

**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY  
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

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**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY  
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST**

**JUNE 30, 2025 AND JUNE 30, 2024**

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**Independent Auditor's Report**

Members of the Board of Directors  
Santa Clara Valley Transportation Authority  
Retirees' Other Post-Employment Benefits Trust  
San Jose, California

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the fiduciary activities of the Santa Clara Valley Transportation Authority (VTA) Retirees' Other Post-Employment Benefits Trust (Plan), as of and for the years ended June 30, 2025 and June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary activities of the Plan, as of June 30, 2025 and June 30, 2024, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As described in Note 1, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of VTA as of June 30, 2025 and 2024, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB asset and related ratios, schedule of employer contributions, and the schedule of investment returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Menlo Park, California  
October 07, 2025

**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY  
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

This section provides an overview and analysis of the financial activities of Santa Clara Valley Transportation Authority Retirees' Other Post Employment Benefits Trust (Plan) for the fiscal years ended June 30, 2025 and June 30, 2024. The Plan was established in May 2008 by the VTA's Board of Directors, and assets held for Other Post Employment Benefits (OPEB) were transferred to the Plan. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

***FINANCIAL HIGHLIGHTS***

The net position of the Plan for the fiscal year ended June 30, 2025 is \$437.6 million (net position restricted for retiree OPEB). The entire net position is available to meet the Plan's ongoing obligations to Plan participants and beneficiaries. Net position at the close of 2024 was \$401.1 million compared to \$368.4 million in 2023.

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. Total additions to the Plan were \$52.7 million and \$47.9 million for the fiscal years ending June 30, 2025, and 2024 respectively. As of June 30, 2025, the Plan's OPEB liability was 128.1% funded compared to 123.1% as of June 30, 2024.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements, which comprise these components:

1. Statement of Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position
3. Notes to the Basic Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**The Statement of Fiduciary Net Position** is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time.

**The Statement of Changes in Fiduciary Net Position**, on the other hand, provides a view of current year additions to and deductions from the Plan.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about the Plan's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date. In addition, both realized and unrealized gains and losses are shown on investments.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

These two statements report the Plan's net position held in an irrevocable trust account for retirees' medical benefits. Net position, the difference between assets and liabilities, measures the Plan's financial position. Over time, increases and decreases in net position indicate whether the Plan's financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Plan's overall health.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. (See notes to Financial Statements on pages 8 to 18 of this report).

***OTHER INFORMATION***

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning the Plan's Net OPEB liability.

***FINANCIAL ANALYSIS***

As previously noted, net position may serve over time as a useful indicator of the Plan's financial position. The assets of the Plan exceeded its liabilities at the end of fiscal years 2025, 2024 and 2023 as follows:

**(Table 1)**

Statement of Trust Net Position  
(In thousands)

	June 30, 2025	June 30, 2024	June 30, 2023
<b>Assets</b>			
Pooled cash	\$ 356	\$ 2,059	\$ 1,884
Investments at fair market value	437,394	399,554	366,334
Other assets	567	581	581
Total Assets	438,317	402,194	368,799
<b>Liabilities</b>			
Current liabilities	758	1,093	445
Net Position	\$ 437,559	\$ 401,101	\$ 368,354

For the year ended June 30, 2025, the Plan's fiduciary net position restricted for OPEB increased by \$36.5 million primarily due to investment earnings from mark to market gains. The increase in net position in FY 2024 from FY 2023 was primarily due to investment earnings from mark to market gains.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

**(Table 2)**

Additions to Net Position (In thousands)			
	June 30, 2025	June 30, 2024	June 30, 2023
Contributions	\$ 5,225	\$ 4,963	\$ 6,398
Net investment income (loss)	47,454	42,896	23,000
Total Additions	\$ 52,679	\$ 47,859	\$ 29,398

Contributions made to the Trust were entirely in the form of cash. Net investment income increased by \$4.6 million in FY 2025 primarily due to trading and mark to market gains.

