

**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN**

ANNUAL FINANCIAL REPORT

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

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**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AMALGAMATED TRANSIT UNION PENSION PLAN**

JUNE 30, 2025 AND JUNE 30, 2024

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Members of the Board of Directors
Santa Clara Valley Transportation Authority
Amalgamated Transit Union Pension Plan
San Jose, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the fiduciary activities of Santa Clara Valley Transportation Authority Amalgamated Transit Union Pension Plan (Plan), a component unit of the Santa Clara Valley Transportation Authority (VTA), 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 Opinion

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 the Plan 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 opinion.

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

opinion. 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 the Plan'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 the Plan'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 pension liabilities and related ratios, schedule of employer contributions and schedule of investment return 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 management's discussion and analysis, schedule of changes in net pension liabilities and related ratios, schedule of employer contributions and schedule of investment return 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
AMALGAMATED TRANSIT UNION PENSION PLAN**

**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 Amalgamated Transit Union Pension Plan (Plan) for the fiscal year ended June 30, 2025 and 2024. 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 at the close of fiscal year 2025 was \$769.8 million (net position held in trust for pension benefits). The entire net position is available to meet the Plan's ongoing obligations to Plan participants and beneficiaries. Net position at the close of fiscal year 2024 was \$709.8 million compared to \$648.4 million in fiscal year 2023.

Total pension contribution in fiscal year 2025 was \$37.5 million compared to \$37.3 million in fiscal year 2024 and \$38.8 million in fiscal year 2023. Members began making contributions to the plan in fiscal year 2017.

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2025, the Plan's measurement date, the funded ratio for the Plan was approximately 80%. The funded ratio calculation did not include COLA provision assumption. In general, there were approximately \$0.80 of assets to cover each dollar of pension liability. The funding ratio reported an increase of 3.9% from the FY 2024 measurement date.

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 Plan Net Position
2. Statement of Changes in Plan 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 reflects 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 restricted for pension benefits. Net position, the difference between assets and liabilities, measure the Plan’s financial position. Over time, increases and decreases in the Plan's net position indicate whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Plan's overall financial position.

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 9 to 19 of this report).

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information related to the Plan's historical net pension liability, pension contributions and the plan’s annual money-weighted rate of return.

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 current liabilities at the close of fiscal year 2025. As of FY2025, the Plan remains in a financial position to meet its obligations to the plan participants and beneficiaries with a 80% funded ratio as of the last actuarial valuation.

(Table 1)

Condensed Statement of Plan Net Position
(in thousands)

	June 30,		
	2025	2024	2023
Assets			
Cash & cash equivalents	\$ —	\$ 3,159	\$ 3,903
Investments at fair value	772,984	707,598	648,205
Other assets	884	881	713
Total Assets	773,868	711,638	652,821
Liabilities			
Current liabilities	4,083	1,827	4,458
Net Position	\$ 769,785	\$ 709,811	\$ 648,363

For the year ended June 30, 2025, the Plan's total net position restricted for pension benefits increased by \$60.0 million or 8.45% primarily as a result of investment gains from market appreciation. The 2024 investment gains were also a result of mark to market gains. The increase in liabilities was primarily caused by an increase in due to other funds of \$2.8 million from pension distribution paid at year-end by the VTA Transit fund on behalf of ATU that was not reimbursed until the following period.

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

(Table 2)

Summary of Additions to Plan Net Position
(in thousands)

	June 30,		
	2025	2024	2023
Contributions	\$ 37,545	\$ 37,269	\$ 38,778
Net investment earnings	78,850	79,498	44,467
Total Additions	<u>\$ 116,395</u>	<u>\$ 116,767</u>	<u>\$ 83,245</u>

Of the total \$37.5 million contribution in fiscal year 2025, VTA contributed \$31.6 million, members contributed \$5.9 million (of which ATU contributed \$19 thousand for its staff). Net investment income of \$79.5 million was recognized in fiscal year 2024 while net investment income of \$78.9 million was reported in fiscal year 2025 primarily due to market appreciation of investment holdings as in the prior year.

