0.25% for 6 consecutive months	Fund annualized return < benchmark annualized return - 0.40% for 6 consecutive months
International Equity - Active	Fund return < benchmark return - 4.5%	Fund annualized return < benchmark annualized return - 2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Covered Calls - Active	Fund return < benchmark return - 3.5%	Fund annualized return < benchmark annualized return - 1.75% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Covered Calls - Replication	Fund return < benchmark return - 3.5%	Fund annualized return < benchmark annualized return - 1.75% for 6 consecutive months	Fund annualized return < benchmark annualized return - 0.40% for 6 consecutive months
Fixed Income - Core - Active	Fund return < benchmark return - 1.5%	Fund annualized return < benchmark annualized return - 1.0% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
Fixed Income - Core - Passive	Tracking error > 0.25%	Tracking error > 0.20% for 6 consecutive months	Fund annualized return < benchmark annualized return - 0.30% for 6 consecutive months
Fixed Income - Non-Core	Fund return < benchmark return - 4.5%	Fund annualized return < benchmark annualized return - 2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months

All criteria are on an annualized basis.

VRR – Value Relative Ratio – is calculated as: manager cumulative return / benchmark cumulative return.

Manager Performance		
	QTD	1 Yr
Northern Trust Russell 3000	8.2	44.0
<i>Russell 3000</i>	8.2	44.2

Short-Term Criteria (rolling 12-month periods)

Tracking error > 0.30% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Tracking error > 0.25% for 6 consecutive months

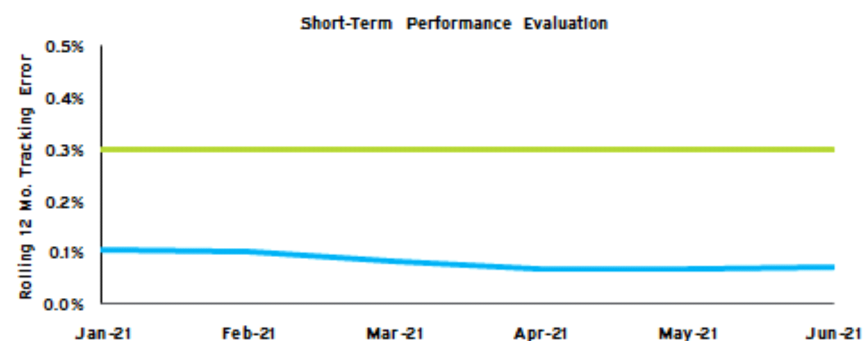
Current Status: Not Applicable

Long-Term Criteria (60+ months)

Fund annualized return < benchmark annualized return
-0.40% for 6 consecutive months

Current Status: Not Applicable

Overall Status: **Acceptable**



Fisher Investments | As of June 30, 2021

Overall Status: **Acceptable**

Manager Performance				
	QTD	1 Yr	3 Yrs	5 Yrs
Fisher Investments	7.6	41.1	13.4	14.0
MSCI ACWI xUS (blend)	5.6	36.3	9.9	11.6

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -4.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

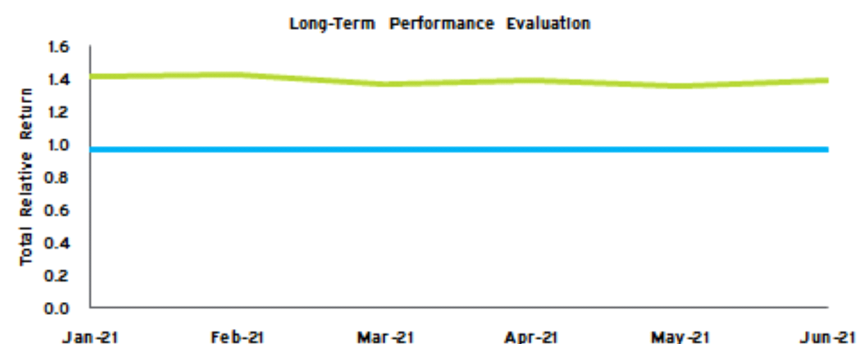
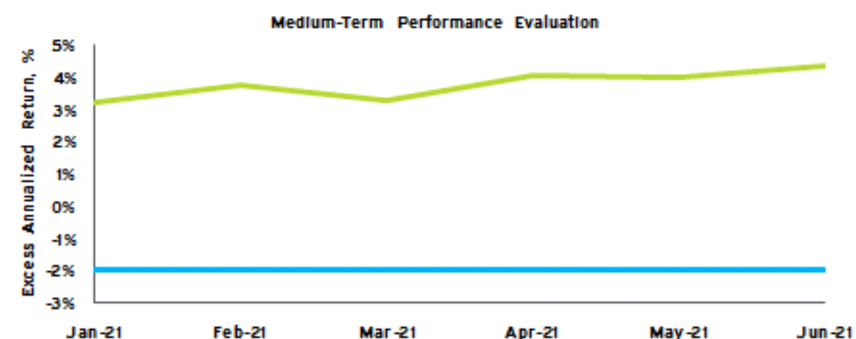
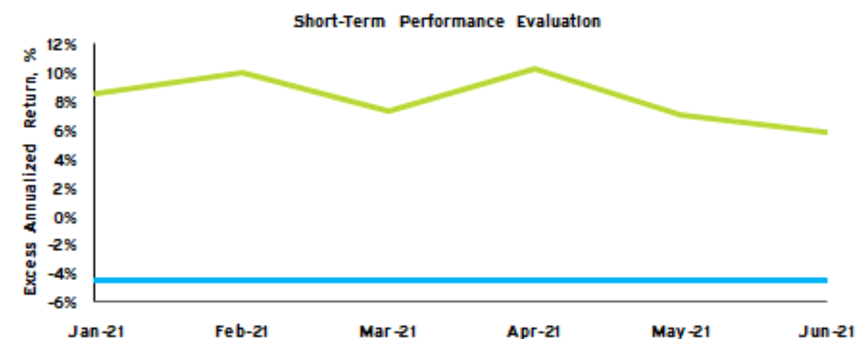
Fund annualized return < benchmark annualized return -2.0% for 6 consecutive months

Current Status: **Acceptable**

Long-Term Criteria (60+ months)

VRR < 0.97 for 6 consecutive months

Current Status: **Acceptable**



Manager Performance

	QTD	1 Yr	3 Yrs	5 Yrs
Parametric BXM	5.1	27.8	9.6	9.5
CBOE S&P 500 BuyWrite USD	5.1	27.3	5.6	7.2

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -3.5% for 6 consecutive months

Current Status: Acceptable

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -1.75% for 6 consecutive months