**(Table 3)**

Deductions From Net Position (In thousands)			
	June 30, 2025	June 30, 2024	June 30, 2023
Distributions to participants	\$ 16,110	\$ 15,029	\$ 14,577
Administrative expenses	111	83	20
Total Deductions	\$ 16,221	\$ 15,112	\$ 14,597

The distributions to participants, which include premium payments for retiree medical benefits and the \$2.1 million implicit subsidy in FY 2025, increased by \$1.1 million or 7.19%. The increases in FY 2025 and 2024 could primarily be attributed to the overall rate increase affecting medical premium plans.

**Requests for Information**

Please address all questions or requests for additional information to the Finance and Budget Division, Attention: Chief Financial Officer, Santa Clara Valley Transportation Authority 3331 North First Street, Building C, Second Floor, San Jose, CA 95134-1927.

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**STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2025 AND JUNE 30, 2024  
(in thousands)**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and investments		
Cash and cash equivalents	\$ 356	\$ 2,059
Corporate bonds	25,327	25,079
Municipal bonds	875	679
U.S. government agency bonds	27,836	25,476
U.S. treasury	5,800	7,141
Money market funds	7,304	1,831
Equity based	260,817	226,814
Real asset funds	18,452	20,664
Alternative investments	90,983	91,870
Receivables	567	571
Due from other agencies	—	10
<b>Total assets</b>	<b>438,317</b>	<b>402,194</b>
<b>LIABILITIES</b>		
Accounts payable	758	1,093
<b>NET POSITION</b>		
Restricted for other post employment benefits	\$ 437,559	\$ 401,101

See accompanying notes to the basic financial statements

**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY  
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**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024  
(in thousands)**

	<b>2025</b>	<b>2024</b>
<b>ADDITIONS/(SUBTRACTIONS)</b>		
VTA contributions	\$ 5,225	\$ 4,963
Net investment income		
Net change in the fair value of investments	32,397	33,404
Investment earnings	17,578	13,773
Investment expense	(2,521)	(4,281)
Total net investment income (loss)	47,454	42,896
<b>TOTAL ADDITIONS/(SUBTRACTIONS)</b>	52,679	47,859
 <b>DEDUCTIONS</b>		
Distributions to participants	16,110	15,029
Administrative expenses	111	83
<b>TOTAL DEDUCTIONS</b>	16,221	15,112
 <b>(DECREASE)/INCREASE IN TRUST NET POSITION</b>	36,458	32,747
 <b>NET POSITION</b>		
Beginning of year	401,101	368,354
End of year	\$ 437,559	\$ 401,101

See accompanying notes to the basic financial statements

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

***NOTE 1 – DESCRIPTION OF THE PLAN***

***General***

The Plan is a contributory single-employer defined benefit plan administered by VTA. The Plan, which was established in May 2008 by the VTA's Board of Directors, is reflected as an Other Post Employment Benefit Trust fund on VTA's financial statements. The Plan is a legally separate entity governed by VTA's Board of Directors. The following description of the Retirees' Other Post Employment Benefits Plan (Plan) provides only general information. Readers should refer to the trust agreement for a more complete description of the trust's provisions. The financial statements of the Plan are intended to present only the Plan's fiduciary net position and changes in fiduciary net position. They do not purport to, and do not, present fairly the financial position of VTA as of June 30, 2025 or June 30, 2024, and the changes in VTA's financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Membership***

The membership of the Plan as of June 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
ATU Retirees	1,329	1,332
Non-ATU Retirees	686	699
Active (Vested) ATU	1,556	1,593
Active (Vested) Non-ATU	723	708
TOTAL	<u>4,294</u>	<u>4,332</u>

***Description of the Benefits***

VTA offers post-employment benefits to its employees through the Santa Clara Valley Transportation Authority Other Post Employment Benefit (OPEB) Trust (Plan), a single employer defined benefit health plan funded and administered by VTA.