(Table 3)

Summary of Deductions to Plan Net Position
(in thousands)

	June 30,		
	2025	2024	2023
Distributions to participants	\$ 56,028	\$ 54,912	\$ 54,279
Administrative expenses	393	407	431
Total Deductions	<u>\$ 56,421</u>	<u>\$ 55,319</u>	<u>\$ 54,710</u>

The distributions to participants grew from the prior year primarily due to retirees' salary growth and members electing for options with higher and longer lasting benefit payments. Administrative expenses remained relatively consistent throughout these three fiscal years.

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)**

ASSETS	2025	2024
Cash and investments		
Cash and cash equivalents	\$ —	\$ 3,159
Money market funds	1,608	3,313
Corporate bonds	40,761	37,395
U.S. treasury	13,808	12,211
U.S. government agency bonds	46,278	40,220
Municipal bonds	1,428	995
Equity based	465,244	408,571
Real asset funds	31,795	35,588
Alternative investments	172,062	169,305
Receivables	884	867
Prepaid expenses	—	14
Total assets	773,868	711,638
LIABILITIES		
Accounts payable	1,284	1,808
Due to other funds	2,799	—
Unearned revenues	—	19
Total Liabilities	4,083	1,827
NET POSITION		
Restricted for pension benefits	\$ 769,785	\$ 709,811

See accompanying notes to the basic financial statements

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

	2025	2024
ADDITIONS		
Contributions:		
Employer	\$ 31,602	\$ 30,426
Employee	5,943	6,843
Total Contributions	37,545	37,269
Net investment income:		
Net change in the fair value of investments	54,127	62,595
Investment earnings	29,266	24,506
Investment expense	(4,543)	(7,603)
Total net investment income (loss)	78,850	79,498
Total additions	116,395	116,767
 DEDUCTIONS		
Distributions to participants	56,028	54,912
Administrative expenses	393	407
Total deductions	56,421	55,319
 (DECREASE)/INCREASE IN NET POSITION	59,974	61,448
 NET POSITION:		
Beginning of year	709,811	648,363
End of year	\$ 769,785	\$ 709,811

See accompanying notes to the basic financial statements

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

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Santa Clara Valley Transportation Authority Amalgamated Transit Union Pension Plan (Plan), a component unit of the Santa Clara Valley Transportation Authority (VTA), provides only general information.

General

The Plan is a single-employer defined benefit pension plan covering VTA employees who are members of the Santa Clara Valley Transportation Authority Amalgamated Transit Union (ATU) and is administered by a Pension Board, consisting of three members appointed by VTA, three members appointed by the ATU, and one member jointly appointed. The membership of the Plan as of June 30 comprises the following:

	2025	2024
Retirees and beneficiaries currently receiving benefits	1,712	1,726
Terminated vested members not yet receiving benefits	98	102
Active Members	1,657	1,597
Total	<u>3,467</u>	<u>3,425</u>

Readers should refer to the Plan agreement for a more complete description of the Plan'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.

Description of the Benefits

Classic Employees

Employee members attaining age 55 and completing 15 years of eligibility service, or attaining age 65 and completing 10 years of eligibility service, or attaining age 65 and completing 5 years of eligibility service, providing the Board of Pensions approves such an election, are entitled to full annual pension benefits. The Plan also permits Occupational or Total and Permanent Disability Pension benefits if an employee becomes disabled after 10 or more years of eligibility service and elects to retire as a result of said disability. An employee member who terminates his/her employment or is terminated by VTA or the Union and has completed at least one period of 10 or more years of eligibility service and has not qualified for a service or disability pension under the plan may be eligible for a deferred vested retirement upon attaining age 65. Employees may elect to receive their benefits in the form of a joint or survivor annuity, excluding deferred vested and disability retirements. These benefit provisions and all other requirements are established by California statute and the labor agreement with the ATU Local 265.