Current Status: Acceptable

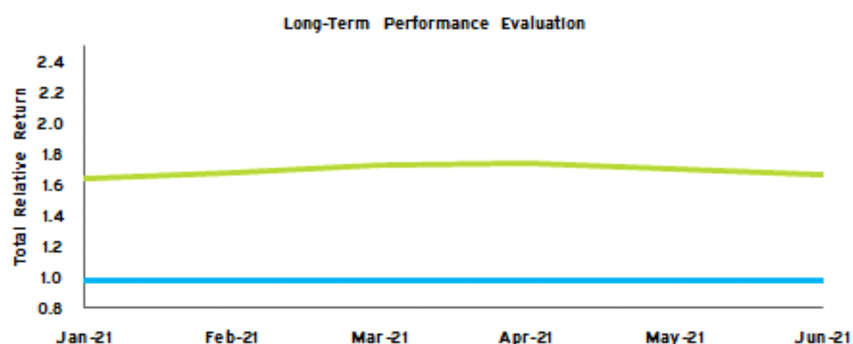
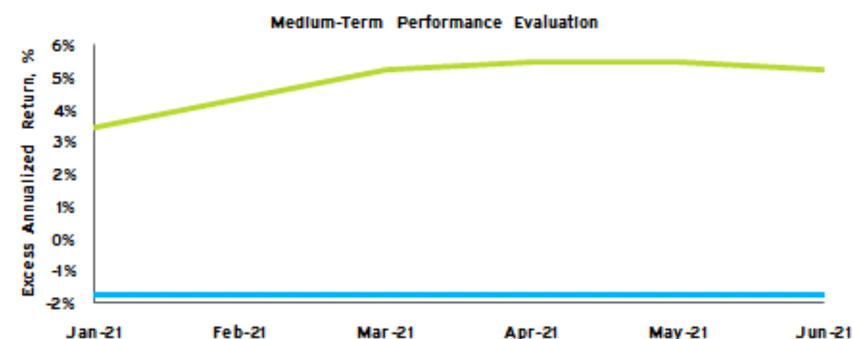
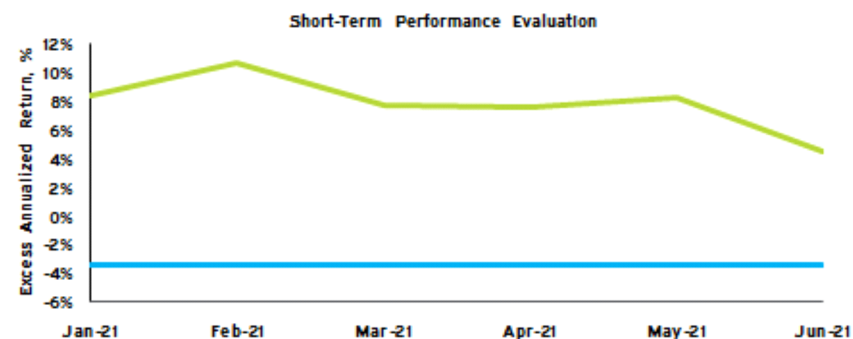
Long-Term Criteria (60+ months)

VRR < 0.97 for 6 consecutive months

Current Status: Acceptable

Parametric is on watch for qualitative reasons.

Overall Status: Caution



Parametric Delta Shift | As of June 30, 2021

Manager Performance				
	QTD	1 Yr	3 Yrs	5 Yrs
Parametric Delta Shift	7.6	38.2	16.4	15.0
CBOE S&P 500 BuyWrite USD	5.1	27.3	5.6	7.2

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -3.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -1.75% for 6 consecutive months

Current Status: **Acceptable**

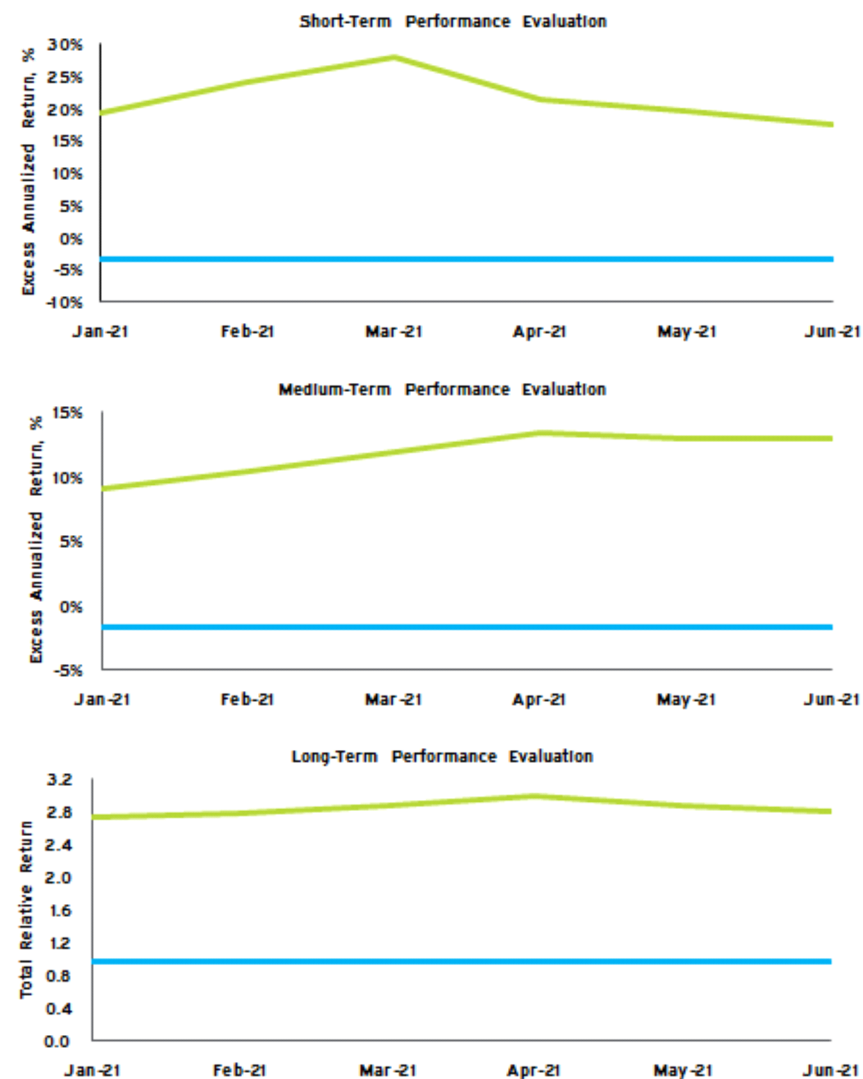
Long-Term Criteria (60+ months)

VRR < 0.97 for 6 consecutive months

Current Status: **Acceptable**

Parametric is on watch for qualitative reasons.

Overall Status: **Caution**



Manager Performance

	QTD	1 Yr	3 Yrs	5 Yrs
Van Hulzen	4.6	19.1	7.4	7.1
CBOE S&P 500 BuyWrite USD	5.1	27.3	5.6	7.2

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -3.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -1.75% for 6 consecutive months

