

**CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Monday, March 20, 2017
1:00 PM**

**BOARD'S COMMUNICATION TO THE CITY
COMMISSION**

Items Requiring City Commission Action

- None at this time

Items That May Be Of Interest to the City Commission

- None at this time

Items Submitted For City Commission Consideration

- None at this time

Trustees Present: Jon Stahl, Chairperson
Lynn Wenguer, Vice-Chairperson
Pat Long, Secretary
Paul Tanner, Trustee
Jill Prizlee, Trustee
Laura Garcia, Ex-Officio Designee

Also Present: Paul Bangel, City Attorney
Lynn Solomon, City Attorney
Alan Vordermeier, VMC Realty
Ash Benzo, City Treasurer
Nick Schiess, Pension Administrator

CALL TO ORDER

Chairman Stahl called the meeting to order at 1:10 PM. Roll call was taken and it was noted that a quorum was present.

PUBLIC COMMENT

The floor was opened for public comment. There was no public comment.

RENTAL PROPERTY 4800 NORTH FEDERAL FORT LAUDERDALE

As a follow up to the last meeting, the Board convened to review and discuss an analysis prepared by Alan Vordermeier for liquidating the rental property, retaining the property without parking improvements and lastly purchasing the adjacent property for parking improvements.

Mr. Vordermeier discussed the potential liquidation of the rental property, noting that the estimated market value was \$3.2M. The Board recognized that the last appraised value was \$2.3M and Mr. Vordermeier explained the reasons supporting a higher sales price. He noted that the value would be negatively impacted if the pending lease was not renewed. It was noted that the property would likely be sold at a loss; however, the rental revenue had exceeded operating costs resulting in positive cash flows for many years. The Board requested an analysis of the net operating income, noting that it would offset any loss on the sale of the property.

Mr. Vordermeier discussed the retention of the property without parking improvements, noting that the parking situation might impact renewal of leases. He discussed the anticipated costs of renovation and re-leasing any resulting vacant space to medical and non-medical prospective tenants.

Mr. Vordermeier then discussed a proposed remedy to the parking situation involving the purchase of an adjacent property that could be redeveloped into a parking lot. He discussed the anticipated costs and issues surrounding the purchase of the property and conversion for parking. He then reviewed the anticipated increase in rental fees and potential return on investment. An error was identified in the calculation of the expected rate of return but it was noted that the increase in rental fees would be of benefit over the life of the property.

A discussion ensued regarding the rental property. The Trustees noted that the management of the asset was far more involved and subject to unknown contingencies and situations as compared to the other investments. A discussion arose regarding further involvement in an asset that required such a disproportionate amount of time and consideration for such a small allocation. Furthermore, time spent on direct real estate possibly detracted from the management of the overall portfolio and administration of the System. A subsequent discussion ensued whether it was an appropriate investment for pension funds.

Mr. Tanner made a motion to liquidate the rental property, research the potential selling price and sales process to be conducted by the Chairperson and Administrator and provide an analysis of net operating income back to the Board at the next meeting. Ms. Wenguer seconded the motion. A lengthy discussion ensued. **Mr. Tanner amended his motion to research the potential selling price and sales process to be conducted by the Chairperson and Administrator and provide an analysis of net operating income back to the Board at the next meeting. Ms. Wenguer seconded the amended motion. The amended motion was approved unanimously.**

Mr. Vordermeier provided proposals received for the installation of an electric door for the lobby, which had been requested by the tenants for the benefit of their health impaired patients. **Mr. Long made a motion to authorize acceptance of the proposal from Newton Enterprises to install an electric door in the lobby of the rental property for the cost of \$2,176. Ms. Wenguer seconded the motion. The motion was approved unanimously.**

Ms. Soloman was requested to initiate contact with tenant's legal counsel for the lease renewal and advise that the parking situation would remain unchanged.

ADJOURNMENT

Ms. Wenguer made a motion to adjourn. Mr. Long seconded the motion. The motion was approved unanimously. The meeting adjourned at 2:15 PM