

**POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM**

**2335 EAST ATLANTIC BLVD.  
SUITE 400  
POMPANO BEACH, FLORIDA**

**BOARD OF TRUSTEES MINUTES  
SPECIAL MEETING  
AUGUST 14, 2014**

The Board of Trustees convened at the Pompano Beach Police and Firefighters' Pension Office, Pompano Beach, Florida. The Chairman called the meeting to order at 9:02 AM.

**PRESENT:** Chairman Paul O'Connell  
Vice-Chairman Richard Samolewicz  
Trustee Sharra Aaronian  
Trustee Daniel Christophers  
Trustee Patrick Fletcher  
Trustee David Hall  
Trustee Jorge Rossi

**ABSENT:** Trustee John DeVoe  
Trustee Peter McGinnis

**ALSO PRESENT:** Pedro Herrera, Esq., Board Attorney  
Glenda Rowley, Executive Director  
Debra Tocarchick, Deputy Director  
Gary Morton, Police Retiree Liaison  
Darcie Lunsford, Butters Realty & Management  
Tom Hotz, Butters Realty & Management

**VISITORS:** Vincent Femia, Trustee Elect

**AUDIENCE TO BE HEARD**

None

**APPROVAL OF AGENDA**

**MOTION:** To approve the agenda for August 14, 2014, as presented.  
PASSED 7-0.

O'Connell  
Samolewicz  
Aaronian  
Christophers  
Fletcher  
Hall  
Rossi

M O T I O N	S E C O N D	V O T E D Y E S	V O T E D N O
X		X	X
	X	X	X
		X	X
		X	X
		X	X

**LEASE PROPOSAL FOR SUITE 406**

The Law Office of Sheena Benjamin-Wise, PA, a family law firm, proposed to lease Suite 406 for a thirty-nine month term commencing September 1, 2014. The terms are \$17.00 per square foot, 3% annual increases, the first three months free and two 2-year renewal options with 3% increases. The estimated cost of the tenant improvements is \$11,330, providing for a projected profit of \$26,526 over the 3-year lease term.

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<p>Butters reported that the addendum to the proposed lease agreement includes rental of the PBPFERS conference room at a rate of \$50 per hour, with 24-hour notice. The Board agreed that the language in the addendum must be expanded to include subject to availability and during normal business hours, defined as Monday through Friday, 8:00 am to 5:00 pm.</p> <p><b>MOTION:</b> To authorize the Chairman to execute the Lease Agreement by and between Pompano Beach Investors, LLC and the Law Office of Sheena Benjamin-Wise, PA, with the changes to the addendum as discussed, as recommended by Butters Realty &amp; Management. PASSED 7-0.</p>						
<p><u>LEASE PROPOSAL FOR SUITE 404</u></p> <p>Beach Vacation Rentals proposed to lease Suite 404 for a thirty-nine month term commencing September 1, 2014, at \$15.00 per square foot, three percent annual increases, the first three months free and “as is” with paint.</p> <p><b>MOTION:</b> To authorize the Chairman to execute, upon successful negotiation, a Lease Agreement by and between Pompano Beach Investors, LLC and Beach Vacation Rentals, as recommended by Butters Realty &amp; Management. PASSED 7-0.</p>	<p>O’Connell Samolewicz Aaronian Christophers Fletcher Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>	
<p><u>LEASE PROPOSAL FOR SUITE 405</u></p> <p>Soreide Law Group proposed to lease Suite 405 for an eighty-seven month term estimated to commence December 1, 2014, at \$16.50 per square foot, 3% annual increases and the first three months free.</p> <p>The current layout of the suite is not configured well for typical business operations so the proposed tenant has requested renovations, including crown molding and wood baseboard similar to Suite 406, moving several walls and a glass-walled conference room. The longer lease term will allow for a recapture of five years of income after the renovation expenses. The proposal is pending a mutually agreeable space plan and final construction pricing.</p> <p>Butters will provide the Board with a lease analysis of the cost after meeting with the architect and getting bids. At this time, they are seeking approval of the basic proposal to move forward with the lease negotiations and preliminary approval for the Chairman to execute it pending the outcome of the pricing and subject to Butters’ recommendation and approval.</p>	<p>O’Connell Samolewicz Aaronian Christophers Fletcher Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>	