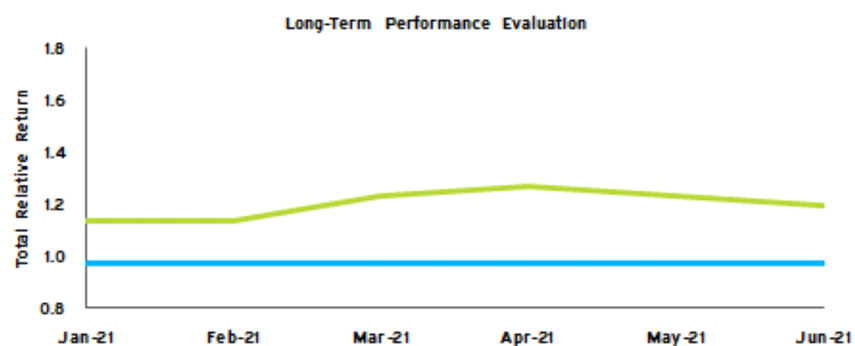
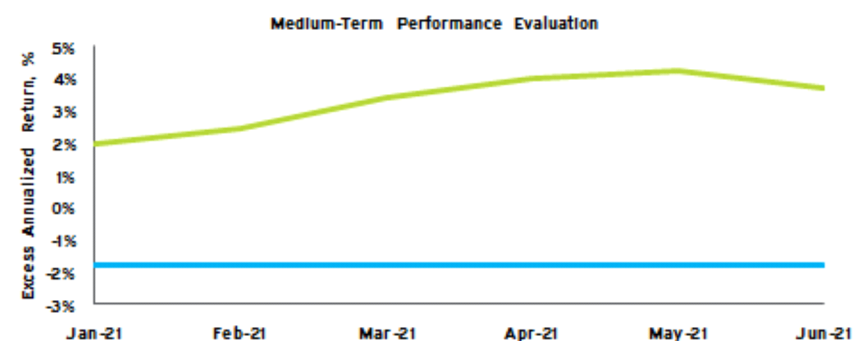
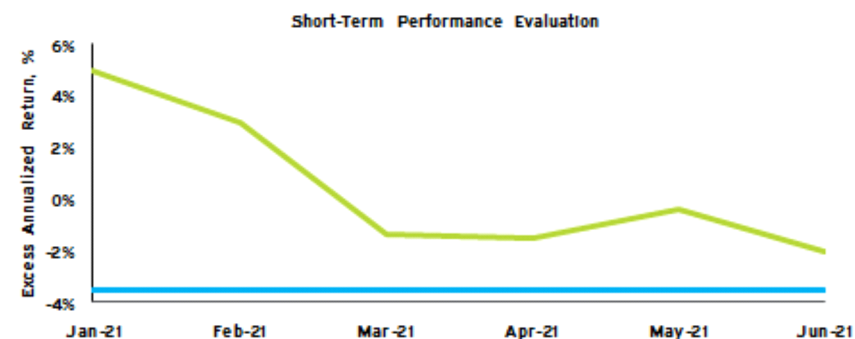
Current Status: **Acceptable**

Long-Term Criteria (60+ months)

VRR < 0.98 for 6 consecutive months

Current Status: **Acceptable**

Overall Status: **Acceptable**



Manager Performance				
	QTD	1 Yr	3 Yrs	5 Yrs
CS McKee	2.1	0.0	5.4	3.2
Bloomberg US Aggregate TR	1.8	-0.3	5.3	3.0

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -1.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -1.0% for 6 consecutive months

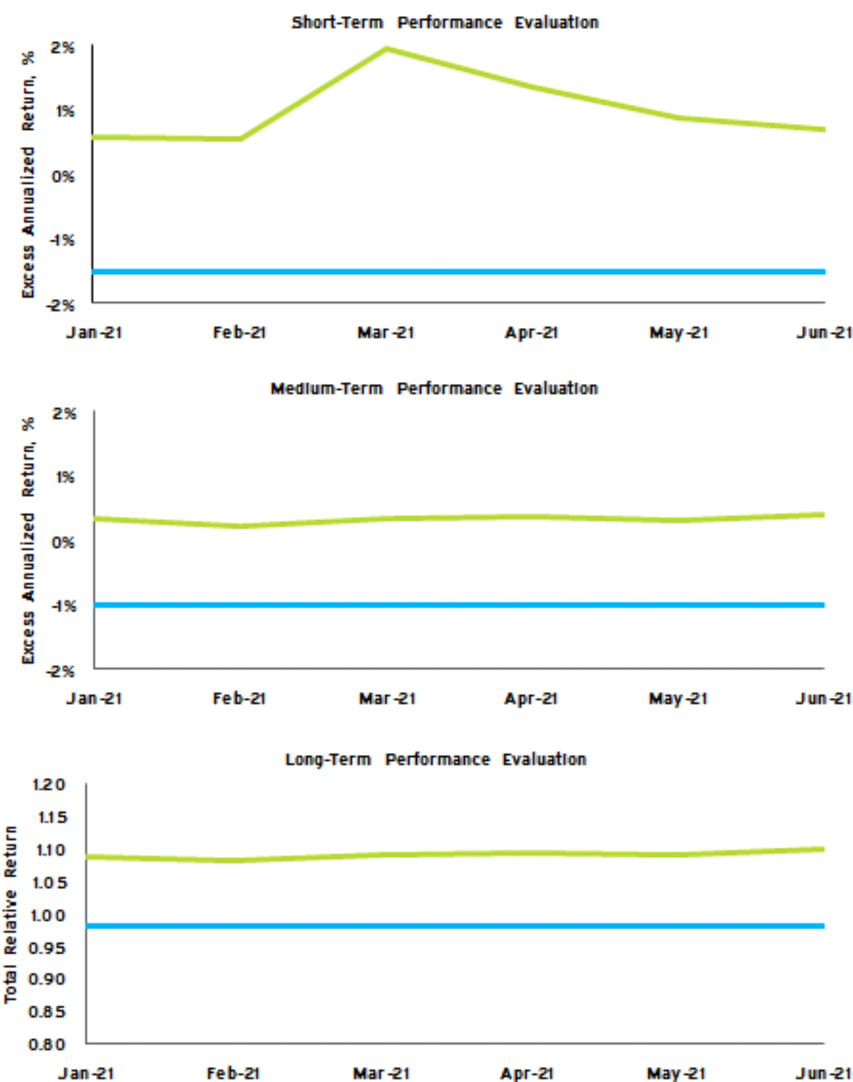
Current Status: **Acceptable**

Long-Term Criteria (60+ months)

VRR < 0.98 for 6 consecutive months

Current Status: **Acceptable**

Overall Status: **Acceptable**



Garcia Hamilton | As of June 30, 2021

Manager Performance				
	QTD	1 Yr	3 Yrs	5 Yrs
Garcia Hamilton	0.3	-0.6	--	--
<i>BBgBarc US Intermediate Gov/Cred</i>	1.0	0.2	4.7	2.6

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -1.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -1.0% for 6 consecutive months

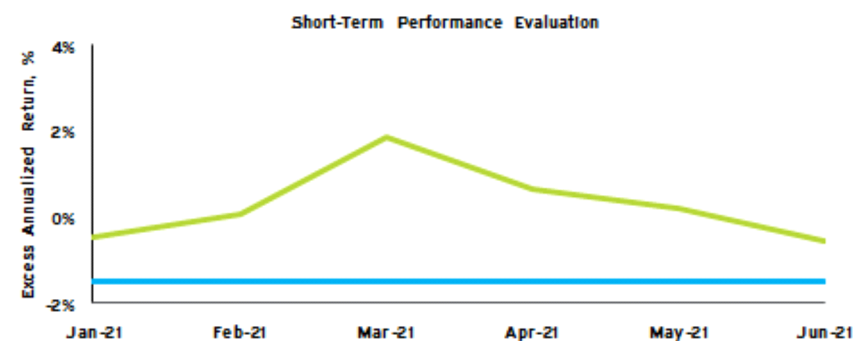
Current Status: Not Applicable

Long-Term Criteria (60+ months)

VRR < 0.98 for 6 consecutive months

Current Status: Not Applicable

Overall Status: **Acceptable**



MacKay Shields (HY) | As of June 30, 2021

Manager Performance

	QTD	1 Yr	3 Yrs	5 Yrs
MacKay Shields (HY)	1.7	10.5	--	--
ICE BofA ML US Corp Cash Pay BB-B 1-5Yr	1.9	11.6	5.5	5.8

