

FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Special Committee for Investments Summary

THURSDAY

SAN JOSE, CALIFORNIA

AUGUST 12, 2010

Present:

Committee Members

Jeffrey Perkins

Matt Loesch

Arn Andrews

Also Present:

Russell Crosby -Secretary/Director

Ali Amiry -Staff

Heidi Poon -Staff

Michael Moehle -Staff

Ron Kumar -Staff

Ceara O'Fallon -Staff

Laura Wirick -Meketa (via telephone)

MEETING SUMMARY

RECOMMENDATIONS

1. Approval for GE Asset Management to increase the single asset diversification limit of Wheaton Center investment from 10.00% to 10.92%.

ITEMS

1. Approval for GE Asset Management to increase the single asset diversification limit of Wheaton Center investment from 10.00% to 10.92%.

Ms. Wirick stated that GE Asset Management, a private real estate manager for the Federated City Employees' Retirement System, requests approval to increase the single asset diversification limit of Wheaton Center. GE Asset Management must currently request approval each time an increase is needed. For this project, GE Asset Management requests to invest up to an additional \$3.5 million, but plans to invest only \$1.5 million. They have negotiated with the lender to extend the loan one year. GE Asset Management does not expect to call additional cash and the request is reasonable from Meketa's perspective.

Trustee Loesch asked why they are so close to the 10% single asset diversification limit.

Ms. Wirick responded that GE Asset Management has been renovating the property and, thus, invested extra cash into the property.

Trustee Perkins asked if the economics of the project has been reviewed and if the project still is prudent in light of the current real estate market.

Ms. Wirick responded that GE Asset Management will likely return approximately \$8 - \$10 million on the property with the additional investment.

Trustee Andrews asked about the assumptions for making the return of capital.

Ms. Wirick explained that GE Asset Management plans to sell the retail portions of the project in the future and that leasing is ahead of projections.

(M.S.C. Loesch/Andrews) Motion to recommend to the Board for review and approval. 3-0-0

APPROVED:



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