Board of Trustees Minutes Page Three	August 14, 2014	TRUSTEES	M	S	Y	N
<p><b>MOTION:</b> To accept the Lease Proposal from Soreide Law Group, PLLC, and authorize the Chairman to execute it subject to the outcome of renovation pricing and subject to review and approval of Butters Realty &amp; Management. PASSED 7-0.</p>					X	
<p><u>HOLY CROSS LEASE UPDATE</u></p>						
<p>Bank of America has given verbal approval to allow Holy Cross to be added the monument signage. A lease amendment will be executed once they coordinate with the vendor on logo and materials.</p>						
<p>It was determined that Suite 301 has no standing regarding monument signage based on their written lease agreement. They have requested, through the Chairman, some additional signage in the lobby.</p>						
<p><u>BUTTERS' INVESTMENT ANALYSIS RE BOA BUILDING</u></p>						
<p>Butters presented their Investment Analysis of the Bank of America Building which summarized their property analysis with respect to the unsolicited Letter of Intent ("LOI") providing a purchase offer of \$4 million received from Grover Corlew. The Executive Summary detailed the primary measurements of valuation presented in the analysis, and the associated transaction costs. Net proceeds of the sale, after taking into account the expected costs associated with the Holy Cross lease and brokerage commissions, were estimated at \$3.2 million. For the benefit of the Board and counsel, Butters reiterated the facts and circumstances that led to the unsolicited offer. Discussion ensued regarding the cash flow analysis at 90% occupancy.</p>						
<p>The Chairman characterized the essence of the question as to whether the Board wished to retain an investment that represents less than 2% of the portfolio and generates a substantial amount of work and debate on behalf of the Board. Discussion ensued regarding the purchase offer compared to the appraised value of the property, the current outperformance of the REIT and multi-family real estate markets and the upward direction of the economy.</p>						
<p>Butters commented that the question for the Trustees is whether they want to continue in the real estate market and accept the associated risk or redeploy the money elsewhere. It was suggested that the Board could still take advantage of an upward moving real estate market by investing in pooled funds, which it already has through Invesco.</p>						
<p>Mr. Herrera recommended that if the Board is intent on selling the property, it should consider marketing the property to create a competitive atmosphere for different offers on highest and best use. There is a reason that the purchaser is willing to pay roughly 50% more than the appraised value and the competitive marketplace can possibly serve to determine whether it's an appropriate and reasonable offer.</p>						

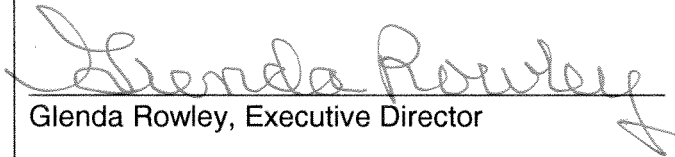
<p><b>Board of Trustees Minutes</b> <b>Page Four</b></p> <p style="text-align: right;"><b>August 14, 2014</b></p>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p>Ms. Lunsford advised the Board that Mr. Herrera’s recommendation differs from what has been done to date and involves retaining a listing broker at an additional cost to fully market the property. Ms. Lunsford also cautioned that time is of great material concern for Grover Corlew since they must place money from liquidating a large investment portfolio, and it is likely that their offer will be withdrawn if the Board undertakes the open market process. With regard to the appraised value, the existing appraisal valued the property in its current condition as an income generating property. If the Board wants to value the property as multi-family, it could commission another study with a consulting firm, which may provide more information for the process, but will not provide a guarantee of future value. Ms. Lunsford added that real estate is an illiquid asset, whose value is always based on a moment in time.</p> <p>When asked for Butters’ recommendation, Ms. Lunsford answered that it was difficult to say since they are not the Board’s financial advisors. In her personal opinion, the Grover Corlew offer is a really good offer. Over time, the property is not that compelling of an investment and the redevelopment market is very difficult. The headaches of running an income generating property are not as significant when compared to entering the property development industry.</p> <p>It was suggested that the deposit monies proposed in the Grover Corlew LOI offer were very low, but Ms. Lunsford advised that the letter of intent is non-binding and would permit the Board to negotiate the final terms.</p> <p>Each Trustee was given an opportunity to express his/her opinion with regard to selling the building or continuing to hold it as a real estate investment for future redevelopment or potential sale outright. There was general agreement that if the building is not sold, then Butters should pursue joint venture opportunities to develop the property in accordance with highest and best use.</p> <p><b>MOTION:</b> To give Butters Realty &amp; Management direction to negotiate in good faith the sale of the building to Grover Corlew in accordance with their Letter of Intent (LOI). FAILED 3-4 in a Roll Call vote.</p> <p><b>MOTION:</b> To direct Butters Realty &amp; Management to list the property on the open market. PASSED 7-0.</p> <p>At the August 18th meeting, Butters will present an Exclusive Leasing and Real Estate Services Agreement which will allow them to act as the Board’s representative for purposes of “off market” sales. In addition, they will now present a Listing Agreement for marketing the property.</p>	<p>O’Connell Samolewicz Aaronian Christophers Fletcher Hall Rossi</p> <p>O’Connell Samolewicz Aaronian Christophers Fletcher Hall Rossi</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>

ADJOURNMENT

**MOTION:** To adjourn the August 14, 2014 special meeting at 10:17 AM.  
PASSED 7-0.

O'Connell			X	
Samolewicz			X	
Aaronian			X	
Christophers	X		X	
Fletcher			X	
Hall		X	X	
Rossi			X	

Respectfully submitted,

  
Glenda Rowley, Executive Director

Distribution:

- Board of Trustees
- Robert A. Sugarman, Esq.
- Pedro Herrera, Esq.
- David Harris, Actuary
- City Manager
- Mayor and City Commission
- City Clerk
- Assistant City Attorney
- City HR Director
- President IAFF Local 1549
- Marcum
- Webmaster