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -4.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -2.0% for 6 consecutive months

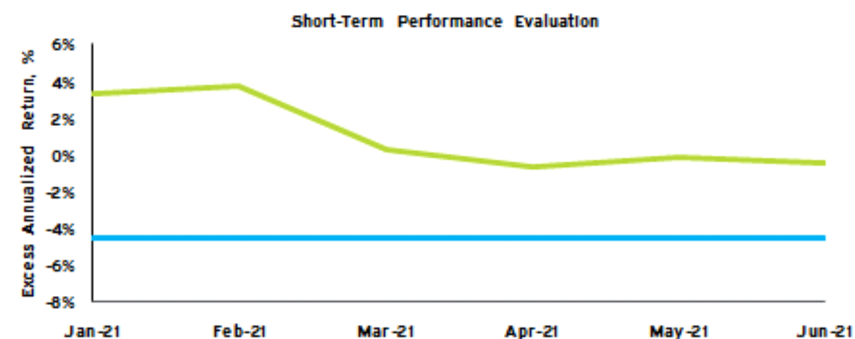
Current Status: Not Applicable

Long-Term Criteria (60+ months)

VRR < 0.97 for 6 consecutive months

Current Status: Not Applicable

Overall Status: **Acceptable**



Federated Investment Counseling (Bank Loans) | As of June 30, 2021

Manager Performance				
	QTD	1 Yr	3 Yrs	5 Yrs
Federated Investment Counseling (Bank Loans)	1.4	7.7	--	--
60% CredSuisLevLoan/40% BBStGovCorp	0.9	7.0	3.4	3.7

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -4.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -2.0% for 6 consecutive months

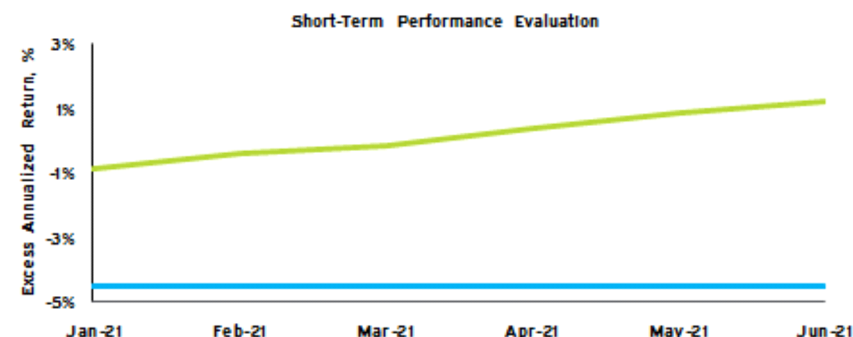
Current Status: Not Applicable

Long-Term Criteria (60+ months)

VRR < 0.97 for 6 consecutive months

Current Status: Not Applicable

Overall Status: **Acceptable**



Manager Performance				
	QTD	1 Yr	3 Yrs	5 Yrs
CenterSquare	12.3	37.3	11.4	7.3
FTSE NAREIT Equity REIT	12.0	38.0	10.1	6.3

Short-Term Criteria (rolling 12-month periods)

Fund return < benchmark return -3.5% for 6 consecutive months

Current Status: **Acceptable**

Medium-Term Criteria (rolling 36-month periods)

Fund annualized return < benchmark annualized return -1.75% for 6 consecutive months

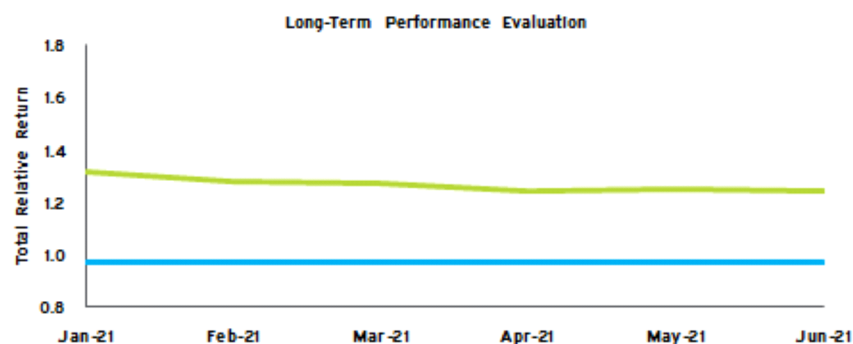
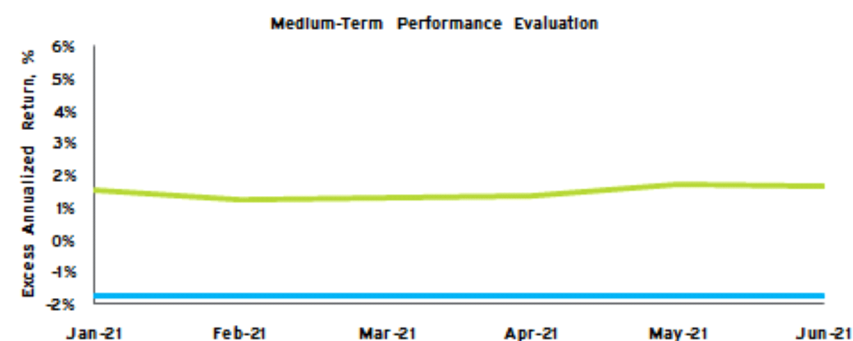
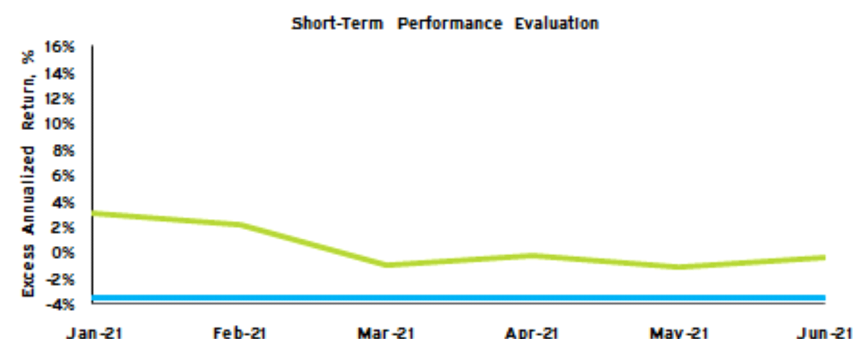
Current Status: **Acceptable**

Long-Term Criteria (60+ months)

VRR < 0.97 for 6 consecutive months

Current Status: **Acceptable**

Overall Status: **Acceptable**



Manager Compliance Certification Responses

Manager Compliance Certification Responses

Qualitative Compliance Monitoring per EBMUD Investment Policy

Each of EBMUD's managers is required to respond to a questionnaire on a quarterly basis to certify their compliance with EBMUD's Investment Policy Statement and provide an update on specific qualitative indicators to be evaluated.

These indicators include:

- Compliance with the guidelines of 'Eligible Investments' for the manager's specific mandate
- Any litigation or governmental regulatory proceedings involving the firm/manager
- Changes to the manager's investment outlook, investment strategy, and/or portfolio structure
- Personnel changes to the investment team responsible for the EBMUD mandate
- Significant personnel changes at the management level of the firm
- Material client terminations
- Compliance with EBMUD's current Investment Policy Statement

The manager's responses are rated based on the potential effects these factors could pose to the performance and management of the EBMUD portfolio.

