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MARCH 2009

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REALTY CHECK ■ ■ ■

Meet the Experts



JOHN RESTREPO

Principal — Restrepo Consulting Group

John Restrepo has provided economic consulting services in Nevada for 20 years. Restrepo Consulting Group is based in Las Vegas and is the oldest and most established economics and public policy research firm in Nevada. His clients include many prominent private and public organizations concerned with land use and growth. Restrepo also has been preparing detailed quarterly market surveys that track the Las Vegas Valley's industrial, office and retail markets since 1990.

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JERRY KATZ

Partner — Glaser, Weil, Fink, Jacobs & Shapiro

Jerry Katz has handled virtually every aspect of real estate transactions, including real estate acquisitions and dispositions, development, real estate secured and asset-based financing, loan workouts, tax-deferred exchanges, subdivisions, complex title insurance matters and commercial leasing. He serves as a lead counsel for Project CityCenter, handling contract negotiations and providing strategic input in devising and implementing management procedures to ensure the success in making the CityCenter Project the largest LEED-certified project ever built.

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LAUREL ZIEGLER

Associate — Glaser, Weil, Fink, Jacobs & Shapiro

Laurel Ziegler graduated summa cum laude in 2003 from the University of California, Los Angeles, where she was elected to Phi Beta Kappa and graduated from UCLA's School of Law in 2006. She is admitted to practice law in California.



SOOZI JONES WALKER, CCIM, SIOR

President and Corporate Broker — Commercial Executives Real Estate Services

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Soozi Jones Walker has been involved in real estate in Clark County since 1979 and has specialized in commercial real estate since 1986. She specializes in the sale and leasing of office and retail space, as well as the sale of investment properties. She obtained a Certified Commercial Investment Member designation in 1991 and has served as president of the Southern Nevada CCIM chapter for three terms. She previously served on the board of directors and is currently the scholarship chair.

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FROM THE EDITOR

Thanks for picking up our latest edition of *CRE*, the magazine for Southern Nevada commercial real estate. In this edition, we delve into the state of downtown Las Vegas and the changes that are in the works.

Downtown is continuing to change. The ongoing revitalization should lay the groundwork for an exciting future. New places to live, shop, work and relax are expected to give our burgeoning city a shot in the arm when the troubled economy shifts gears.



A variety of projects are in full swing downtown. Inside, you'll find updates on the Lou Ruvo Brain Institute, as well as the entire Union Park project. Plus, the progress on the Fremont East Entertainment District continues, and the Golden Nugget is undergoing an expansion.

Popular Realty Check columnist John Restrepo examines the future of downtown. You can catch his predictions on page 15.

Also inside are features on a pet hospital rebuild, the local Canstruction event — a great cause worth checking out — and the annual NAIOP Spotlight Awards. Additionally, you'll find guest columns from Soozie Jones Walker of Commercial Executives Real Estate Services, and the team of Jerry Katz and Laurel Ziegler from the law firm Glaser, Weil, Fink, Jacobs & Shapiro.

Plus, you'll also get to meet Dan Ballard of ethos three architecture. Ballard broke away from one of the city's top architectural firms and started his own company with two other industry veterans in 2006. Read his question-and-answer session on the inside back cover of the magazine.

Check back with us, too, in May. That's when we'll take a look at the state of the retail market and preview the RECon (formerly ICSC) convention. <

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Getting ready for the recovery through reinvention and innovation

“Survival is for chumps.” That’s what our group at Gatski Commercial heard the other day, after participating in an industry workshop. Striving for merely “surviving,” you’re allowing yourself to be a victim of the current challenges.



We’re not ignoring the challenges that face us. And we’re certainly not delusional about the obstacles before us amid the most challenging economic climate many of us have ever seen, especially in commercial real estate. Vacancy rates are huge, and the task before us is daunting, even for the most optimistic.

But truly, this recession won’t last forever. And at Gatski Commercial, we’re incredibly optimistic about the new economy that will follow these down times. Our goal is to use these next 12 to 18 months to prepare for its arrival. This is the gestation period that allows us time to build the infrastructure we need to fully take advantage of the positive developments that lie ahead.

Now is a time to thrive. In every market, there is opportunity, and the current market is no exception. It just takes more time and energy to find it than in the past. The difference between surviving and thriving is reinvention.

Here at Gatski Commercial Real Estate Services, we’re reinventing ourselves all the time and will continue doing so far into the future. Lately, it’s been critical to help our clients devise leasing plans and exit strategies. In doing so, we’re helping to turn around what may be a nonperforming asset into a viable investment.

Survival? That’s for chumps. Gatski Commercial is committed to the future and the new economy to come.

