

**SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INVESTMENT COMMITTEE MEETING MINUTES**

Thursday, April 24, 2025

8:34 a.m.

Presiding: Greg Jahn, Chair

Present: Trustees Jared Gonce, Erick Roeser, Joe Tambe, Mark Walsh (arrived at 8:40 a.m.), and Bob Williamson; Chief Executive Officer Julie Wyne, Assistant CEO/Chief Legal Counsel Cristina Hess, Chief Investment Officer Jim Failor, Investment Officer Mickey Nguyen, and Retirement Analyst Rebecca Gay; Leigh Ann Poggio and Brian McAuliff (of Guggenheim); Chris Behrns (of Aon)

Present via

Zoom: Thomas Hauser (of Guggenheim); Pierre Anctil and Anne-Sophie Roy (of Axium)

Absent: Trustees Neil Baker, Travis Balzarini, Chris Coursey, and Amos Eaton

Public comments were solicited prior to the meeting by emailing [Rebecca.Gay@sonoma-county.org](mailto:Rebecca.Gay@sonoma-county.org). Members of the public that joined the Zoom meeting were provided opportunity to submit live public comment for each agenda item after the Committee and staff provided their comments.

Chair Jahn confirmed with Rebecca Gay, that SCERA had not received any public comment prior to the meeting.

I. MINUTES APPROVAL

March 27, 2025, Investment Committee Meeting Minutes

**Recommendation:** Approve the March 27, 2025, Investment Committee Minutes.

A motion was made by Trustee Williamson, seconded by Trustee Tambe, to approve the March 27, 2025, Investment Committee Minutes. The motion carried 5-0-0-4 with voting as follows:

Mr. Balzarini	Absent
Mr. Coursey	Absent
Mr. Eaton	Absent
Mr. Gonce	Aye
Mr. Jahn	Aye
Mr. Roeser	Aye
Mr. Tambe	Aye
Mr. Walsh	Absent
Mr. Williamson	Aye

## II. PRESENTATIONS

- A. Guggenheim – Portfolio Manager and Co-Head of Corporate Credit Thomas Hauser (participating via Zoom), Portfolio Manager Brian McAuliff, and Relationship Manager Leigh Ann Poggio provided an organizational update and commented on the performance and positioning of the bank loan portfolio the firm manages for SCERA. Mr. McAuliff reviewed characteristics of the bank loan market and how the firm is managing credit risks associated with higher tariffs while also assessing opportunities to add solid companies with attractive yields. Mr. Hauser discussed the evolution of loan documentation from bespoke to a more uniform format that has materially reduced lender protections. Under this environment where covenants have become less impactful, credit analysis is more critical for selecting high quality borrowers. They continue to derisk the portfolio and have increased cash to 5% that will be put to work opportunistically in the secondary market. Additionally, higher rated BB high yield bonds look oversold currently and offer a better risk/return profile from a historical standpoint. In their multi-asset credit strategies, the positioning is broadly neutral towards below investment grade credit.

Aon recently downgraded Guggenheim's bank loan strategy from Buy to Qualified, as they have with several bank loan/high yield managers, to substantially shorten the list of Buy-rated bank loan/high yield managers. Aon prefers broader mandates, such as Multi-Asset Credit (MAC) where the manager allocates between bank loans, emerging market debt, and high yield. Although Guggenheim's performance has not demonstrated superior results relative to peers, an allocation to bank loans has served its purpose as a diversifier with low duration risk and strong returns in a high interest rate environment. Guggenheim continues to be a well resourced and capable manager and given the lack of any immediate concerns or downside risk, staff and consultant recommended to take no action on the Guggenheim investment.

- B. Educational Presentation on Co-Investing by Axium Infrastructure – President and CEO Pierre Anctil and Senior Vice President Investor Relations Anne-Sophie Roy, both of Axium Infrastructure, delivered an educational primer on co-investing in private markets. The presentation covered the two forms of co-investments, benefits for investors and for managers, the process used by Axium, risks and other considerations. In the second half of 2025, Axium plans to launch a global open-end co-investment fund (a "Side-Car").