Employees who retire directly from VTA are eligible for retiree health benefits if they meet certain requirements related to age and service. For ATU retirees, VTA provides an ATU Retiree Health Care Program (the ATU Program), a post-employment benefit, in accordance with the agreement between VTA and the ATU, to all Classic ATU represented employees who retire from VTA on or after attaining the age of 55 with at least 15 years of eligibility service, or age 65 with 10 years of eligibility service, or upon Board of Pensions' approval age 65 with 5 years of eligibility service, or if an employee becomes disabled and has completed at least 10 years of eligibility service and to all New ATU represented employees who retire from VTA under PEPRA and its mandated provisions. ATU retirees can select from retiree health plans offered under the CalPERS program. For ATU retirees living in California: VTA contributes up to \$100 per month above the Kaiser Region 1 Single Party rate for CalPERS medical plans, regardless of Medicare status. ATU retirees pay the excess above the VTA contribution of up to \$100 per month above the Kaiser Region 1 Single Party rate. For ATU retirees living outside of California: VTA contributes up to \$100 per month above the Kaiser Out of State Single Party rate for

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CalPERS medical plans, regardless of Medicare status. ATU retirees pay the excess above the VTA contribution of up to \$100 per month above the Kaiser Out of State Single Party rate. ATU retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium, excluding penalties/late enrollment fees.

For surviving spouses of ATU retirees: VTA pays the Public Employees' Medical & Hospital Care Act (PEMHCA) minimum employer premium contribution of \$158 per month in 2025.

Non-ATU employees who retire directly from VTA on or after attaining the age of 50 years (Classic members) or 52 years (New members) with at least 5 years of CalPERS service are also covered under a Retiree Health Care Program (the administrative retiree program). Non-ATU retirees can select from retiree health plans offered under the CalPERS program.

For Non-ATU retirees living in California: VTA will contribute up to the Kaiser Region 1 Employee Only rate. Non-ATU retirees pay any premium in excess of the CalPERS Kaiser Region 1 Employee Only rate.

For Non-ATU retirees living outside of California: VTA will contribute up to the Kaiser Out of State Single Party rate. Non-ATU retirees pay any premium in excess of the CalPERS Kaiser Out of State Single Party rate.

Non-ATU retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium, excluding penalties/late enrollment fees.

For surviving spouses of non-ATU retirees who elect a pension option with survivor benefits: VTA will contribute the same amount as it contributes for non-ATU retirees.

VTA also provides life insurance benefits for all ATU retirees and Executive Management retirees. ATU retirees who retired prior to January 1, 2010, receive \$5,000 in life insurance coverage and those who retired on or after January 1, 2010, receive \$7,000 in life insurance coverage. Executive Management retirees receive \$50,000 in life insurance coverage for the first year of retirement, decreasing by \$10,000 each year until its expiration in the sixth year.

Benefit allowance provisions are established through agreements and memorandums of understanding (MOU) between VTA and unions representing its employees.

***Plan Termination***

In the event of Plan termination, the net position of the Plan would be allocated as prescribed in the trust documents, generally to pay in the order indicated:

- VTA's remaining retiree OPEB liabilities
- Reasonable expenses of administering the Plan

Any assets remaining in the Plan after paying off the above liabilities shall revert to VTA.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

***NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES***

***Basis of Accounting***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). Contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of contributions are recognized when due and payable under the provisions of the trust agreement.

***Investments***

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. Purchases and sales of securities are reflected on the trade date and investment income is recognized as earned. Securities that do not have an established market are reported at estimated fair value derived from third party pricing. Certain investments of the Plan are valued based on Net Asset Values (NAV) provided by the respective fund managers. For certain investments where no readily ascertainable fair value exists, the value of these investments is based on estimates provided by the fund managers. Because of the inherent uncertainty in privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed.

***Investments Policies***

The Plan has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Plan has written investment policies regarding the type of investments that may be made specifically for the Plan and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Plan's investments have complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

***Administrative Expenses***

Certain internal costs (such as audit fees, investment consultant and actuarial fees) of administering the Plan are paid by the Plan.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

***NOTE 3 – INVESTMENTS***

The Plan maintains all of its operating cash funds in VTA's cash and investment pool. The pool functions as a demand deposit account for the Plan, as amounts can be withdrawn at any time upon demand. VTA's management and its Board of Directors are responsible for oversight of the cash and investment pool. Information regarding the characteristics of the entire investment pool can be found in the VTA's financial statements. That report may be obtained by writing to Santa Clara Valley Transportation Authority – Finance and Budget Division, 3331 North First Street, San Jose, California, 95134. The fair value of the Plan's position in the cash pool is the same as the value of the cash pool shares. As of June 30, 2025 and 2024 the Plan has \$0.4 and \$2.1 million in VTA's cash and cash equivalents, respectively.