Here’s to a brighter outlook.

Frank Gatski, CPM, CCIM

President

Gatski Commercial Real Estate Services

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David Blau

Vice President and General Manager
Cox Business Las Vegas





In 2009, office market will be “The Year of the Tenant”

Warren Buffett said it best: “I feel like a hungry mosquito at the nudist camp — so many juicy targets to choose from.” It has not been this good of a time to be a tenant in the Las Vegas Valley for years!

2008 was painful for landlords, as the year ended with vacancy rates at more than 17 percent. In 2009, it is expected that vacancy rates in all categories will continue to rise. Those landlords who are highly leveraged or have little or no experience in leasing are finding it difficult to maintain their properties and manage their lenders, thus making it almost impossible to compete in this extremely competitive market. While concessions are up, and lease rates are down, the fundamentals of commercial real estate must prevail, so you have to assess the risks with the rewards.

Tenants should be concerned with the financial health of their landlord. If the negotiated lease rate is too low to cover maintenance, the overall condition of the property will deteriorate, affecting its appearance and desirability. If a landlord cannot lease the property at a dollar amount that’s enough to cover expenses, including mortgage payments, he will feel compelled to either counter the tenant’s proposal at a higher rate or turn to the lender for relief. If the landlord cannot pay his mortgage, and the property is turned back to the lender either by mutual agreement or foreclosure, the

tenant-advantaged lease may not be accepted by the lender. The tenant either will have to negotiate again with the lender, as the new owner, or worst yet, be required to move from the property.

It is important to keep an eye on the goal when negotiating. Typically, the net effective rent is the best barometer. Here is how to solve for the net effective rent: Add total rent to be paid during the term of the lease plus other expenses, including tenant-paid improvements; subtract free rent and other concessions from the landlord; divide by the total lease term; and then divide by the total square footage. The resulting dollar amount is your average effective monthly price per square foot for the premises. Using this method to compare properties is one of the most effective tools.

Tenants can expect to obtain strong rent concessions during the first and second years, including discounted and free rent. Many new properties are offering turnkey build-outs in addition to rent concessions and shorter term leases. Short-term leases might put the tenant in a less than desirable position upon renewal if the market has lower vacancy due to less construction and the strengthening of the overall real estate market.

Most tenants in the market today choose to hire a professional to sift through the myriad of properties and assist them in finding the best property, while assessing the risks in-

volved. The task of finding the right property, while running a company, can be very challenging and costly if a mistake is made. Company management and owners know why they are successful and understand the philosophy of hiring a specialist.

Subleasing can be a cost-effective way to obtain better space and location for a much lower rate. But, beware. Not only does the subtenant have to be concerned with the master landlord but now their sublandlord, too. What if the sublandlord goes bankrupt or just quits making payments to the master landlord? What happens to the subtenant occupying the space? Will the master landlord expect the subtenant to pay higher rent? What happens to the subtenants’ security deposits that were paid when their subleases were signed? Subleasing adds a higher risk to the equation. This risk should be assessed and addressed thoroughly before committing to the sublease.

Savvy business owners know this is the market to go forth and conquer, negotiating your best lease possible. <

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Soozi Jones Walker is the president and a corporate broker at Commercial Executives Real Estate Services.

Out of the ashes

Pet hospital goes green after fire

Going green is for the birds. And, it seems, for the dogs and cats and other animals that are clients of Las Vegas' Paradise Pet Hospital.

The pet hospital, located at 1060 E. Flamingo Road, was left in ruins by a devastating electrical fire last March that killed 16 animals.

At the end of the month, almost a year after the tragedy, the doors will open on a new, \$950,000, 5,000-square-foot building. The new structure will be noncombustible and eco-friendly, according to Joe Garcia, president and owner of SR Construction, which is building the new facility.

For Garcia, whose firm specializes in health care construction and has built a half-dozen veterinary facilities, rebuilding the popular clinic that treats about 5,000 local pets has been special.

"It is a positive story in a world bombarded with negative. We're proud to be involved with the project and the theme," Garcia said.

Garcia's team proposed that the state-of-the-art hospital be rebuilt with sustainable materials instead of the "stick and stucco" used in the old building.

"The original construction was wood frame with stucco adhered to plywood and wood roofing. Now the exterior walls are all metal stud with concrete wall and the roofing system in all metal. It's nothing that will burn easily," Garcia said.

The new building will include five examination rooms, two bathrooms, a reception area, management office, owner's office, grooming room, pharmacy, treatment area, associate doctors' office, computer room, employee lounge, surgical suite, radiology suite, intensive care suite, isolation, boarding run, and feline and canine wards for non-critical hospitalization.