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PEPRA (New) Employees

Plan benefit provisions and all other requirements are established by California Public Employees' Pension Reform Act of 2013 (PEPRA) and Plan amendments as approved by the VTA Board at its October 6, 2016 meeting. Retirement benefits for PEPRA employees follow PEPRA legislation.

Plan Termination

In the event of plan termination, the net position of the Plan would be allocated as prescribed in the Plan documents, generally to provide the following benefits in the order indicated:

- Retirement benefits payable to retired members (as defined) and disabled members (as defined).
- Actuarial reserves for the retirement benefits of other vested members (as defined).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The 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 requirements. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Plan.

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.

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Investments Policy

The Plan has adopted an internally developed investment policy that is governed by the standards established in the California Law. 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. Management believes the Plan's investment have complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The following investments and investment activities are prohibited except when commingled/pooled investment vehicles are selected because investment firms have their own guidelines for commingled/pooled accounts:

- Non-hedging transactions that leverage / increase the risk of the Plan's portfolios.
- Short sales or substantially similar transactions.
- Letter stock, private placements, or direct placements.
- Purchase of securities on margin, or lending or borrowing money or securities.

Administrative Expenses

Certain internal costs of administering the Plan are paid by the Plan. This includes actuarial, legal, training, earnings verification and medical evaluation costs. Administrative expenses for the years ended June 30, 2025 and 2024 were \$393 thousand and \$407 thousand, respectively.

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.

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 the Plan owed \$2.8 million to the VTA Transit fund for a pension distribution paid at year-end on behalf of ATU that was not reimbursed until the following period. The Plan did not report any cash and cash equivalents while FY 2024 showed \$3.2 million.

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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 9.37 percent and 9.31 percent, respectively. The net investment income in FY 2025 was \$78.9 million primarily due to interest earnings and mark to market gains. 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 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 their creditors.

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one 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 Pension Plan held investments in Dodge & Cox, Principal Group, and Blackrock that exceeded 5% of the total Pension Plan's investment portfolio. As of June 30, 2024, the Pension Plan held investments in UBS Trumbull Real Estate Fund, Dodge & Cox, Principal Group, and Blackrock that exceeded 5% of the total Pension Plan's investment portfolio.

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 pension benefit payment obligations. However, the Plan does not have any policy specifically addressing interest rate risk.

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

The table on the next page 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	\$ 40,761	\$ 2,614	\$ 13,376	\$ 12,575	\$ 12,196
Municipal Bonds	1,428	—	—	722	706
U.S. Agency Bonds	46,278	3	7	864	45,404
U.S. Treasury	13,808	—	—	757	13,051
Money Market Funds	1,608	1,608	—	—	—
Subtotal	<u>103,883</u>	<u>\$ 4,225</u>	<u>\$ 13,383</u>	<u>\$ 14,918</u>	<u>\$ 71,357</u>
Real Assets Funds	31,795				
Equity Based	465,244				
Alternative Investments	172,062				
Total cash and investments	<u><u>\$ 772,984</u></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	\$ 37,395	\$ 1,019	\$ 10,202	\$ 12,039	\$ 14,135
Municipal Bonds	995	—	—	410	585
U.S. Agency Bonds	40,220	2	26	959	39,233
U.S. Treasury	12,211	—	—	—	12,211
Money Market	3,313	3,313	—	—	—
Subtotal	<u>94,134</u>	<u>\$ 4,334</u>	<u>\$ 10,228</u>	<u>\$ 13,408</u>	<u>\$ 66,164</u>
Real Assets Funds	35,588				
Equity Based	408,571				
Alternative Investments	169,305				
Pooled Cash in VTA's Pool	3,159				
Total cash and investments	<u><u>\$ 710,757</u></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 BASIC FINANCIAL STATEMENTS
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The following is a summary of the credit quality distribution for investments with credit exposure as of June 30, 2025 and 2024, 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	5,426	2,822
AA	3,005	3,637
AAA	3,652	241
B	208	614
BB	2,550	2,629
BBB	25,920	27,453
Municipal Bonds		
A	722	410
AA	706	585
U.S. Government Agencies		
AA	46,278	40,220
U.S. Treasury		
AA	13,808	12,210
Subtotal	102,275	90,821
Unrated cash and investments		
Real Assets Funds	31,795	35,588
Equity Based	465,244	408,571
Alternative Investments	172,062	169,305
Money Market	1,608	3,313
Pooled Cash in VTA's Pool	—	3,159
Total cash and investments	\$ 772,984	\$ 710,757

