

POLICE AND FIRE RETIREMENT PLAN

14
14a-d

Summary of Real Estate Committee

THURSDAY

SAN JOSE, CALIFORNIA

MARCH 5, 2009

PRESENT:

Police and Fire Board

David Bacigalupi

Scott Johnson

Rose Herrera

Also Present:

Russell Crosby -Secretary/Director

Carmen Racy-Choy -Staff

Ali Amiry -Staff

Ron Kumar -Staff

Ceara O'Fallon -Staff

Cristin James -Staff

Allan Martin -NEPC

Carolyn Smith -NEPC

Daniel LeBeau -NEPC

David Kimport -Nossaman

Danielle Gensch -Nossaman

MEETING SUMMARY

RECOMMENDATIONS

- 1. Approval of the revised Real Estate disposition guidelines.**
- 2. MIG**
 - a. Approval of 2009 Business Plans & Budgets.**
 - b. Approval of the 2009 Tactical Plan.**
- 3. Kennedy**
 - a. Approval of 2009 Business Plans & Budgets.**
 - b. Approval of the 2009 Tactical Plan.**

ITEMS

- 1. Approval of Real Estate Committee Minutes:**
 - a. November 19, 2008.**
- 2. Discussion and action regarding the Real Estate disposition guidelines.**

Mr. Kimport explained that in the fall of 2008 the Board made a decision to sell the Deerwood Apartments. It was suggested during the disposition process of Deerwood Apartments that there was a need for some changes to the guidelines, since the existing

guidelines require significant involvement of the Committee in matters which would more traditionally be handled by staff and the Director.

Mr. Kimport stated that the disposition process should include a meeting with the Committee to set the Acceptable Minimum Price and any other terms of sale. The Director would then be given the authority to negotiate and execute the real estate contracts as long as they fell within the terms set forth by the Committee. Only if a buyer sought a price lower than the Acceptable Minimum Price or requested additional terms outside those parameters previously set by the Committee would the advisor and staff return to the Committee.

Chair Bacigalupi asked if there would be a chance for the Committee to make comments if they did not agree with the Director on an issue regarding a sale.

Mr. Kimport referred to Section B of the disposition guidelines, which outlines the parameters that the Board would set for sale prior to putting the property on the market. The Director would follow those parameters in negotiating the sale and present to the Committee if something fell outside of those parameters.

The Committee approved the changes to the Disposition Guidelines as submitted in the Nossaman memo with the addition of "Closed Session" added to Section B.

Motion/second/approved. (3-0)

3. MIG

- a. Approval of 2009 Business Plans & Budgets.**
- b. Approval of the 2009 Tactical Plan.**

Camelback Pointe

Mr. Kumar stated that as of February 2009, the Camelback property is ahead of budget and has a 94.3% occupancy rate. There are 6,000 new troops moving into the Ft. Carson area, which should help bring the occupancy rate up to 100%.

Deerwood

Mr. Kumar explained that the Deerwood Apartments sales efforts have been suspended and MIG will review quarterly to determine if the market has improved enough to support initiating another sale.

The Secretary stated that the Deerwood sale did not go through, as the second buyer pulled out during negotiations due to financing issues. At this time, it is best for the Plan to hold this asset until the real estate market turns around.

The Committee approved MIG's 2009 Business Plan and Budget.

Motion/second/approved (3-0)

4. **Kennedy**
 - a. **Approval of 2009 Business Plans & Budgets.**
 - b. **Approval of the 2009 Tactical Plan.**

Citibank – 1900 Spring Road

Mr. Kumar stated that Spring Road is currently 83.4% leased. One tenant vacated early in 2009, but Kennedy expects to have the space leased again by the end of 2009.

Crescent VII – 8390 E. Crescent Parkway

Mr. Kumar stated that Crescent is currently 87% leased and currently there are no issues at this property.

The Committee approved Kennedy's 2009 Business Plan and Budget.

Motion/second/approved (3-0)

5. **Informational Item: Real Estate Contracts due to expire in 2009.**
6. **Informational Item: Clerical revisions on Real Estate Committee Minutes.**

Approved:



RUSSELL U. CROSBY, SECRETARY
BOARD OF ADMINISTRATION

POLICE AND FIRE RETIREMENT PLAN

SJ PROGRESS POINT, LLC

THURSDAY

SAN JOSE, CALIFORNIA

MARCH 5, 2009

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Police and Fire Board

David Bacigalupi, Director

Scott Johnson, Director

Russell Crosby, Chief Financial Officer

Also Present:

Carmen Racy-Choy -Staff

Ali Amiry -Staff

Ron Kumar -Staff

Ceara O'Fallon -Staff

Cristin James -Staff

Rose Herrera

Allan Martin -NEPC

Carolyn Smith -NEPC

Daniel LeBeau -NEPC

David Kimport -Nossaman

Danielle Gensch -Nossaman

MEETING SUMMARY

1. Approval of 2009 Business Plan & Budgets (see item #4a, in the P&F Real Estate packet).

Mr. Kumar stated that Progress Point construction project has been completed except for the parking lot and some landscaping. As of the end of February 2009, Firemen's Fund has signed a lease for 95% of the building. The other 5% will be leased to a deli/sandwich shop as requested by Firemen's Fund. Additionally, staff has initiated a third-party construction audit on March 2, 2009 to review all aspects of the construction process including accounting and building practices.