Reasons for heightened concern triggering Watch status include, but are not limited to:

- Instability of key members of the portfolio management team and organization
- Changes in investment strategy and style
- Failure to comply with investment guidelines

A summary of manager responses as of the latest quarter-end is provided below.

Manager Compliance Certification Responses

Manager Compliance Certification Responses

		Question 1	Question 2	Question 3	Question 4	Question 5	Question 6	Question 7	Question 8
Manager	Asset Class	Compliance with 'Eligible Investments' for mandate	Good standing as Registered Investment Advisor	Litigation?	Changes in manager's investment outlook, strategy, structure	Investment team personnel changes	Management level personnel changes	Material business changes	Compliance with IPS
Northern Trust R3000Y	Domestic Equity – All Cap	Yes	Yes	Yes*	No	Yes*	Yes*	No	Yes
Fisher X	International Equity	Yes	Yes	No	No	No	No	No	Yes
Northern Trust ACWI ex USY	International Equity	Yes	Yes	Yes*	No	Yes*	Yes*	No	Yes
ParametricX	Covered Calls	Yes	Yes	No	No	No	No	No	Yes
Van HulzenX	Covered Calls	Yes	Yes	No	No	No	No	No	Yes
CS McKeeX	Fixed Income – Core	Yes	Yes	No	No	No	No	No	Yes
Garcia HamiltonY	Fixed Income – Core	Yes	Yes	No	No	Yes*	No	No	Yes
Mackay ShieldsY	Fixed Income – Short-term HY	Yes	Yes	No	No	No	No	Yes*	Yes
FederatedX	Fixed Income – Bank Loans	Yes	Yes	No	No	No	No	No	Yes
RREEFX	Real Estate	Yes	Yes	No	No	No	No	No	Yes
CenterSquareY	Real Estate	Yes	Yes	No	No	Yes*	No	No	Yes

■ no concern
 ■ low concern
 ■ high concern (Watch status)

* see detailed manager response below

Northern Trust – R3000 and ACWI ex US**Question 3: Is there any litigation or governmental regulatory proceedings involving your Firm, the Manager?**

- Yes; As one of the world's largest asset managers, Northern Trust Investments, Inc. (NTI) is occasionally named as a defendant in asset management-related litigation. NTI is not currently party to any litigation that has had (or will have) a material effect on its ability to perform services for its clients. At this time, there are no significant pending cases. As one of the world's leading providers of asset servicing, Northern Trust and its subsidiaries occasionally receive requests for information from government and regulatory agencies. Northern Trust frequently does not know if such requests are related to a formal government or regulatory investigations or, assuming an investigation is underway, whether Northern Trust is a target of such investigation or simply thought to be in possession of information pertinent to such investigation. Northern Trust is not currently involved in any government or regulatory investigation or proceeding that would have a material impact on its ability to provide advisory services to its clients.

Question 5: Have there been any personnel changes to the investment team responsible for the EBMUD portfolio during the quarter?

- There were four additions to the Global Index Equity Team. Shivani Shah, Hamung Patel, Simona Muresan, and Sophie Piempreecha joined the firm during 2Q21.

Question 6: Have there been any personnel changes to the investment team responsible for the EBMUD portfolio during the quarter?

- As a result of the constantly changing landscape of asset management, we believe the occasional organizational changes are a natural progression and necessary in order to adapt to new market and regulatory environments. The most recent changes to senior personnel are the following:
- June, Rich Vigsnes, retired as Global Head of Equity Trading on June 1st. Curt Nass, previously the Head of Equity Trading in North America, succeeded Rich and has assumed leadership of the Global Equity Trading Desk.
- May, Bob Browne, retired as Chief Investment Officer on May 31st. An external search firm has been retained to fill the Chief Investment Officer role. During this period of transition, our team of senior leaders and investment management professionals will manage portfolios with the same discipline and employ the same investment process.
- May, Julie Moret accepted the newly created role of Global Head of Sustainable Investing and Stewardship reporting directly to Sheri Hawkins, Head of Strategic Product Management. In this role, Julie oversees the firm's sustainable investing and global engagement policies, fosters research and product development agendas, and advances portfolio integration across asset classes.

Garcia Hamilton

Question 5: Have there been any personnel changes to the investment team responsible for the EBMUD portfolio during the quarter?

- We added Mark Delaney, CFA, Senior Portfolio Manager/Strategist, to the investment team in May 2021. Mr. Delaney brings four decades of experience in high-quality fixed income investment management, including experience with municipal and TIPS products. He is working with the Managing Partner and Strategist to implement the investment process across our full suite of high-quality fixed income products.

MacKay Shields**Question 5: Have there been any personnel changes to the investment team responsible for the EBMUD portfolio during the quarter?**

- The following information relates to a change to the High Yield team that occurred in Q3 2021:
- Eric Gold, a member of the High Yield team, will be assuming new leadership responsibilities within MacKay Shields.
- By September 2021, Eric will transition to the new Global Credit team as Head of Global Credit. The High Yield team will continue to manage US High Yield strategies. This is a significant opportunity, offering personal and professional growth for Eric.
- Eric's sector responsibilities will be transitioned to other senior team members. Thomas Metcalf will reassume coverage of the Technology sector. Likewise, Ryan Bailes, will reassume coverage of Utilities. Maureen O'Callaghan whose current responsibilities include Telecom/Cable, will naturally cover the Media sector.
- We have begun the process of identifying a high yield bond expert who can embrace our investment process and fit into the culture of our team.

Question 6: Have there been any personnel changes to the investment team responsible for the EBMUD portfolio during the quarter?

- The following information relates to a change within the credit group of the MacKay Global Fixed Income team that occurred in Q3 2021:
- By September 2021, Eric Gold, a longstanding member of MacKay will become Head of the credit group assuming these responsibilities from Joseph Cantwell who recently announced his intention to accept an opportunity outside of MacKay.
- Eric has been with MacKay for many years as a member of the High Yield team. He brings extensive leadership credentials as well as hands on experience in research and portfolio construction to the role. Eric's credit experience spans multiple segments of the global credit markets including both high yield and leveraged loans.