And though the building's owner, Dr. Mark Dolginoff, preferred a green project at the outset, in the end, it was the project's time line that mandated it.

Joanne Light, who manages the Paradise Pet Hospital, said fire investigators didn't allow Dolginoff to take possession of his building until October — seven months after the fire. And business interruption insurance required the building be finished within a year



of the incident.

Enter the Ecolite prefabricated wall system, a new, eco-friendly, fireproof product manufactured by Las Vegas-based EcoWall. Made from post-industrial steel and cellular concrete containing recycled material, it had not yet been used on a building in Las Vegas but would allow the core and shell to be completed in only two weeks.

"We were looking for the most effective time line," Garcia explained. "This allowed us to have the panels in fabrication off-site, while waiting for drawings for permitting to be completed. Once we achieved the permit, we could start construction immediately."

The wall system, being new to Clark County, proposed challenges, albeit small ones, including getting it permitted.

"It wasn't something they had seen 100 times before," Garcia explained.

And, there were some installation hurdles.

"It required training to install. We had to look at how we treated some of the flashing or caulking details for a nice, tight envelope," he added.

Light said that the building — inside and out — is to a large extent "recycled," which is something that makes the 14-member staff proud.

"From the beginning, with the demolition, what was able to recycled or reused was sent to Habitat for Humanity or reused. The building is 80-percent-recycled steel. We have natural lighting throughout the hospital and light sensors in the rooms that shut off automatically if there's no movement for two minutes.

"We've gone paperless, so there are no more charts involved. Everything is computerized. The X-ray machine is digital, and there is no chemical or X-ray film," she said.

Light also said that, when she could, she purchased refurbished equipment.

"Some of the IV poles, for example, were purchased from a hospital that wasn't using them anymore."

"You'll know you're in the same place" when visiting the hospital, Light said. They have rebuilt the signature horseshoe-shaped receptionist desk, for example, and the trademarked paw print was salvaged and will be installed on the new building. "It will feel like the same place but will be different," she said.

It was important to build differently, Light continued, because the fire was such a traumatic event for staff and clients. One of Light's favorite new additions is the drinking fountains — now part of code — because there's one for dogs.

There also will be a small memorial garden in front of the hospital with 16 stepping stones representing the lives that were lost, a St. Francis statue and a plaque that memorializes the date of the fire. Designed by the architect, it will be "a very nice tribute to those who will know what it means," she said.

Light said Dolginoff knew he would rebuild immediately.

"It's his passion, livelihood and business. He has a responsibility to the clients who depend on him to take care of their family," she said.

The staff will move from the emergency hospital the Paradise Pet Hospital staff has been utilizing since the fire to the new building on March 23. There will be an open house on April 18, complete with tours of the building, raffles and an ice cream truck offering Frosty Paws treats for the dogs.

"It will be a social festival-type event, where we can celebrate a new beginning," Light said. <

By Deborah Roush
Contributing writer

Can-do!

Architects, engineers bring wild designs to Canstruction Las Vegas

As a job captain for the document department of the architecture firm Bergman, Walls & Associates Ltd., Chad Jackson has helped coordinate design efforts on some notable valley developments. But he may be best known for helping to design and construct a very large toilet — made entirely from canned food.

Since the late-'90s, Jackson has participated in Canstruction, one of the most unique food drives in the world, pitting teams from local architecture and engineering firms against each other in a competition to design structures entirely from canned food. After the competition, all the food is donated to a local food bank.

"You can get very creative. It's really fun, and it all goes to a good cause," said Jackson, while describing a project he completed seven years ago that had the highest can total he personally ever amassed, an M-1 Abrams tank that required 2,250 cans of food.

The structures for the competition have ranged from celebrity faces to objects such as fire hydrants or cars and beyond. Locally, a miniature replica of the Luxor was once built, and early Las Vegas events garnered their share of ringing can-made slot machines, craps tables and, of course, the irreverent, award-winning and memorable toilet made by Jackson's team a few years ago.

"There's some good-natured camaraderie amongst the people involved," said Maggie Allred, the local chairperson for Canstruction. "I think, overall, this is a very charitable city, and this is an example of that. Architects and engineers are struggling like everybody else during these times, yet they're buying cans of food to do this."

Allred became associated with Canstruction when she worked for a local architecture firm several years ago. While she no longer works for the firm, she still helps to coordinate efforts for the local event.

"It's just so creative and fun, I can't stop," she said.

Started in 1992, by the Denver, Seattle and New York chapters of the Society for Design Administration, Canstruction competitions have made their way to more than a hundred U.S. cities, collecting more than 10 million pounds of food for local food banks along the way.