***Money weighted Rate of Return***

For the years ended June 30, 2025 and June 30, 2024, the annual money-weighted rate of return on the Plan's investments, net of Plan investment expense, were 11.97 percent and 11.78 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of receipts and disbursements.

***Custodial Credit Risk***

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plan's investment policy provides for the use of a custodian/trustee to invest the Plan's assets as directed by investment managers. The Plan's investment securities were held by US Bank, N.A., a custodial bank, at June 30, 2025 and June 30, 2024. Assets are separate from the counterparty, in the name of Santa Clara Valley Transportation Authority (VTA). VTA's securities are not part of US Bank's assets and not attachable by any of its creditors.

***Concentration of Credit Risk***

Concentration of credit risk is the risk that the failure of anyone issuer would place an undue financial burden on the Plan. The Plan's investment policy mitigates the concentration of credit risk by identifying percentage ranges for different types of investments and specific targets within the percentage ranges. Disclosure of concentration of credit risk is defined as any investment with one issuer that is greater than 5% of the total Plan investments. As of June 30, 2025, the Plan held investments in the Dodge & Cox, Principal Group and BlackRock that exceeded 5% of the total Plan's investment portfolio. As of June 30, 2024, the Plan held investments in the UBS Trumbull Real Estate Fund, Dodge & Cox, Principal Group and BlackRock that exceeded 5% of the total Plan's investment portfolio. Similar conditions existed as of June 30, 2023.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. One of the Plan's primary goals is to provide sufficient liquidity to meet future retirees' other post employment benefit obligations. However, the Plan does not have any policies specifically addressing interest rate risk.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

The following table shows the time distribution for the maturity of the Plan's assets, other than equity-based securities, alternative investment and real asset funds which have no specific maturity dates, as of June 30, 2025 and June 30, 2024 (in thousands):

At June 30, 2025					
Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Corporate Bonds	\$ 25,327	\$ 1,411	\$ 9,318	\$ 7,118	\$ 7,480
Municipal Bonds	875	—	—	582	293
U.S. Government Agency Bonds	27,836	1	13	411	27,411
U.S. Treasury Obligations	5,800	—	—	245	5,555
Money Market Funds	7,304	7,304	—	—	—
Subtotal	67,142	<u>\$ 8,716</u>	<u>\$ 9,331</u>	<u>\$ 8,356</u>	<u>\$ 40,739</u>
Real Assets Funds	18,452				
Equity-Based	260,817				
Alternative Investments	90,983				
Pooled Cash in VTA's Pool	356				
Total cash and investments	<u>\$ 437,750</u>				

At June 30, 2024					
Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Corporate Bonds	\$ 25,079	\$ 870	\$ 6,678	\$ 8,650	\$ 8,881
Municipal Bonds	678	—	—	387	291
U.S. Government Agency Bonds	25,476	—	21	347	25,108
U.S. Treasury Obligations	7,141	—	—	—	7,141
Money Market Funds	1,831	1,831	—	—	—
Subtotal	60,205	<u>\$ 2,701</u>	<u>\$ 6,699</u>	<u>\$ 9,384</u>	<u>\$ 41,421</u>
Real Assets Funds	20,665				
Equity-Based	226,814				
Alternative Investments	91,870				
Pooled Cash in VTA's Pool	2,059				
Total cash and investments	<u>\$ 401,613</u>				

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The Plan's investment policy has mitigated credit risk by prioritizing safety of principal above other investment objectives, by requiring third-party investment manager applicants to meet certain requirements, by diversifying the portfolio, and by establishing monitoring procedures.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

The following is a summary of the credit quality distribution for investments with credit exposure at June 30, 2025 and 2024, respectively, as rated by Standard and Poor's (in thousands).