Manager Compliance Certification Responses

- Alexandra Wilson-Elizondo will become Deputy Head of the group reflecting her tenure and experience in implementing the team's longstanding investment philosophy and process which focuses on the elimination of uncompensated risk. Alexandra brings more than 13 years of experience and has direct responsibility for the leadership and management of our investment grade portfolios. She additionally has played a critical role in working with Shu-Yang Tan, Matt Jacob and the credit research group in the implementation of the team's investment philosophy and process including the integration of ESG considerations across client portfolios.
- The investment philosophy and process remains unchanged and continues to use a team-based approach in combining top-down and bottom-up research to eliminate uncompensated risk and identify attractive risk adjusted opportunities. The senior portfolio managers -- Alexandra Wilson Elizondo (Investment Grade), Matt Jacob (Global High Yield), Shu-Yang Tan (Short Duration High Yield) manage the day-to-day credit positioning and risk management of the portfolios. Eric will now work closely with other members of the team in leading the US High Yield Active Core strategy utilizing the same investment philosophy and process.
- Structurally, the functioning of the credit group remains the same. Eric as team head will assume the role of cohead of the Credit Committee with Matt Jacob who continues as co-head. He will also join the Investment Policy Committee chaired by Steven Friedman, working with Alexandra Wilson-Elizondo and other members in determining key macro themes and a view as to where we are in the economic cycle. Similarly, development and implementation of macro strategy into the credit portfolios will continue to be the responsibility of the credit group.
- In addition, our loan teams will join the credit group to broaden our capabilities and will report to Eric Gold. The credit group will be referred to as Global Credit

Question 7: Have there been any material changes in your firm's business during the quarter, including but not limited to:

- a) Any client(s) that terminated its relationship whose terminated portfolio account represents >1% of the Manager's aggregate portfolio on the day of notice of termination, and/or
- b) Any client(s) that terminates its relationship when the cumulative terminations for a calendar month is >1% of the Manager's aggregate portfolio as of the first business day of the month.
- As previously mentioned, it has been a difficult period performance wise for systematic equity strategies across the industry. MacKay Shields has not been immune to this trend and as a result, we have seen considerable outflows from our Systematic Equity strategies. After a great deal of consideration, the operations of the MacKay Systematic Equity Team was wound down at the end of May 2021. This does not impact the EBMUDERS portfolio managed by the High Yield Team. MacKay Shields remains committed to providing specialized income-oriented investment solutions and other high conviction capabilities to a wide range of clients and geographies. MacKay's AUM was approximately \$154 billion as at December 31, 2020 versus \$132 billion a year earlier. Of this amount approximately \$6 billion related to assets managed by the Systematic Equity Team.

CenterSquare

Question 5: Have there been any personnel changes to the investment team responsible for the EBMUD portfolio during the quarter?

- Although there were no material changes that involve personnel who are significantly involved in the portfolio management for the EBMUD portfolio, on June 11, 2021, Conor Doyle, Real Estate Securities Analyst, left the firm to pursue new opportunities.

Required California AB 2833 Disclosure – RREEF AMERICA II

Effective January 1, 2017 RREEF America REIT II, Inc. (“alternative investment vehicle”) is required to provide to the East Bay Municipal Utility District (“public investment fund” or “District”) specific information at least annually pursuant to Section 7514.7 of the California Government Code (“Section 7514.7”).

1. The fees and expenses that the public investment fund pays directly to the alternative investment vehicle, the fund manager, or related parties.

EBMUD asset management fees – January 2020 – December 2020 = \$474,073.88

2. The public investment fund’s pro rata share of fees and expenses not included in paragraph (1) that are paid from the alternative investment vehicle to the fund manager or related parties.

\$0.00

3. The public investment fund’s pro rata share of carried interest distributed to the fund manager or related parties.

N/A

4. The public investment fund’s pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties.

EBMUD asset management fees – January 2020 – December 2020 = \$474,073.88

5. Any additional information described in subdivision (b) of Section 6254.26.

N/A

6. The gross and net rate of return of each alternative investment vehicle since inception.

Gross = 6.2% Net = 5.4% (as of December 31, 2020)¹

7. Any other information required to be collected pursuant to Section 7514.7.

N/A

¹ Please note that since inception returns provided represent the client’s time frame in the Fund, and not the returns of the Fund as a whole

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 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.

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.¹ 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 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.

¹ "Time Series Momentum" Moskowitz, Ooi, Pedersen, August 2010 <http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf>

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

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INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.


CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Proxy Voting and Other Engagement Activities

SUMMARY

Under an agreement executed in 2017, Glass Lewis has provided proxy voting services for equity shares owned by the Retirement System in its actively managed accounts. Since that time, the number and market value of the shares for which proxy voting is applicable have decreased significantly as the Retirement System has transitioned its domestic and international equity portfolios to passive management in commingled funds. The agreement with Glass Lewis expires on December 31, 2021, with three one-year options to extend. The purpose of this memo is to inform the Retirement Board that staff plans to place an action item on the agenda at the November Retirement Board meeting to determine whether to extend the agreement with Glass Lewis for an additional year. Staff plans to explore additional engagement opportunities later in the year.

DISCUSSION

The Retirement System hired Glass Lewis in October 2017 to provide proxy voting services for the District's actively managed equity accounts. At the time of hiring, about 62% of the portfolio represented separately managed accounts (SMAs) with equity assets. These accounts were within domestic equity, international equity, covered calls and real estate. For SMAs, the Retirement System is able to vote its own proxies for the shared held. Conversely, for passively managed commingled funds, the fund manager (Northern Trust) votes proxies on behalf of all owners of the fund.

Since the hiring of Glass Lewis, the Retirement System has significantly reduced its active equity allocation, transitioning much of these assets to passive comingled funds. Currently, the remaining equity SMAs represent about 23% of the portfolio. Therefore, the number of meetings and the amount of shares for which Glass Lewis provides proxy voting has decreased significantly.

Glass Lewis' contract expires on December 31, 2021. The District has three one-year options to extend the contract. At the next Retirement Board meeting on November 18, 2021, staff intends to bring the Retirement Board an item on whether to extend the contract one more year.

Proxy Voting and Other Engagement Activities

September 16, 2021

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Proxy voting has been the Retirement System's main form of engagement since implementing Glass Lewis' services in 2017. More recently staff has begun researching other opportunities for the Retirement System to directly engage on Environmental, Social and Governance (ESG) issues with companies in the portfolio. Staff will provide an update to the Retirement Board at a future meeting.

SDS:RLH

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: International Manager Transition and Rebalance Activity

SUMMARY

At its July 15, 2021 Retirement Board Meeting, the Retirement Board took action to terminate its sole remaining active international equity manager, Fisher Investments (Fisher), and transition the assets to the ACWI ex US index fund passively managed by Northern Trust Asset Management (NTAM). This transition also provided the opportunity to review the differences in allocations across all asset classes and managers in the portfolio versus the target allocations and to rebalance efficiently if necessary. Based on an analysis from Meketa showing an over-allocation to domestic and international equity and an under-allocation to fixed income, staff included a rebalance between these asset classes as part of the termination and transition of the Fisher assets. This rebalancing brings the Retirement System's asset allocations after the transition closer to the Retirement Board's approved target allocations.

DISCUSSION

In order to carry out the transition of assets from Fisher to the NTAM ACWI ex US account, staff engaged the transition services of Northern Trust Transition Management (NTTM). This planned transition also provided the opportunity to review current asset allocations versus target allocations allowing for an efficient rebalancing of the portfolio at the same time. Under section IV.B of the Statement of Investment Policy and Procedures, the Director of Finance may rebalance one or more asset classes at its discretion should deviations from the allocation targets occur.

In a review of the Retirement System's portfolio in early August, Meketa found that both the international equity and domestic equity asset classes were over-allocated compared to target allocations while the fixed income asset class was under-allocated. In order to bring these asset classes closer to their targets, Meketa recommended that assets from both the international equity asset class and from the domestic equity asset class be transferred to the Retirement System's four fixed income managers in amounts that would bring each closer to its target allocation. Staff worked with Northern Trust and NTTM to make funds available concurrent with the Fisher transition, as recommended by Meketa.

