[MS-0398.039.008.008]

Date: November 22, 1989
From: RGRIEG
Subject: EL CORTEZ HOTEL LEASE

WE HAVE FINALLY REACHED AN AGREEMENT WITH GROSVENOR INDUSTRIES AND MINAMI GROUP TO LEASE SPACE FOR FIVE YEARS AND OPTION FOR TWO FIVE YEAR OPTIONS. THE TOTAL SQ FOOTAGE IS 60,000 PLUS OPTION FOR 11,000 MORE IF NEEDED. THE COST WILL START AT .89 PER SQ FT WITH 5% INCREASE EACH YEAR FOR FIVE YEARS. THIS LEASE IS 5 MILLION DOLLARS LESS THAN THE PROPOSAL OFFERED BY O HILL PARTNERS OWNERS OF WALKER SCOTT BLDG. THE AGREEMENT INCLUDES 12 JUDGE PARKING SPACES AND 113 SPACES AT A COST OF $75 PER SPACE. IN ADDITION THEY HAVE AGREED TO PAY FOR 50% OF THE COST TO PROVIDE SHUTTLE BETWEEN THE DOWNTOWN COURT HOUSE AND EL CORTEZ, THE ANNUAL COST OF SHUTTLE IS ESTIMATED TO BE ABOUT 60,00 PER YEAR.

THE SHUTTLE SERVICE WAS DIFFICULT TO GET. HOWEVER WE PUSHED HARD BECAUSE IT WAS A CONCERN TO THE BOARD THAT THIS SERVICE BE PROVIDED. ALSO IT WAS OFFERED INFORMALLY BY THE DEVELOPER WHEN HE MET WITH SOME OF THE BOARD MEMBERS.

THE LEASE IS BEING REVIEWED BY COUNTY COUNSEL AND WILL GO TO THE BOARD IN DECEMBER FOR APPROVAL. LET ME KNOW IF YOU NEED ANY OTHER DETAILS.

BOB