



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 13

MEETING DATE: September 19, 2018

SUBJECT: SCERS' Office Space Lease

SUBMITTED FOR: Consent **Deliberation and Action** **Receive and File**

RECOMMENDATION

Staff recommends that the Board authorize the Chief Executive Officer to enter into an agreement with Cushman & Wakefield to provide tenant advisory services, which would include exploring potential options for SCERS' administrative offices, as well as representing SCERS in negotiations for leased or owned office space.

PURPOSE

This item supports the FY 2018-19 Strategic Management Plan to maintain transparency to stakeholders by demonstrating fiscal responsibility and stewardship by providing the Board with information regarding the possible retention of Cushman & Wakefield to serve as SCERS' leasing representative.

DISCUSSION

SCERS currently leases the office space in the Park Tower Building located at 980 9th Street, Sacramento, California, which includes the entire 19th floor (17,065 square feet). SCERS is quickly outgrowing this space. The SCERS budget includes 61 staff positions, and although there are currently 48 positions filled, it is expected that at least 53 positions will be filled before the end of the fiscal year. There is also a workspace need for multiple on-site contractors involved with information technology projects.

There are a total of 57 offices and workstations. There were originally five conference rooms and the Board room available for meetings. Of the original five conference rooms, two have been converted to workspaces for contractors, and one has been converted into a two-person office leaving only two functioning conference rooms.

As there are less than three years remaining on the 10-year lease, it is time to begin more closely assessing SCERS' office space needs for comparison to the current market.

In November 2009, Chris Strain of Cushman & Wakefield began representing SCERS following a competitive selection process. His firm identified properties and handled the negotiations with the previous landlord of the current lease agreement. Mr. Strain was able to negotiate a reduction in monthly lease payments, a significant tenant improvement allowance, and a better, more secure location, all while saving SCERS approximately \$1.7 million. Relocating the 18th to the 19th floor maximized SCERS' Staff productivity and avoided disruption in service to members.

Staff has continued to communicate with Cushman & Wakefield, and Mr. Strain has informally advised each Chief Executive Officer regarding the market during the period since the lease renewal. In July 2017 Mr. Strain provided the Board with an update of the Sacramento market and information regarding the sale of Park Tower to Hines.

Staff recommends formalizing the engagement with Cushman & Wakefield to assist SCERS with our office space needs and lease options.

ATTACHMENT

None

/S/

Kathryn T. Regalia
Chief Operations Officer

/S/

Eric Stern
Chief Executive Officer