International Manager Transition and Rebalance Activity

September 16, 2021

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NTTM began trading on August 18, 2021 and completed trading on August 24, 2021. In total, the termination and transition of the Fisher account resulted in \$186 million being transitioned, with \$165 million deposited to the ACWI ex US fund and \$21 million deposited to one fixed income manager. This included almost \$17 million in securities transferred to the ACWI ex US fund in-kind (without incurring trading costs as the District already owned the names in the Fisher account). NTTM provided a pre-trade analysis before the transition and a post-trade analysis after the transition.

Trading costs (both explicit and implicit) were 19.3 basis points -- slightly below NTTM's pre-trade estimate. The transition is additionally exposed to opportunity costs, or the potential movement of the market value of the target portfolio during the transition. The opportunity cost for the transition was 17.8 basis points, above NTTM's pre-trade estimate. This led to a total transition cost of 37.1 basis points, slightly above NTTM's pre-trade midpoint estimate but in line with expectations.


As discussed above, \$21 million of the transitioned Fisher assets were deposited with one of the fixed income managers as part of the additional rebalancing. The transition also included the domestic equity rebalance where \$37 million was moved from the NTAM Russell 3000 domestic equity fund and transferred to the Retirement System's four fixed income managers. In total, CS McKee received \$25 million, Garcia Hamilton received \$22 million, Federated Investors received \$7 million, and MacKay Shields received \$4 million. With this rebalance, each international equity, domestic equity, and fixed income manager was brought closer to its target allocation.

SDS:RLH

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

FROM: Sophia D. Skoda, Director of Finance 

SUBJECT: Working Capital Annual Update

SUMMARY

Since Fiscal Year (FY) 2017, the Retirement System's benefit payments continue to be greater than contributions. This is primarily due to the changing mix of members, where new retirees are receiving larger benefits under the 1955/1980 Plan formula while many new staff are making contributions under the 2013 Tier formula. Another contributing factor is the fact that the number of beneficiaries is growing faster than the number of active members. Since FY2017, staff has drawn on funds from the Retirement System's investment accounts to cover the gap between benefit payments and contributions. The projected gap for FY2022 is approximately \$21 million. To cover this gap and allow for additional contingency, staff made a transfer of \$24 million from the portfolio in July 2021.

BACKGROUND

As presented at the Retirement Board's July 20, 2017 and September 17, 2020 meetings, the Retirement System has entered a period where benefit payments will be greater than contributions. The difference in benefit and contribution payments is due in part to different benefit formulas for some new active members and the fact that beneficiaries are growing at a faster rate than active members. In FY2017, staff began supplementing employee contributions with small withdrawals from investment assets, held at Northern Trust, to cover benefit payments made from the Retirement System. This annual update documents the activity for the previous fiscal year and the expected withdrawal for the current fiscal year, using the steps outlined in the January 18, 2018 Retirement Board report titled 'Working Capital Management Strategy'.

To manage the Retirement System's Working Capital, staff invests bi-weekly member and District contributions into the Local Agency Investment Fund (LAIF) account and makes monthly withdrawals from LAIF to cover benefit payments. The table on the next page shows a summary of the flow of funds in the Retirement System LAIF account since FY2017.

LAIF Activity (in \$ Million)	FY2017 (actual)**	FY2018 (actual)	FY2019 (actual)	FY2020 (actual)	FY2021 (actual)	FY2022 (projected)
Deposits from Contributions	92.0	93.5	105.4	106.4	128.1	116.0
Withdrawal for Benefits	(97.8)	(106.3)	(119.3)	(122.2)	(130.4)	(137.3)
Interest	0.1	0.1	0.3	0.3	0.0	0.0
Supplemental Transfers	8.0	14.0	14.0	15.0	19.0	24.0
<i>Change in LAIF Balance*</i>	2.2	1.4	0.4	(0.4)	(2.2)	2.7

* amounts may not add up due to rounding

** does not include \$7.600 transfer made on July 1, 2017 but covering the June 30, 2016 Retirement System payroll, which is not part of the FY2017 cash flow activity.

For FY2022, projected contributions, based on July 2021 employee payroll data, are \$116.0 million and projected payments, based on July 2021 benefits data, are \$137.3 million, resulting in a gap of \$21.3 million. The transfer of investment assets to Working Capital to cover the gap is \$24 million. As in previous years, the funds will be invested in LAIF until they are periodically drawn down to cover monthly gaps.

As detailed in the report to the Retirement Board on January 18, 2018, the timing and number of employee retirements and new staff can have a significant effect on the projected amounts. To the extent that cash flow needs during the year become greater than projected, staff will withdraw additional funds as needed to ensure that sufficient funds are available as Working Capital to cover all benefits payments.

SDS:DC

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Members of the Retirement Board

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

FROM: Valerie Weekly, Principal Management Analyst

SUBJECT: Announcement of 2022 Retirement Board Meeting Calendar

The following are the Retirement Board Meeting dates for 2022. Consistent with the Board's longstanding schedule, these dates fall on the third Thursday of the appropriate months.

- January 20, 2022
- March 17, 2022
- May 19, 2022
- July 21, 2022
- September 15, 2022
- November 17, 2022

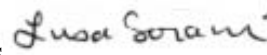
LS:vw

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: September 16, 2021

MEMO TO: Retirement Board

FROM: Lisa Sorani, Manager of Employee Services



SUBJECT: Benefit Plan Renewals for Calendar Year 2022

The annual open enrollment period for active employees and retirees will run from October 18 through November 5, 2021.

For active employees, the District maintains benefit plans for medical, dental, vision, basic and voluntary life, basic and voluntary accidental death & dismemberment (AD&D), and long-term disability insurance (LTD) coverage through group insurance contracts with several carriers. These contracts are subject to renewal each January 1st. The list below shows the percentage change in premium rates from 2021 to 2022:

Active Employee Health Plans Note: Early Retirees (under age 65) also participate on these Medical Plans	Percent Premium Increase/Decrease
Kaiser	+3.3%
Kaiser CDHP (high deductible plan)	+3.3%
ACWA/JPIA Blue Cross Classic	-5.0%
ACWA/JPIA Blue Cross CDHP	-5.0%
Sutter Health Plus HMO	+6.6%
Sutter Health Plus CDHP	+6.6%
Delta Dental (District Paid)	-3.1%
Vision Service Plan (District-paid)	-6.0%
Basic Life (District-paid)	-13.0%
Basic AD&D/LTD (District-paid)	Flat (rate guarantee)
Voluntary Life/AD&D (employee-paid)	Flat (rate guarantee)

The District offers retiree health plans and dental plans. Early retirees, those under age 65 and not yet enrolled in Medicare, are covered by the same health plans as active employees. Once retirees turn 65, they are required to enroll in Medicare and they are transitioned to Medicare-coordinated health plans. In the 2022 plan year, all of the over 65 retiree health plans are offering savings over the current year premiums. ACWA/JPIA has set up a United Health Care Medicare Advantage Plan (UHC Plan) for 2022 that will replace both the Anthem Cal Care HMO and the Blue Cross PPO 65+ Medicare-coordinated plan. The rate change percentages below show the UHC Plan rates compared to the prior two plans.

Retiree Health Plans	Percent Premium Increase/Decrease
Note: Early Retirees (under age 65) are covered on Employee Medical Plans	
Kaiser Sr. Advantage High	-7.2%*
Kaiser Sr. Advantage Low	-8.7%*
United Health Care (replaces ACWA/JPIA Blue Cross Age 65+)	-39.0%*
United Health Care (replaces Anthem Cal Care HMO)	-31.0%*
Delta Dental Retiree Delta Premier PPO	-2.7%
Delta Dental Retiree Delta Care DHMO	Flat (rate guarantee)

*rates shown are for Medicare Only families. Families with members both over and under age 65 pay mixed rates that use the pre-65 rate for those dependents not Medicare eligible.