In Las Vegas, Canstruction has surfaced nearly annually for the past 12 years. Local organizers try to coordinate the competition during the same week of the American Institute of Architects' Las Vegas convention. But Canstruction dates tend to fluctuate an-



nually, based on availability of facilities and timing of design conventions, thus sometimes skipping a year.

For 2009, Las Vegas Canstruction projects will be on display in the Grand Hall of the Fashion Show mall, April 16-20, and will include work from 14 different local companies. The competition raises about 30,000 to 35,000 cans that go to the local nonprofit Three Square. Entrants are required to build on a 10-by-10-square space on April 15, after the mall closes. Their creations are then un-

veiled to the public the next day.

Award categories for Canstruction projects include: structural ingenuity, best use of labels, jurors' favorite, best meal and two honorable mentions. Teams are encouraged to design their projects in CAD systems and even build them out beforehand to make sure they are structurally sound.

This year, Gragson Elementary School is raising funds for the cans to build the Harris Consulting Engineers' project. Allred said Canstruction always tries to reach out to local schools and to the School of Architecture at University of Nevada, Las Vegas each year. Emerging Professionals, an architecture group at UNLV, will be teaming with Pugsley, Simpson.Coulter, Architects.

Other local companies involved in the competition include: Schirmer Engineering Corp., JVC Architects, Southwick Landscape Architects, Turner Construction, Clark Construction and Gensler.

"This is the first year we've had a real mix of companies. We have more contractors," Allred added.

Asked what he planned to design for this year's competition, Jackson laughed, but remained tight-lipped.

"I can't tell you. I have to get with my design team."

So much for friendly competition. <

By Brian Sodoma
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The “Green Movement”

Green Leases

The building industry has a profound impact on the global environment, the economy, and individual health and productivity. In the United States alone, buildings account for 72 percent of electricity use, 39 percent of energy use, 38 percent of carbon dioxide emissions, 40 percent of raw material use, 30 percent of waste output and 14 percent of potable water consumption.

The desire to mitigate the negative effects of buildings’ resource consumption has resulted in a “Green Movement,” which stresses building practices that ensure that ongoing building operations and maintenance minimize environmental impacts.

The three main rating systems used to measure and certify whether a building is green — the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) rating system, Green Globes and Energy Star — focus on improvements in five key areas: sustainable site development, water usage, energy efficiency, materials and resources selection, and indoor environmental quality.

With the decreasing cost premium for building green and the increasing availability of financial incentives for developers, more new buildings will be built green, existing buildings will be retrofitted and tenant demand for green premises will rise. Drafting provisions that address a green building’s specialized considerations will be critical in future lease negotiations. Landlords, tenants, brokers and lawyers must familiarize themselves with the key issues involved in negotiating green leases.

Failure to keep pace with the Green Movement could have serious consequences. If, for example, landlords fail to draft leases giving them the future right to convert buildings to a green standard, green operations will be difficult to implement for the duration of these leases. By the time such leases expire, many building owners will find their buildings are obsolete. Additionally, green office buildings offer more attractive space and thus will undoubtedly lure tenants away from nongreen

buildings. Therefore, if owners of existing buildings want to retrofit and certify existing buildings to compete with new green buildings, such owners must draft green leases.

Green Building Benefits

Green buildings benefit commercial tenants by reducing employee absenteeism by creating spaces with more natural light and fewer toxic fumes, thus enhancing employee well-being and productivity. A healthier, more appealing environment also helps attract and retain talented employees. Tenants also benefit from decreased building operating expenses, to the extent that such savings are passed on in the lease. Leasing space in a green building also can enhance the tenant’s corporate reputation for social responsibility, thereby attracting a better workforce and more investors.

Similarly, landlords benefit from the increased profitability of green buildings that results from lowering energy and related costs (Green buildings can reduce energy use by 24 to 50 percent, carbon dioxide emissions by 33 to 39 percent, water use by 40 percent, and solid waste by 70 percent.).

Green buildings’ energy efficiency also insures against future energy price increases, an advantage that landlords market to tenants. Not only are green-building tenants willing to pay higher rents due to these benefits, green buildings also have higher building valuations because such buildings boast reduced operating costs, enable landlords to capture lease premiums and are considered more competitive, future-proofed projects.

Sustainable buildings also have longer economic lives due to less depreciation and lower volatility, leading to reduced risk premium and higher valuations. Furthermore, in many states, including Nevada, government grants and other green-building incentives make building green attractive to landlords.