Type of Investment	At June 30, 2025 Fair Value	At June 30, 2024 Fair Value
Corporate Bonds:		
A	\$ 2,706	\$ 2,009
AA	1,853	2,178
AAA	2,208	—
B	182	467
BB	1,584	1,836
BBB	16,794	18,588
Municipal Bonds:		
AA	455	453
A	420	226
U.S. Government Agency Bonds		
AA	27,836	25,476
U.S. Treasury Obligations:		
AA	5,800	7,141
Subtotal	59,838	58,374
Unrated:		
Real Assets Funds	18,452	20,665
Equity-Based	260,817	226,814
Alternative Investments	90,983	91,870
Money Market Funds	7,304	1,831
Pooled Cash in VTA's Pool	356	2,059
Total cash and investments	\$ 437,750	\$ 401,613

***Fair Value Measurement***

The Plan's investments, measured and reported at fair value are classified according to the following hierarchy in which the levels are based on the nature of inputs used to measure the fair value of the investment:

- Level 1 – Investment fair values based on prices quoted in active markets for identical assets.
- Level 2 – Investment fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.
- Level 3 – Investment fair values based on unobservable inputs.

The categorization of investments within the hierarchy is based solely upon the objectivity of the inputs used in the measurement of the fair value of the investments and does not reflect the level of risk associated with the investments. Investments classified in Level 1 of the fair value hierarchy are valued

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from predetermined external pricing vendors or primary dealers who obtain quoted prices in active markets. These prices represent amounts at which the securities could be sold. Investments classified in Level 2 are subject to alternative pricing sources, including a combination of price sources and pricing models. Investments classified as Level 3 are valued using best available sources such as property appraisals, discounted cash flow models and public market comparable of similar assets where applicable. The following is the fair value hierarchy table: (in thousands).

At June 30, 2025			
Type of Investment	Fair Value	Level 1	Level 2
Corporate Bonds	\$ 25,327	\$ —	\$ 25,327
Municipal Bonds	875	—	875
U.S. Government Agency Bonds	27,836	—	27,836
U.S. Treasury Obligations	5,800	5,800	—
Equity-Based	260,817	260,817	
Subtotal	320,655	\$ 266,617	\$ 54,038
<b>Net asset Value</b>			
Real Assets Funds	18,452		
Alternative Investments	90,983		
<b>Not subject to the fair value hierarchy</b>			
Money Market Funds	7,304		
Pooled Cash in VTA's Pool	356		
Total cash and investments	\$ 437,750		

At June 30, 2024			
Type of Investment	Fair Value	Level 1	Level 2
Corporate Bonds	\$ 25,079	\$ —	\$ 25,079
Municipal Bonds	678	—	678
U.S. Government Agency Bonds	25,476	—	25,476
U.S. Treasury Obligations	7,141	7,141	—
Equity-Based	226,814	226,814	
Subtotal	285,188	\$ 233,955	\$ 51,233
<b>Net asset Value</b>			
Real Assets Funds	20,665		
Alternative Investments	91,870		
<b>Not subject to the fair value hierarchy</b>			
Money Market Funds	1,831		
Pooled Cash in VTA's Pool	2,059		
Total cash and investments	\$ 401,613		

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The Plan's investments in real asset funds and alternative investments are valued based on net asset values provided by the funds' investment managers. The value provided represents VTA's share of these investments. The investment manager's valuation is based on the best information available and because of the inherent uncertainty the fair value may differ from the values that would have been used if a ready market for such securities existed. The fair value determination and redemption frequency is generally determined on a quarterly basis.

