

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

Thursday, June 26, 2025

8:59 a.m.

Presiding: Greg Jahn, Chair

Present: Trustees Amos Eaton, Jared Gonce, Joe Tambe, and Mark Walsh; Chief Investment Officer Jim Failor, Investment Officer Mickey Nguyen, Administrative Aide Julia Smith, and Senior Office Assistant Andrea Robles; Dan Murray, Tom O'Shea, Erik Roget, and Mark Van Elswyk (of UBS)

Present via

Zoom: Chris Behrns, Ronak Chitnis, Jack Dowd, and Julianna Pereira (of Aon)

Absent: Trustees Neil Baker (Alternate – retiree), Travis Balzarini, Chris Coursey, Erick Roeser, and Bob Williamson

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.

Certain public participant(s) on the Zoom videoconference became verbally and visually disruptive making it impossible to conduct the meeting. The Zoom link was closed and restarted. The public participant(s) immediately reentered the room and continued the disruptive and offensive conduct. Staff informed all members of the public attending the meeting virtually that SCERA was forced to terminate the Zoom videoconference and that the public was welcome to come to the SCERA office to attend the meeting in person and provide comment.

I. MINUTES APPROVAL

May 29, 2025, Investment Committee Meeting Minutes

Recommendation: Approve the May 29, 2025, Investment Committee Minutes.

A motion was made by Trustee Tambe, seconded by Trustee Walsh, to approve the May 29, 2025, Investment Committee Minutes. The motion carried 5-0-0-4 with voting as follows:

Mr. Balzarini Absent

Mr. Coursey Absent

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

II. PRESENTATION

UBS AgriVest – Head of Farmland US, Dan Murray; Head of Portfolio & Client Services, Tom O'Shea; Western Region Asset Manager, Erik Roget; and Western Regional Analyst, Mark Van Elswyk, all of UBS Realty Investors LLC, provided an organizational update and commented on the performance and positioning of the UBS AgriVest Farmland Fund (AFF) in which SCERA invests. Mr. Murray explained the rationale for developing the custom Core Farmland Index as a benchmark that more closely reflects AFF's lease-only strategy by removing owner operated properties from the NCREIF Farmland Index and reweighting annual cropland and permanent cropland returns to a ratio of 80/20, respectively. AFF's recent outperformance has demonstrated the downside risk mitigation achieved through well-structured leases providing a floor during a challenging environment for permanent crop direct operators who take on the full risk of higher costs and volatile commodity prices. The current redemption queue reflects a full redemption decision by an investor to reallocate away from agriculture as well as other client rebalancing activity, but new capital from fundraising is anticipated to adequately cover those redemption requests. Mr. Roget gave an update on California's reservoir levels and the impact of the Sustainable Groundwater Management Act (SGMA) on Central Valley property values. The Board expressed some concern over past periods of underperformance but also recognized the portfolio benefits derived from Farmland's role as a strong diversifier.

Mr. O'Shea reported that the lead portfolio manager of the UBS Trumbull Property Fund (TPF) will officially be transitioned to Larissa Belova, CIO of US Real Estate, on July 1, 2025, following the retirement of Paul Canning who will continue to stay onboard until October 1, 2025. In addition, he noted the recent announcement of a new secondary market process managed by Evercore to provide a thorough and transparent liquidity solution for limited partners in the TPF redemption pool and to bring in new investors at an attractive price point.

III. INVESTMENT STAFF AND CONSULTANT

- A. Fixed Income Manager Search – Aon Associate Partner Chris Behrns provided a status update on the fixed income manager search process subsequent to March 2025 when a new fixed income structure called "enhanced core" was introduced in order to further diversify away from the Treasury-heavy US Aggregate Bond benchmark and expand investment

grade credit opportunities. Aon's manager research team has identified two diversified investment grade private credit managers and one real estate debt manager (with additional real estate debt candidates expected to be added) for evaluation by SCERA staff. Aon compiled a high-level overview of each manager's statistics in the presentation.

Trustees were uncertain whether credit risks were properly priced in the current market and disappointed with the low returns the legacy portfolio has so far delivered. The fact that SCERA has a relatively low exposure to fixed income compared to peers was raised as a strategic position that might not be ideal in a higher yield environment. Given the evolving fixed income universe and compression of fees in private markets, Trustees agreed that assessing new opportunities potentially might add long term value.

- B. Real Estate Manager Search – Aon Senior Consultant Jack Dowd provided an update on the real estate manager search process that began last year with a preliminary portfolio structure that would replace UBS Trumbull Property Fund with a smaller NFI-ODCE fund that would be complementary to JP Morgan Strategic Property Fund. A possible weighting scheme would be for each core real estate fund to have an equal weighting of 40%, leaving the remaining 20% allocation for a core plus real estate fund. The core plus fund would have a high concentration in alternative sectors, such as single-family rental or industrial outdoor storage as well as middle market strategies.

CIO Failor emphasized the weighting scheme of 40/40/20% was illustrative and could be modified depending on several factors including the level of conviction. Mr. Dowd also believes these real estate investment themes are long-term in nature and not opportunistic or short-term trends.

IV. COMMUNICATIONS

- A. SCERA Investment Performance Report for May 2025. Investment Officer Mickey Nguyen reviewed the Plan's May performance of 3.34%, highlighting the impressive equity rally post-Liberation Day from early April. US, Non-US, and Global Equities rose between 5-6% in May, but with 1-year underperformance continuing for several active managers (Jacobs Levy, Systematic, and Dodge & Cox), while Arrowstreet and CC&L have been producing strong returns. Fixed Income managers also delivered outperformance for the month relative to their benchmarks.
- B. UBS Real Estate US Update, "Trumbull Property Fund confirms transition to Lead Portfolio Manager", June 2025.
- C. Bloomberg, "Whose Money Should You Manage?", June 4, 2025.
- D. The Wall Street Journal, "Obscure Chinese Stock Scams Dupe American Investors by the Thousands", June 16, 2025.

E. The Economist, "Soaring bond yields threaten trouble", May 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, July 31, 2025, at 8:30 a.m. Planned topics for this meeting include a presentation by CC&L. 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 11:33 a.m.

IX. APPROVAL

The above minutes of the Investment Committee meeting on June 26, 2025, were approved at the Investment Committee meeting on July 31, 2025.

GREG JAHN, CHAIR