

February 8, 2017

Board of Supervisors
County of Mono
C/O Ms. Leslie Chapman
County Administrative Officer
452 Old Mammoth Road
Mammoth Lakes, CA 93546

Via Electronic Delivery

RE: January 9th Letter from County of Mono re: Sierra Center Mall

To the Mono County Board of Supervisors:

We are in receipt of your January 9, 2017 letter proposal. In your letter, the reference was made to several possible scenarios and we appreciate the County's interest.

As you know we purchased the property with long term hold in mind and we continue that strategy. Therefore, at this time we are not interested in discussing a sale. However, we would entertain a proposal in which the County would have the option of a lease with a term of 10 Years or more in a flexible structure that is very accretive economically.

With respect to a new 10 year lease, we would propose the following:

1. County exclusively leases the entire 3rd Floor, consisting of 32,925 SF, as a full floor user for \$42,045.20 Per Month. (Represents a renewal of 17,285 useable SF now under lease until 2019, plus an additional 8,899 useable SF and all 6,739 SF of the 3rd floor of common area for the County's exclusive use.)
2. Renew existing DA and Suite 211 on the 2nd Floor of 4,258 SF for \$7,451.50 per Month.
3. If 3rd Floor is used to consolidate the 10,500 SF in Minaret Mall, that would result in a reduction of 1,601 useable SF from current facility SF that could fit into the 8,899 SF useable plus common area. A savings to the County of \$336,000 over the 10 year term.
4. Commence the new lease coterminous with the old lease.
5. Extend the lease to a minimum term of 10 years with 3% annual increases.
6. Total starting Base Rent would \$53,277.00, per month plus CAM for the entire 37,183 SF.
7. Rent over the entire 10 Year term would be approximately \$7.3 Million. (Including annual increases.)
8. Proposal represents savings of approximately \$13.8 Million in rent over previous Sierra Center proposal.
9. Landlord to deliver the space "as is" and would negotiate with tenant acceptable base building improvements at Landlord's cost as it relates to the mechanical systems and other common area items to be discussed.
10. Additionally, we are also open to discuss management structure and staffing as to provide more involvement and control by the County for issues relating to the operation of the building. In the Lease, we would discuss operational standards providing for Landlord penalties and Tenant remedies.

This total obligation of just over \$7 Million spread over the 10 year term would free the County to utilize its resources as it chooses, allowing the allocation of 13.8 Million in lease savings for other County priorities such as:

- Minimizing Debt
- Improving roads and infrastructure.
- Fire, safety and law enforcement issues.
- Community resident and visitor services and facilities.
- Additional staff, staff salary increases and benefits.
- Acquisition or replacement of vehicles and heavy equipment.
- Solid Waste issues.
- Capital improvement and repair of other County facilities.
- Reserve Funds for unanticipated expenses or events.

This lease option would also allow the County the ability to:

- Maintain flexibility as to the control of when and how much capital dollars the County expends annually on facilities. It would provide for expansion as well as contraction.
- Provides an ability to allow the County taxpayers an option for a reduced annual cost of the Mammoth satellite administrative office facility.
- Creates no new liabilities with other agencies or entities that the County would have to co-guarantee.
- Relieves the County of the threat of office space facility obsolescence. No long-term commitment to a way of doing business that could be dramatically impacted by technology, communication styles or delivery of services. In the future, we could see even greater changes that could remove the need for a physical visit to a County facility by residents or staff. We already watch Supervisor meetings and get much of the County information online.

If further discussion of this option is of interest, we stand ready to discuss. Obviously this proposal is subject to the negotiation and mutual execution of an acceptable lease agreement and is not binding on either party.

Respectfully,

HIGHMARK ADVISORS, INC.



Drew Cameron Hild
Principal

cc: Paul Rudder, 452 OM RD, LLC