***Foreign Currency Risk***

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan has exposure through international equity commingled funds, international fixed income investments. The plan's investments in foreign securities as of June 30, 2025 and June 30, 2024 are as follows (in thousands):

	2025	2024
Australian Dollar	\$ 3,797	\$ 3,810
British Pound Sterling	8,035	7,615
Brazilian Real	873	672
Chilean Peso	116	79
Chinese Yuan	725	534
Colombian Peso	27	15
Czech Koruna	36	20
Danish Krone	1,264	2,007
Egyptian Pound	16	15
Euro	19,625	16,927
Hong Kong Dollar	5,900	3,695
Hungarian Forint	62	36
Indian Rupee	4,416	3,300
Indonesian Rupiah	283	254
Israeli New Shekel	309	168
Japanese Yen	12,008	11,593
Kuwaiti Dinar	192	126
Malaysian Ringgit	331	249
Mexican Peso	431	331
New Zealand Dollar	105	97
Norwegian Krone	348	316
Philippine Peso	119	89
Polish Zloty	283	164
Qatari Rial	169	122
Saudi Riyal	796	625
Singapore Dollar	734	581
South African Rand	759	477
South Korean Won	2,531	1,955
Swedish Krona	1,661	1,635
Swiss Franc	5,237	4,869
Taiwan Dollar	4,316	3,193
Thai Baht	262	246
Turkish Lira	162	166
United Arab Emirates Dirham	349	175
Total	<u>\$ 76,277</u>	<u>\$ 66,156</u>

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**NOTE 4 –TOTAL OPEB LIABILITY, FIDUCIARY NET POSITION AND NET OPEB ASSET**

The components of the net OPEB asset at June 30, 2025, and 2024 were as follows (in thousands):

	2025	2024
Total OPEB Liability	\$ 341,687	\$ 325,753
Plan fiduciary net position	437,559	401,101
Net OPEB Asset	\$ 95,872	\$ 75,348
Plan fiduciary net position as a percentage of the total OPEB liability	128.06 %	123.13 %

***Actuarial Assumptions***

The Total OPEB liability was determined by an actuarial valuation as of January 1, 2024, with the liability rolled forward using standard update procedures and the following actuarial assumptions to June 30, 2025 and June 30, 2024, respectively.

	2025	2024
Health care trend rate	<ul style="list-style-type: none"> <li>• Non-Medicare - 8.50% for 2025</li> <li>• Medicare (Non-Kaiser) - 7.50% for 2025</li> <li>• Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Medicare - 8.50% for 2025</li> <li>• Medicare (Non-Kaiser) - 7.50% for 2025</li> <li>• Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076</li> </ul>
Inflation rate	2.50%	2.50%
Investment rate of return	6.25%	6.25%
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Discount rate	6.25%	6.25%
Mortality	Rates for ATU participants are adopted from the study of experience over the five years ending in December 31, 2021. Rates for Administrative participants are from the CalPERS study of non-industrial Miscellaneous employer experience over the twenty years ending June 30, 2019.	Rates for ATU participants are adopted from the study of experience over the five years ending in December 31, 2021. Rates for Administrative participants are from the CalPERS study of non-industrial Miscellaneous employer experience over the twenty years ending June 30, 2019.
Participation rate	92% will elect to use coverage at retirement	92% will elect to use coverage at retirement
Dependent coverage	25% will require dependent coverage	25% will require dependent coverage

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The rates used in the experience study were based on a five-year study ending December 31, 2021 for ATU members and CalPERS experience study over 20 years ending June 2019.

***Contributions to the Plan***

VTA contributes to the Plan at the actuarially determined amount or rates applied to eligible payroll sufficient to maintain funding of vested benefits. VTA's contributions are established by an actuary. The \$5.2 million and \$5.0 million contributions in fiscal years 2025 and 2024, respectively, were entirely cash contributions.

