

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

Thursday, May 29, 2025
8:36 a.m.

Presiding: Greg Jahn, Chair

Present: Trustees Neil Baker (Retiree Alternate – Voting), Amos Eaton, Erick Roeser, Joe Tambe, and Bob Williamson; Chief Executive Officer Julie Wyne, Assistant CEO/Chief Legal Counsel Cristina Hess, Chief Investment Officer Jim Failor, Investment Officer Mickey Nguyen, Administrative Aide Julia Smith, and Senior Office Assistant Andrea Robles; Antoine Bisson-McLernon and Jeff Zweig (of Fiera Comox); Chris Behrns and Ronak Chitnis (of Aon)

Present via

Zoom: Chris Weber and Tim Murray (of BlackRock)

Absent: Trustees Travis Balzarini, Chris Coursey, Jared Gonce, and Mark Walsh

Public comments were solicited prior to the meeting by emailing Julia.Smith@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 Julia Smith that SCERA had not received any public comment prior to the meeting.

I. MINUTES APPROVAL

April 24, 2025, Investment Committee Meeting Minutes

Recommendation: Approve the April 24, 2025, Investment Committee Minutes.

A motion was made by Trustee Williamson, seconded by Trustee Tambe, to approve the April 24, 2025, Investment Committee Minutes. The motion carried 6-0-0-3 with voting as follows:

Mr. Baker	Aye
Mr. Balzarini	Absent
Mr. Coursey	Absent
Mr. Eaton	Aye
Mr. Gonce	Absent
Mr. Jahn	Aye
Mr. Roeser	Aye

Mr. Tambe Aye
Mr. Williamson Aye

II. PRESENTATIONS

- A. Fiera Comox – CEO Antoine Bisson-McLernon and Vice Chair & Head of Natural Capital Jeff Zweig provided an organizational update and commented on the performance and positioning of the Global Agriculture Open-End Fund (GAF) in which SCERA invests. GAF assets under management are approaching \$2B as of March 31, 2025, with SCERA's account comprising \$141M of that total. Account performance has been strong at 9.6% gross IRR since inception in November 2022. Compared to the NCREIF Farmland Index which tracks US farmland properties, GAF's returns have benefited from less exposure to moderate row crop performance, as well as avoiding the poor environment for wine grapes, pistachios, walnuts and water-challenged almond farms in the permanent crop space. The portfolio's global exposure, olive oil and Australian grains were positive contributors to performance. Looking forward, cash yield is expected to increase from 2-3% to a range of 8-9% as brownfield development projects mature fully by 2028. The net impact from increased tariffs is estimated to be neutral to slightly positive since half of the portfolio by value is in the US, and most of that production is sold in the US. They also commented that they have not seen any adverse impacts to date. The Fund's investments are focused on developed countries with good rule-of-law, diversification from a regulatory and trade flow standpoint as well as a climate and commodity perspective. Future opportunities might arise in berries or row crops, such as potatoes and leafy vegetables, as farmland values see downward pressure. Trustees expressed no concern with this manager.
- B. First Quarter 2025 Investment Performance Report – Senior Consultant Chris Behrns and Consultant Ronak Chitnis, both of Aon Investments, presented market highlights and reviewed SCERA's Plan returns. For the first quarter of 2025, the Total Plan increased 1.7% and performed in the top 7th percentile rank for public plan peers over \$1B in assets. For all periods ending March 31st, 2025, and up to 20 years in length, the performance was above the 15th percentile among peers. This strong performance was driven by Arrowstreet, Dodge & Cox, DoubleLine, Fiera Comox and Infrastructure managers.
- C. Educational Presentation on Artificial Intelligence – Managing Director Chris Weber of the BlackRock Investment Institute and Director Tim Murray of BlackRock - Americas Institutional Business, discussed the impact of Artificial Intelligence (AI) on the economy and the markets and the implications for investors. In Mr. Weber's view, AI will ultimately be extremely impactful to our economy on a scale similar to the Industrial Revolution. He focused on the immense scale and cost of building out AI infrastructure from the power supply, data center building/cooling equipment, and the chips/servers that are the primary expense. Projections are highly uncertain as to whether the pace of capital

expenditure will ever generate a return on investment and whether power generation can keep up with the global demand forecasts. From an investment perspective, valuations for big tech companies are high and market concentration is a factor but reflect fundamentals, and neither are at extreme levels.