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 from

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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	\$ 40,761	\$ —	\$ 40,761
Municipal Bonds	1,428	—	1,428
U.S. Agency Securities	46,278	—	46,278
U.S. Treasury	13,808	13,808	—
Equity Based	465,244	465,244	—
Subtotal	567,519	<u>\$ 479,052</u>	<u>\$ 88,467</u>
Net asset Value			
Real Assets Funds	31,795		
Alternative Investments	172,062		
Not subject to the fair value hierarchy			
Money Market	1,608		
Pooled Cash in VTA's Pool	—		
Total cash and investments	\$ 772,984		
At June 30, 2024			
Type of Investment	Fair Value	Level 1	Level 2
Corporate Bonds	\$ 37,395	\$ —	\$ 37,395
Municipal Bonds	995	—	995
U.S. Agency Securities	40,220	—	40,220
U.S. Treasury	12,211	12,211	—
Equity Based	408,571	408,571	—
Subtotal	499,392	<u>\$ 420,782</u>	<u>\$ 78,610</u>
Net asset Value			
Real Assets Funds	35,588		
Alternative Investments	169,305		
Not subject to the fair value hierarchy			
Money Market	3,313		
Pooled Cash in VTA's Pool	3,159		
Total cash and investments	\$ 710,757		

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

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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 2024 are as follows (in thousands):

	2025	2024
Australian Dollar	\$ 6,288	\$ 7,193
British Pound Sterling	14,064	14,920
Brazilian Real	1,413	1,119
Chilean Peso	188	131
Chinese Yuan	1,173	891
Colombian Peso	45	23
Czech Koruna	59	34
Danish Krone	2,093	3,791
Egyptian Pound	26	25
Euro	33,730	32,870
Hong Kong Dollar	9,585	6,355
Hungarian Forint	99	60
Indian Rupee	7,143	5,502
Indonesian Rupiah	457	423
Israeli New Shekel	512	316
Japanese Yen	19,888	21,890
Kuwaiti Dinar	309	210
Malaysian Ringgit	534	415
Mexican Peso	697	552
New Zealand Dollar	174	183
Norwegian Krone	575	597
Philippine Peso	191	148
Polish Zloty	457	274
Qatari Rial	273	204
Saudi Riyal	1,287	1,043
Singapore Dollar	1,216	1,096
South African Rand	1,228	797
South Korean Won	4,093	3,260
Swedish Krona	2,751	3,087
Swiss Franc	8,674	9,195
Taiwan Dollar	6,981	5,323
Thai Baht	424	410
Turkislı Lira	262	276
United Arab Emirates Dirham	564	291
Total	<u>\$ 127,453</u>	<u>\$ 122,904</u>

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NOTE 4 - NET PENSION LIABILITY

The components of the net pension liability were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Total pension liability	\$ 960,436	\$ 920,116
Plan fiduciary net position	769,785	709,811
Net pension liability	<u>\$ 190,651</u>	<u>\$ 210,305</u>
Plan fiduciary net position as a percentage of the total pension liability	80%	77%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2025 and January 1, 2024 rolled forward to a measurement date as of June 30, 2025 and June 30, 2024, respectively, using standard update procedure and the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2025</u>	<u>2024</u>
Valuation date	January 1, 2025	January 1, 2024
Investment rate of return	6.75%	6.75%
Actuarial cost method	Entry Age	Entry Age
Discount rate	6.75%	6.75%
Inflation	2.50%	2.50%
Salary increases	2.75%	2.75%
Mortality tables	RP-2014 with adjustments	RP-2014 with adjustments