***Discount Rate***

The discount rate used to measure the Total OPEB Liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be equal to the Actuarially Determined Contributions for the applicable fiscal years. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the expected real rate of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2025 and 2024:

Asset Class	2025		2024	
	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return
Domestic Equity	28.00%	4.29%	28.00%	4.29%
International Equity	12.00%	4.49%	12.00%	4.49%
Emerging Markets Equity	5.00%	5.25%	5.00%	5.25%
Domestic Fixed Income	17.00%	0.78%	17.00%	0.78%
Absolute Return FoF	8.00%	2.79%	8.00%	2.79%
Private Core Real Estate	10.00%	3.91%	10.00%	3.91%
Diversified Real Assets	7.00%	4.03%	7.00%	4.03%
Private Debt	12.00%	4.38%	12.00%	4.38%
Cash	1.00%	(0.50)%	1.00%	(0.50)%
	<u>100.00%</u>		<u>100.00%</u>	

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***Sensitivity of the Net OPEB Asset to Changes in the Discount Rate***

The following presents the Net OPEB Asset as calculated using the current discount rate of 6.25%, as well as what the Net OPEB Asset would be if it was calculated using a discount rate that is one percentage-point lower (5.25%) or one percentage-point higher (7.25%) than the current rate. Amounts are in thousands.

	2025			2024		
	<b>1% Decrease 5.25%</b>	<b>Current Discount Rate 6.25%</b>	<b>1% Increase 7.25%</b>	<b>1% Decrease 5.25%</b>	<b>Current Discount Rate 6.25%</b>	<b>1% Increase 7.25%</b>
	Net OPEB Asset	\$ 54,231	\$ 95,872	\$ 130,642	\$ 35,348	\$ 75,348

***Health Care Trend Rates***

Trend rates reflect 8.50% for Non-Medicare; 7.50% for Medicare (Non-Kaiser); and 6.25% for Medicare (Kaiser).

***Sensitivity of the Net OPEB Asset to Changes in the Health Care Trend Rates***

The following presents the Net OPEB Asset as calculated using the current blended trend rates of 8.5% for Non-Medicare; 7.5% for Medicare (Non-Kaiser), and 6.25% for Medicare (Kaiser). This also shows what the Net OPEB Asset would be if it was calculated using blended trend rates that are one percentage-point lower or one percentage-point higher than the current rates for all. Amounts are in thousands.

	2025			2024		
	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Net OPEB Asset	\$ 137,845	\$ 95,872	\$ 44,418	\$ 112,833	\$ 75,348	\$ 29,569