District Medical

The key drivers related to the rate changes on the Employee and Early Retiree District health plans are the overall Bay Area health care marketplace which continued to see consolidation, our direct health care utilization at Kaiser, and the savings at ACWA/JPIA in their self-funded plan over the past two years.

Kaiser's trend for Northern California HMO shows an increase from 2.89 percent in 2021 to 9.33 percent for 2022. The District's Kaiser premiums are based in part on the Kaiser overall trend and more specifically on the District Kaiser members' usage during the prior year. The experience period used for the 2022 renewal is from January 2020 to December 2020. In this renewal period, the overall per member/per month claims cost decreased from \$502.99 to \$456.77 and high-cost claims were not beyond our negotiated high-cost pool charge of \$1,216,154. These two data points helped keep our renewal much lower than Kaiser's overall trend.

The Sutter Health Plus (Sutter) overall increase for both HMO and CDHP 2021 plans is 6.6 percent. In contrast to the Kaiser renewal, the Sutter renewal is based on the enrolled membership and not the group's individual claim experience. The number of District-covered employees on the Sutter plan has dropped below 100. At contract signing in 2018, Sutter hoped to gain 250 enrolled employees. This plan is only available to early-retirees; it still does not have a Medicare option for over age 65 retirees.

District Dental

In the self-funded employee Delta Dental plan, the funding rate to the pool of money from which dental claims are paid will decrease slightly. Actuaries from the District's benefits broker review the funding ratio each year to ensure there is a reliable cash flow to cover dental claim costs, which may vary from month to month. It was determined that a slight decrease could be made for 2022.

Similarly, the funding level for the District's self-funded retiree PPO Dental Plan will also decrease for 2022. Usage analysis determined that no increase to funding is needed for 2022. The other retiree dental plan, Delta Dental Delta Care DHMO is maintained as a fully insured plan, and costs will remain flat for 2022 with a rate guarantee through January 1, 2023.

Premium rates for all benefit plans for active employees and retirees are outlined in the attached rate charts.

LS:jm

Attachment

EBMUD EMPLOYEE and RETIREE UNDER AGE 65 HEALTH PLAN PREMIUM RATES
January 1, 2022

KAISER	2021 Rates	2022 Rates	% Change
KAISER HMO			
Single	\$736.07	\$760.59	3.33%
Double	\$1,472.13	\$1,521.18	3.33%
Family	\$2,083.07	\$2,152.46	3.33%
KAISER CDHP			
Single	\$651.71	\$673.42	3.33%
Double	\$1,303.41	\$1,346.84	3.33%
Family	\$1,844.33	\$1,905.77	3.33%

SUTTER HEALTH PLUS	2021 Rates	2022 Rates	% Change
SUTTER HEALTH PLUS HMO			
Single Rate	\$822.60	\$876.70	6.58%
Double	\$1,645.20	\$1,753.40	6.58%
Family	\$2,328.00	\$2,481.10	6.58%
SUTTER HEALTH PLUS CDHP			
Single Rate	\$649.10	\$691.80	6.58%
Double	\$1,298.20	\$1,383.60	6.58%
Family	\$1,837.00	\$1,957.80	6.58%

ANTHEM BLUE CROSS	2021 Rates	2022 Rates	% Change
ANTHEM BLUE CROSS PPO			
Single	\$1,025.29	\$974.03	-5.00%
Double	\$2,050.58	\$1,948.05	-5.00%
Family	\$2,717.02	\$2,581.17	-5.00%
ANTHEM BLUE CROSS CDHP			
Single	\$820.23	\$779.22	-5.00%
Double	\$1,640.47	\$1,558.44	-5.00%
Family	\$2,173.62	\$2,064.94	-5.00%

DELTA DENTAL	2021 Rates	2022 Rates	% Change
DELTA DENTAL			
Single	\$78.09	\$75.68	-3.09%
Double	\$156.17	\$151.35	-3.09%
Family	\$218.64	\$211.90	-3.08%

EBMUD RETIREE 65+ HEALTH PLAN & DENTAL PREMIUM RATES
January 1, 2022

KAISER	2021 Rates	2022 Rates	% Change
Sr Adv - HIGH OPTION PLAN			
Single Rate	\$325.02	\$301.62	-7.20%
Double (1Sr. Adv + 1 < 65)	\$1,061.09	\$1,062.21	0.11%
Couple (both with Senior Advantage)	\$650.04	\$603.24	-7.20%
Family (1 Sr. Adv + 1 <65 + dep(s) <65)	\$1,672.03	\$1,693.49	1.28%
Couple (both Sr Adv) + dep(s) < 65	\$1,260.98	\$1,234.52	-2.10%
Sr Adv - LOW OPTION PLAN			
Single Rate	\$268.09	\$244.61	-8.76%
Double (Sub. Sr. Adv + 1 < 65)	\$1,004.16	\$1,005.20	0.10%
Couple (both with Senior Advantage)	\$536.18	\$489.22	-8.76%
Family (Sub Sr. Adv + 1 <65 + dep(s) <65)	\$1,615.10	\$1,636.48	1.32%
Couple (both Sr Adv) + dep(s) < 65	\$1,147.12	\$1,120.50	-2.32%

UNITED HEALTH CARE (Previously Anthem Cal Care)	2021 Rates	2022 Rates	% Change
UNITED HEALTHCARE MEDICARE ADVANTAGE PLAN			
Single Rate (with Medicare)	\$649.52	\$392.49	-39.57%
Double (both with Medicare)	\$1,299.04	\$784.98	-39.57%
Family (All Medicare Eligible)	\$1,993.21	\$1,160.47	-41.78%

UNITED HEALTH CARE Mixed Medicare* (Previously Anthem Blue Cross PPO)	2021 Rates	2022 Rates	% Change
UNITED HEALTHCARE/Anthem Mixed Medicare Plan			
Single (Retiree >65 with Medicare)	\$570.23	\$392.49	-31.17%
Double (1>65 with Medicare + Child(ren))	\$1,185.08	\$1,025.61	-13.46%
Double (1>65 with Medicare + Spouse <65)	\$1,595.52	\$1,366.52	-14.35%
Double (Couple>65 with Medicare)	\$1,140.46	\$784.98	-31.17%
Family (1>65 with Medicare + 1 <65 + dep(s))	\$2,261.96	\$1,999.64	-11.60%
Family (Couple >65 with Medicare + dep(s))	\$1,755.31	\$1,418.10	-19.21%

DELTA DENTAL	2021 Rates	2022 Rates	% Change
DELTA PREMIER			
Retiree	\$37.29	\$36.25	-2.79%
Retiree + 1	\$67.09	\$65.23	-2.77%
Retiree + 2 or more	\$95.09	\$92.45	-2.78%
DELTA CARE			
Retiree	\$30.71	\$30.71	0.00%
Retiree + 1	\$51.50	\$51.50	0.00%
Retiree + 2 or more	\$75.86	\$75.86	0.00%

*NOTE: Retirees/spouses age 65+ required to have Medicare Part A and Part B