Contributions to the plan

VTA contributes to the Plan at actuarially determined amounts sufficient to maintain funding of vested benefits. The actuarially determined amount is the estimated amount necessary to finance the costs of benefits earned by the plan members during the year, with an additional amount to finance any unfunded accrued liability. Employer's contributions to the Plan for the fiscal year ended June 30, 2025, were made in the amount of \$31.6 million in accordance with actuarially determined requirements computed as of January 1, 2024. For the fiscal year ended June 30, 2024, the contributions amounting to \$30.4 million were made also in accordance with the actuarially determined requirements computed as of January 1, 2023.

Classic employees contributed 1.90% effective 10/9/2017, and 3.40% effective 9/09/2019. New employees hired on or after January 1, 2016 contribute at least 50%, rounded to the nearest quarter of one percent, of the normal cost rate for the Plan for all active Plan Members, as determined by the Plan's actuary. New employees contributed 6.0% effective 6/18/2018.

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The long-term expected return was based on 30-year asset class geometric return and correlation assumptions. These assumptions were based on forward looking building block analyses and historical data for each of the asset classes.

The following is the assumed asset allocation and expected rate of return for each major asset class as of June 30, 2025 and June 30, 2024.

Asset Class	2025		2024	
	Target Allocation	Expected Real Rate of Return ¹	Target Allocation	Expected Real Rate of Return ²
Global Equity	42 %	5.8%	---	---
Domestic Equity	— %	---	30 %	3.9%
International Equity	— %	---	13 %	3.6%
Emerging Markets Equity	— %	---	5 %	6.3%
Private Equity	4 %	8.4%	4 %	7.3%
Diversified Real Assets	5 %	5.4%	5 %	3.8%
Private Credit	9 %	6.4%	8 %	6.1%
Domestic Fixed Income	14 %	2.6%	14 %	2.3%
U.S. Treasuries	3 %	1.9%	20 %	1.7%
Investment Grade Credit	3 %	3.2%	---	---
US High Yield	1.5 %	4.4%	---	---
Bank Loans	1.5 %	4.1%	---	---
Absolute Return FOF	6 %	2.5%	6 %	3.8%
Real Estate	10 %	5.9%	10 %	3.9%
Cash	1 %	0.4%	1 %	0.9%
	100 %		100 %	

¹20-Year Inflation Assumption = 2.7%

²30-Year Inflation Assumption = 2.6%

The discount rate used to measure the actuarial Total Pension Liability was 6.75%. The discount rate was determined based on an assumption that the Plan members will continue to contribute to the Plan according to the established contribution rates, and that the VTA will continue to contribute to the Plan based on an actuarially determined contribution as detailed in the January 1, 2025 actuarial valuation report. The actuarially determined contribution reflects a payment equal to the employer's share of the annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the Unfunded Actuarial Liability in level dollar payments over closed layers, with a 20-year period for each layer.

Adherence to the actuarial funding policy described below will result in the pension plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. They present the net pension liability as of June 30, 2025, and June 30, 2024 calculated using the applicable

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discount rates applicable to that period, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands).