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
For the Fiscal Year Ending June 30,  
(amounts in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>									
Service cost	\$ 11,471	\$ 9,140	\$ 8,895	\$ 6,589	\$ 6,300	\$ 6,141	\$ 6,190	\$ 5,697	\$ 5,888
Interest cost	20,573	17,785	17,072	18,320	18,298	17,810	17,190	16,695	15,872
Benefits payments	(16,110)	(15,029)	(14,577)	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,055)
Effect of Change in Actuarial Assumptions/ Methods	—	27,306	—	6,217	7,004	(12)	6,523	(1,057)	—
Difference between Expected and Actual Experience	—	3,614	—	(14,980)	(8,435)	(3,064)	(7,876)	(1,670)	—
Effect of Plan Amendments	—	—	—	—	—	—	306	—	—
<b>Net change in total OPEB liability</b>	<b>15,934</b>	<b>42,816</b>	<b>11,390</b>	<b>(2,714)</b>	<b>8,973</b>	<b>7,104</b>	<b>9,191</b>	<b>7,126</b>	<b>8,705</b>
<b>Total OPEB liability - beginning</b>	<b>325,753</b>	<b>282,937</b>	<b>271,547</b>	<b>274,261</b>	<b>265,288</b>	<b>258,184</b>	<b>248,993</b>	<b>241,867</b>	<b>233,162</b>
<b>Total OPEB liability - ending (a)</b>	<b>341,687</b>	<b>325,753</b>	<b>282,937</b>	<b>271,547</b>	<b>274,261</b>	<b>265,288</b>	<b>258,184</b>	<b>248,993</b>	<b>241,867</b>
<b>Plan fiduciary net position</b>									
Contributions to Plan Trusts	5,225	4,963	6,398	6,311	5,717	5,799	9,086	—	4,047
Benefit payments from Plan Trusts	(16,110)	(15,029)	(14,577)	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,054)
Administrative expense from Plan Trusts	(111)	(83)	(20)	(181)	(94)	(91)	(93)	(109)	(25)
Expected Investment Return	—	42,894	23,001	(31,098)	22,868	22,861	21,931	20,550	18,976
Investment Experience (Loss)/Gain	47,454	—	—	—	52,119	(14,457)	(2,528)	7,575	14,350
<b>Net change in plan fiduciary net position</b>	<b>36,458</b>	<b>32,745</b>	<b>14,802</b>	<b>(43,828)</b>	<b>66,416</b>	<b>341</b>	<b>15,254</b>	<b>15,477</b>	<b>24,294</b>
Plan fiduciary net position - beginning	401,101	368,356	353,554	397,382	330,966	330,625	315,371	299,894	275,600
Plan fiduciary net position - ending (b)	437,559	401,101	368,356	353,554	397,382	330,966	330,625	315,371	299,894
<b>Net OPEB Asset - beginning</b>	<b>(75,348)</b>	<b>(85,419)</b>	<b>(82,007)</b>	<b>(123,121)</b>	<b>(65,678)</b>	<b>(72,441)</b>	<b>(66,378)</b>	<b>(58,027)</b>	<b>(42,439)</b>
<b>Net OPEB Asset - ending (a) - (b)</b>	<b>\$ (95,872)</b>	<b>\$ (75,348)</b>	<b>\$ (85,419)</b>	<b>\$ (82,007)</b>	<b>\$ (123,121)</b>	<b>\$ (65,678)</b>	<b>\$ (72,441)</b>	<b>\$ (66,378)</b>	<b>\$ (58,027)</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>128.06 %</b>	<b>123.13 %</b>	<b>130.19 %</b>	<b>130.20 %</b>	<b>144.89 %</b>	<b>124.76 %</b>	<b>128.06 %</b>	<b>126.66 %</b>	<b>123.99 %</b>
<b>Covered-payroll<sup>1</sup></b>	<b>\$274,852</b>	<b>\$260,964</b>	<b>\$237,306</b>	<b>\$233,952</b>	<b>\$187,551</b>	<b>\$186,300</b>	<b>\$181,761</b>	<b>\$185,861</b>	<b>\$176,709</b>
<b>Net OPEB asset as a percentage of covered-payroll</b>	<b>-34.88 %</b>	<b>-28.87 %</b>	<b>-36.00 %</b>	<b>-35.05 %</b>	<b>-65.65 %</b>	<b>-35.25 %</b>	<b>-39.86 %</b>	<b>-35.71 %</b>	<b>-32.84 %</b>

Information not available prior to 2017.

<sup>1</sup>Covered-payroll included payroll subjected to medicare tax withholding (generated from SAP). FY 2021 and prior years were based on actuarial reports.

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**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(amounts in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Determined Contribution (ADC)	\$ 4,978	\$ (3,094)	\$ (1,948)	\$ (5,483)	\$ (5,657)	\$ (5,035)	\$ 3,410	\$ (2,113)	\$ 4,574	\$ 4,785
Contributions in Relation to the ADC	5,225	4,963	6,398	6,311	5,717	5,799	9,086	—	4,047	4,785
Contributions Deficiency/(Excess)	\$ (247)	\$ (8,057)	\$ (8,346)	\$ (11,794)	\$ (11,374)	\$ (10,834)	\$ (5,676)	\$ (2,113)	\$ 527	\$ —
Covered-payroll <sup>1</sup>	\$274,852	\$260,964	\$237,306	\$233,952	\$187,551	\$186,300	\$181,761	\$185,861	\$176,709	\$168,869
Contributions as a Percentage of Covered Payroll	1.90 %	1.90 %	2.70 %	2.70 %	3.05 %	3.11 %	5.00 %	— %	2.29 %	2.83 %

<sup>1</sup>Covered-payroll included payroll subjected to medicare tax withholding (generated from SAP). FY 2021 and prior years were based on actuarial reports.

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**SCHEDULE OF INVESTMENT RETURNS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	11.9700 %	11.7800 %	6.5700 %	(7.8765)%	19.4998%	1.0314%	6.4386%	9.8323%	12.5066%

Information not available prior to the implementation of GASB Statement No. 74 in FY 2017.

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