The Secretary explained that the town of O'Fallon has been very supportive in completing this project. The building was originally zoned to be leased for medical or technical purposes. The town council has approved zoning changes to allow Firemen's Fund to lease this building.

Mr. Kimport added that the town of O'Fallon has a program that will reduce the property tax rate on Progress Point by 50% since it will be Firemen's Fund's regional headquarters.

Ms. Gensch explained that there is a three-year construction loan on the property that is to be paid off when the building is sold. The loan closed in September 2008 and has a balloon payment at the end of its term. When the loan matures, the board can either pay it off or refinance at either a fixed or variable rate.

The Committee approved Kennedy's 2009 Business Plan and Budget.

Motion/second/approved (3-0)

Approved:



RUSSELL U. CROSBY, CHIEF FINANCIAL OFFICER

POLICE AND FIRE RETIREMENT PLAN

3169 Dodd Road Corporation

THURSDAY

SAN JOSE, CALIFORNIA

MARCH 5, 2009

PRESENT:

Police and Fire Board

David Bacigalupi, Director

Scott Johnson, Director

Russell Crosby, Chief Financial Officer

Also Present:

Carmen Racy-Choy -Staff

Ali Amiry -Staff

Ron Kumar -Staff

Ceara O'Fallon -Staff

Cristin James -Staff

Rose Herrera

Allan Martin -NEPC

Carolyn Smith -NEPC

Daniel LeBeau -NEPC

David Kimport -Nossaman

Danielle Gensch -Nossaman

MEETING SUMMARY

1. Approval of 2009 Business Plan & Budgets (see item #4a, in the P&F Real Estate packet).

Mr. Kumar stated that the Dodd Road warehouse is 100% leased by CEVA Freight, LLC. Their lease will be expiring in 2011. Kennedy is negotiating to extend their lease to five years so that the property is more attractive when placed on the market.

The Committee approved Kennedy's 2009 Business Plan and Budget.

Motion/second/approved (3-0)

Approved:



RUSSELL U. CROSBY, CHIEF FINANCIAL OFFICER

POLICE AND FIRE RETIREMENT PLAN

3201 C Street LLC

THURSDAY

SAN JOSE, CALIFORNIA

MARCH 5, 2009

PRESENT:

Police and Fire Board

David Bacigalupi, Director

Scott Johnson, Director

Russell Crosby, Chief Financial Officer

Also Present:

Carmen Racy-Choy -Staff

Ali Amiry -Staff

Ron Kumar -Staff

Ceara O'Fallon -Staff

Cristin James -Staff

Rose Herrera

Allan Martin -NEPC

Carolyn Smith -NEPC

Daniel LeBeau -NEPC

David Kimport -Nossaman

Danielle Gensch -Nossaman

MEETING SUMMARY

1. **Approval of 2009 Business Plan & Budgets (see item #4a, in the P&F Real Estate packet).**

Mr. Kumar stated that this property is 100% occupied as of February 2009.

The Committee approved Kennedy's 2009 Business Plan and Budget.

Motion/second/approved (3-0)

Approved:



RUSSELL U. CROSBY, CHIEF FINANCIAL OFFICER

POLICE AND FIRE RETIREMENT PLAN

3301 C Street LLC

THURSDAY

SAN JOSE, CALIFORNIA

MARCH 5, 2009

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Scott Johnson, Director

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Ron Kumar -Staff

Ceara O'Fallon -Staff

Cristin James -Staff

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Allan Martin -NEPC

Carolyn Smith -NEPC

Daniel LeBeau -NEPC

David Kimport -Nossaman

Danielle Gensch -Nossaman

MEETING SUMMARY

1. **Approval of 2009 Business Plan & Budgets (see item #4a, in the P&F Real Estate packet).**

Mr. Kumar stated that this property is 100% occupied as of February 2009.

The Committee approved Kennedy's 2009 Business Plan and Budget.

Motion/second/approved (3-0)

Approved:



RUSSELL U. CROSBY, CHIEF FINANCIAL OFFICER

POLICE AND FIRE RETIREMENT PLAN

1737 North First Street Corporation

THURSDAY

SAN JOSE, CALIFORNIA

MARCH 5, 2009

PRESENT:

Police and Fire Board

David Bacigalupi, Director

Scott Johnson, Director

Russell Crosby, Chief Financial Officer

Also Present:

Carmen Racy-Choy -Staff

Ali Amiry -Staff

Ron Kumar -Staff

Ceara O'Fallon -Staff

Cristin James -Staff

Rose Herrera

Allan Martin -NEPC

Carolyn Smith -NEPC

Daniel LeBeau -NEPC

David Kimport -Nossaman

Danielle Gensch -Nossaman

MEETING SUMMARY

1. Approval of 2009 Business Plan & Budgets (see item #4a, in the P&F Real Estate packet).

Mr. Kumar stated that CH2M Hill, Inc. has decided to remain in the building and San Jose Department of Retirement Services has proposed to lease additional space on the sixth floor.

The Committee approved Kennedy's 2009 Business Plan and Budget.

Motion/second/approved (3-0)

Approved:



RUSSELL U. CROSBY, CHIEF FINANCIAL OFFICER