	2025			2024		
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
VTA's Net Pension Liability	\$298,407	\$190,651	\$99,602	\$313,853	\$210,305	\$122,891

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$21,104	\$21,610	\$20,168	\$19,528	\$17,118	\$18,275	\$17,818	\$16,953	\$16,024	\$14,788
Interest (includes interest on service cost)	60,948	58,800	56,331	54,663	53,888	52,368	51,921	47,850	46,152	45,110
Changes of benefits	—	—	5,061	—	—	—	—	—	—	—
Difference between expected and actual experience	14,296	5,390	10,984	2,339	(5,186)	2,349	(17,900)	12,285	6,440	7,748
Changes in assumptions	—	(4,765)	(1,805)	(879)	15,130	7,307	—	21,918	13,105	14,577
Benefit payments, including refunds of member contributions	(56,028)	(54,912)	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)
Net change in total pension liability	40,320	26,123	36,460	25,265	32,444	33,276	7,528	57,440	43,267	46,635
Total Pension Liability, beginning	920,116	893,993	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678
Total Pension Liability, ending	960,436	920,116	893,993	857,533	832,268	799,824	766,548	759,020	701,580	658,313
Plan Fiduciary Net Position										
Contributions - employer	31,602	30,426	32,632	29,114	28,770	30,552	32,282	28,524	27,385	25,751
Contributions - member	5,943	6,844	6,145	5,674	5,222	4,850	3,343	2,725	1,070	—
Net investment income	78,850	79,498	41,908	(55,302)	157,392	(12,424)	23,408	40,605	60,472	2,245
Benefit payments, including refunds of member contributions	(56,028)	(54,912)	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)
Administrative expense	(393)	(407)	(431)	(416)	(420)	(375)	(409)	(403)	(324)	(281)
Net change in Plan Fiduciary Net Position	59,974	61,449	25,975	(71,316)	142,458	(24,420)	14,313	29,885	50,149	(7,873)
Plan Fiduciary Net Position, beginning	709,811	648,362	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191
Plan Fiduciary Net Position, ending	769,785	709,811	648,362	622,387	693,703	551,245	575,665	561,352	531,467	481,318
Net Pension Liability, ending	\$190,651	\$210,305	\$245,631	\$235,146	\$138,565	\$248,579	\$190,883	\$197,668	\$170,113	\$176,995
Measurement Date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.15 %	77.14 %	72.52 %	72.58 %	83.35 %	68.92 %	75.10 %	73.96 %	75.75 %	73.11 %
Covered-payroll ¹	\$158,739	\$160,019	\$149,576	\$143,982	\$130,271	\$137,584	\$133,749	\$139,288	\$131,544	\$126,796
Net Pension Liability as a percentage of covered-employee payroll	120.10 %	131.43 %	164.22 %	163.32 %	106.37 %	180.67 %	142.72 %	141.91 %	129.32 %	139.59 %

¹The actuarial report for all years did not include COLA assumptions.

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**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(In Thousands)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially-determined Contribution	\$31,602	\$30,426	\$32,632	\$29,114	\$28,770	\$30,552	\$32,282	\$28,524	\$27,385	\$25,720
Contributions in Relation to the Actuarially-determined Contribution	<u>31,602</u>	<u>30,426</u>	<u>32,632</u>	<u>29,114</u>	<u>28,770</u>	<u>30,552</u>	<u>32,282</u>	<u>28,524</u>	<u>27,385</u>	<u>25,751</u>
Contributions Deficiency/(Excess) Covered-payroll	<u>\$—</u> \$158,739	<u>\$—</u> \$160,019	<u>\$—</u> \$149,576	<u>\$—</u> \$143,982	<u>\$—</u> \$130,271	<u>\$—</u> \$137,584	<u>\$—</u> \$133,749	<u>\$—</u> \$139,288	<u>\$—</u> \$131,544	<u>\$ (31)</u> \$126,796
Contributions as a Percentage of Covered Payroll	19.91 %	19.01 %	21.82 %	20.22 %	22.08 %	22.21 %	24.14 %	20.48 %	20.82 %	20.31 %

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SCHEDULE OF INVESTMENT RETURNS

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
------	------	------	------	------	------	------	------	------	------

Annual money-weighted rate of return, net of investment expense 9.3689 % 9.3137 % 6.0085 % (11.7938)% 26.4614% 2.5276% 4.7499% 4.7697% 12.8044% 1.3412 %

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