

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Committee for Investments Summary

THURSDAY

SAN JOSE, CALIFORNIA

NOVEMBER 8, 2010

Present:

Committee Members

Jeffrey Perkins

Matt Loesch

Arn Andrews – Arrived 9:31 A.M.

Also Present:

Russell Crosby

-Secretary/Director

Leo Festino

-Meketa

Ryan Jusko

-Staff

Laura Wirick

-Meketa

Ron Kumar

-Staff

Scott Darling

-American Realty

Ceara O'Fallon

-Staff

Pam Swikart

-Staff

MEETING SUMMARY

RECOMMENDATIONS

1. Approval of the following meeting minutes:
 - a. September 23, 2010 Investment Committee Meeting Minutes.
2. Approval for the Secretary to negotiate and execute an agreement with American Realty Advisors as the System's Real Estate Advisor for the Milpitas Warehouse.

ITEMS

1. Approval of the following meeting minutes:
 - a. September 23, 2010 Investment Committee Meeting Minutes.

(M.S.C. Loesch/Perkins) Motion to approve the above listed. 2-0-1 (Andrews – Absent)

2. Discussion and possible action regarding the conversion of the ownership of the Milpitas Warehouse to a title holding company.

Mr. Kumar explained that staff has consulted with Woodmont Real Estate Services (Woodmont) to determine if Woodmont has the capabilities to convert the Milpitas

Warehouse ownership to a title holding corporation and Woodmont does not have the capability. Thus, staff and Meketa explored alternatives for the title holding conversion and recommend hiring American Realty Advisors (American) as staff and Meketa have experience with American and they have converted properties to LLC's for the Police & Fire Department Retirement Plan.

Trustee Andrews asked if American would act as the governance board of the title holding corporation.

Mr. Kumar responded that since the trustees currently act as managing members they are subject to some personal liability; however, if American becomes the managing member, the trustees will be protected from personal liability and, as the single shareholder, can replace the managing member at any time.

Mr. Darling stated that American will offer services to assist in the investment management of the Milpitas Warehouse and is prepared to assume full fiduciary responsibility for the asset. The title holding corporation is relatively inexpensive to form and maintain and American is willing to consider absorbing the asset into its core fund if it becomes fully leased.

Mr. Crosby stated that the goal is to sell the asset as soon as possible.

Mr. Darling explained the challenges of selling the asset in the current market; however, the Milpitas Warehouse is in the process of negotiating a lease that would make the asset fully leased, which would aid in the disposition of the asset or allow it to be adsorbed into American's core fund.

Trustee Loesch asked about the status of the Bintang Badminton, Inc. lease.

Mr. Kumar stated that the Milpitas City Council is voting on the zoning issues surrounding the lease in late November and, if the Council votes in favor of the badminton company, the lease will be executed subsequently.

3. Approval for the Secretary to negotiate and execute an agreement with American Realty Advisors as the System's Real Estate Advisor of the Milpitas Warehouse.

(M.S.C. Loesch/Andrews) Motion to recommend approval for the Secretary to negotiate and execute an agreement with American Realty Advisors as the System's Real Estate Advisor of the Milpitas Warehouse. 3-0-0

4. Oral update regarding the Bintang Badminton, Inc lease and the June 30, 2010 appraised value of the Milpitas Warehouse.

Mr. Kumar stated that staff consulted with the property appraiser and they indicated that the Bintang Badminton, Inc. lease would not change the June 30, 2010 appraised value of the Milpitas Warehouse; the only change would be in reduced rent loss.

5. Presentation of the Performance Monitoring Report for the quarter ending September 30, 2010 by Meketa Investment Group.

Mr. Festino and Ms. Wirick discussed the performance of the System for the quarter ending September 30, 2010.

APPROVED:



**RUSSELL U. CROSBY, SECRETARY
BOARD OF ADMINISTRATION**