## III. INVESTMENT STAFF AND CONSULTANT

- A. Executive Session Report Out

Assistant CEO/Chief Legal Counsel Cristina Hess reported out on the anticipated litigation regarding Foreign Exchange Benchmark Rates (Antitrust) Claims, in which participation

was authorized at the April 25, 2024, Investment Committee Executive Session. On April 16, 2025, SCERA's claims were officially filed in the Dutch court system by BRS LLP, entering SCERA into the active litigation phase.

B. Active versus Passive Review

Chris Behrns of Aon reviewed SCERA's Active/Passive portfolio mix, compared to Aon's Model Portfolios, and noted that although SCERA implements more active managers in US Equities relative to Aon's clients, SCERA is also very successful with that structure. However, research indicates that most active managers across different fund categories fail to outperform their benchmarks over a 3- or 5-year period. Managers with higher active risk tend to perform better. Aon also prefers using active strategies for Fixed Income. Over rolling 5-year periods, net-of-fees, SCERA's US Equity, Non-US Equity and Fixed Income portfolio returns have exceeded the policy benchmarks for more than half of those periods, while Global Equity returns mostly lagged the benchmark.

**Recommendation:** Continue with the current allocation between active and passive management.

A motion was made by Trustee Tambe, seconded by Trustee Williamson, to continue with the current allocation between active and passive management. The motion carried 6-0-0-3 with voting as follows:

Mr. Balzarini	Absent
Mr. Coursey	Absent
Mr. Eaton	Absent
Mr. Gonce	Aye
Mr. Jahn	Aye
Mr. Roeser	Aye
Mr. Tambe	Aye
Mr. Walsh	Aye
Mr. Williamson	Aye

- C. GTA 1<sup>st</sup> Quarter 2025 Equity Trade Cost Analysis – Investment Officer Nguyen reported that GTA has been acquired by ACA Group, a global compliance consulting firm. SCERA does not expect any change in fees or coverage resulting from the transaction. Regarding first quarter 2025 equity trading costs, results fell within the acceptable weighted average range at a Total Cost of -2.93 basis points. Jacobs Levy incurred 100% of the total cost from a high net market impact cost.
- D. CC&L Q Global Equity Mandate – CIO Failor summarized the final funding costs for the CC&L investment which consisted of 0.1bp to redeem \$155 million from the SSGA Global Equity strategy, 3.2bp for 2 days of a Parametric overlay while the cash was

uninvested, and 3bp for CC&L's anti-dilution levy. The total post-trade cost estimate was therefore 6.3bp or \$97,319.

#### IV. COMMUNICATIONS

- A. SCERA Investment Performance Report for March 2025.
- B. ACA Press Release, "ACA Group Acquires Global Trading Analytics . . .", April 14, 2025.
- C. Wall Street Journal, "Trump and Powell on Collision Course Without Easy Escape", April 17, 2025.
- D. Wall Street Journal, "China Releases Detained Staff of U.S. Due-Diligence Firm Mintz", March 25, 2025.

#### V. GENERAL DISCUSSION MATTERS

Opportunity was given to advise the Investment Committee of new matters and for Committee members to ask questions for clarification, provide information to staff, request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

There were no general discussion matters.

#### VI. PUBLIC COMMENT

Opportunity was given for public comment on non-agenda items within the jurisdiction of the Investment Committee.

There were no public comments.

#### VII. NEXT MEETING

The next Investment Committee meeting is scheduled for Thursday, May 29, 2025, at 8:30 a.m. Planned topics for this meeting include a presentation by Fiera Comox. All meetings are held at SCERA in the Board Room at 433 Aviation Boulevard, Suite 100, Santa Rosa, CA, and broadcast via Zoom unless otherwise noted.

#### VIII. ADJOURNMENT

With no further business to conduct, the meeting adjourned at 11:34 a.m.

#### IX. APPROVAL

The above minutes of the Investment committee meeting on April 24, 2025, were approved at the Investment Committee meeting on May 29, 2025.

GREG JAHN, CHAIR