III. INVESTMENT STAFF AND CONSULTANT

- A. Aon Investments Consulting Coverage on SCERA Account – Mr. Behrns announced the recent departure of Senior Consultant Tim Pflugradt from Aon and introduced Ronak Chitnis who is joining the Aon team covering SCERA's account alongside Mr. Behrns. Mr. Chitnis joined Aon in 2020.
- B. 2025 Educational Forum Agenda – CIO Failor collected suggestions from Trustees for October's Educational Forum event. The Committee confirmed their interest in keeping the agenda much as it has been in the past – asset class manager panels with topical seeding questions, Amy Brown on legislative developments and a geopolitical/macroeconomic speaker.
- C. Due Diligence Meeting Report – Dodge & Cox. CIO Failor and Investment Officer Nguyen summarized their observations after the onsite meeting in Dodge & Cox's San Francisco headquarters on May 7, 2025. Staff has no concerns regarding this manager. The firm is owned by active employees and maintains a stable environment where senior executives are promoted internally and stay until retirement. Succession plans are well telegraphed years ahead and planned out appropriately. A more diverse analyst pool and a stricter personal trading policy were mentioned as minor critiques that the firm has improved upon.
- D. May 2025 Rebalance & Cash Raise – Investment Officer Nguyen summarized the rebalance and cash raise that was triggered by Non-US Equities exceeding the maximum physical rebalance trigger driven by market volatility and relative outperformance of the sub-asset class. \$86M was redeemed from SSGA ACWI ex-US IMI Index Fund and was distributed to the following managers: \$30M to Reams, \$22.5M to Jacobs Levy, and \$17M to Systematic, leaving \$16.5M in additional cash that adds a sufficient cash buffer for retiree benefits. Additionally, \$15M of excess margin cash will be transferred back from the Parametric account, resulting in total available cash of \$66M.
- E. SACRS Spring Conference, May 13-16, 2025 – CIO Failor gave a verbal report highlighting the Investment Breakout session, where continuation funds and co-investing was discussed, as well as other agenda topics.

IV. COMMUNICATIONS

- A. SCERA Investment Performance Report for April 2025 – Investment Officer Nguyen noted the market turbulence caused by trade tensions in April and May that initially caused a steep drop particularly in US equities but rapidly reversed and led to a dramatic rally into the end of May. For April, SCERA's active managers mostly underperformed their benchmarks except for Reams and the newly incepted CC&L account. Real Assets posted 2.4% for the first quarter of 2025. Outperforming managers were UBS Trumbull, UBS AgriVest, Fiera Comox, and IFM. An estimated month-to-date return for May indicates an additional 2.9% return in addition to the April YTD return of 3.04%, resulting in a 6.1% estimated YTD Total Plan return through May 28, 2025.
- B. SCERA's 2025 On-Site Due Diligence Meeting Schedule, Updated April 28, 2025.
- C. IFM Investors, "IFM Investors to divest its 15.8% interest in Colonial Pipeline", April 4, 2025.
- D. Wall Street Journal, "U.S. Loses Last Triple-A Credit Rating", May 16, 2025.
- E. Wall Street Journal, "Why There Will Never Be Another Warren Buffett", May 3, 2025.
- F. Bloomberg, "AI Is Already Wreaking Havoc on Global Power Systems", June 21, 2024.

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.

Ms. Wyne informed the Board that their Waiver of Recourse is due for this calendar year.

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, June 26, 2025, at 8:30 a.m. Planned topics for this meeting include a presentation by UBS AgriVest. 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 12:27 p.m.

IX. APPROVAL

The above minutes of the Investment committee meeting on May 29, 2025, were approved at the Investment Committee meeting on June 26, 2025.

GREG JAHN, CHAIR