Green buildings also potentially reduce landlords’ liability by minimizing occupational health and safety liability issues. The insurance industry is becoming increasingly aware of

lawsuits associated with building sickness and other indoor air quality issues, resulting in rising insurance costs and mold exclusion clauses. Thus, some predict that insurance companies will start linking lower premiums to green buildings, providing additional benefit to landlords.

Green Leases Barriers

Numerous obstacles to green leasing threaten the viability of green-building projects. If only some tenants are interested in sustainability, a landlord may be unable to introduce energy conservation measures into leases as they renew. Landlords also are reluctant to invest in auditing compliance with green leases and monitor the achievement of targets and benchmarks to ensure the optimal operation of a green building.

Additionally, tenants are wary of entering into green leases as a result of the obligations and restrictions described above, and the fear that landlords will pass through excessive green expenditures if such amount is not capped in the lease. Educating landlords and tenants on the benefits of green leases is essential in overcoming these barriers.

What is a Green Lease?

A green lease is a standard lease that is modified to remove barriers to sustainability, determines how the benefits of a green building will be allocated between landlord and tenants, and provides assurances that future sustainability goals will be met. Key green leasing issues include: (1) defining what it means to be green; (2) the form of lease and allocation of costs; (3) operating requirements and/or restrictions imposed on landlord and tenant and; (4) remedies for violation of a lease’s green provisions.

Defining Green

Determining what makes a building or premise green is a key component of green leases. Due to the fact that green is a subjective term, it is preferable to tie the definition of green to a third-party standard (e.g., LEED,

Green Globes or Energy Star) when outlining the parties' sustainability objectives and their obligations to achieve and maintain such a standard in the lease. The parties also must determine whether third-party certification is desirable, since the certification process can be costly to property owners, who might want to pass such costs on to tenants.

Lease Form: Allocation of Costs and Benefits

Various lease forms allocate the benefit of energy savings differently between landlord and tenant. For example, a gross lease, pursuant to which a tenant pays gross rent with no pass-through of operating expenses and taxes, may be the preferred form for landlords having efficient operations.

However, since all of the benefit of the reduced operating expenses accrues solely to the landlord, there is little incentive for tenants to conserve resources. In contrast, a triple net lease, pursuant to which the tenant pays base rent plus a pro rata share of operating expenses and taxes, provides tenants with an incentive to save energy, but diminishes a landlord's incentive to invest in green improvements.

A modified gross lease, pursuant to which a tenant pays base rent plus its pro rata share of increases in operating expenses and taxes over base year or operating expenses in excess of expense stop, provides some incentive for both the landlord and tenant to conserve resources and invest in green capital improvements. Typically, landlords charge a higher base rent in a gross lease or modified gross lease in order to recoup the initial cost of green improvements.

A well-drafted green lease should specify whether the tenant or the landlord will bear the cost of greening the building and/or premises, and the manner in which savings in operating costs will be distributed.

For new buildings, the premium in costs for constructing a green building is generally estimated to be 1 to 3 percent. Accordingly, to incentivize landlords to invest in green improvements, leases should allow landlords to reasonably amortize the costs of projects that will reduce operating costs and treat that amortization as an operating cost, as long as amortization does not exceed the savings to the tenant.

On the other hand, if a tenant pays higher rent for a green building, he should receive the benefit of lower operating costs. Separate metering of premises allows tenants to implement their own internal practices to reduce energy usage and their share of monthly operations costs.

Imposition of Operating Requirements and Restrictions

Green leases require landlords and tenants to fulfill specific obligations and agree to certain

restrictions to assure the optimal performance of a green building.

As discussed above, tenants may require landlords to operate and maintain the building in accordance with a specified standard throughout the term of the lease, or meet certain sustainability targets or benchmarks.

Similarly, landlords may require tenants to use efficient lighting, such as motion sensors and timers; use green cleaning products; participate in a recycling program; or purchase Energy Star appliances. Additionally, green leases often provide that a landlord must relocate tenants to similar green premises when the lease permits relocation.

In addition to imposing affirmative obligations, green leases often restrict the operations and decisions of landlords and tenants. For example, the lease may restrict a tenant's ability to assign the lease to a less-green tenant, give landlords additional rights to enter premises to upgrade and/or retrofit premises, allow landlords to perform janitorial services during normal business hours to save energy and provide HVAC service for fewer hours based on a revised definition of normal business hours.

A green lease should also specify that sustainable materials and construction methods must be used for landlord or tenant improvements, with appropriate remedies for

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Green Lease Remedies

Lease termination is a drastic remedy when a lease's green provisions are breached. Instead, if the landlord breaches a green provision, the tenant should be entitled to a specified rent reduction.

Similarly, for tenant breaches, the lease should specify liquidated damages payable to the landlord. Landlords and tenants also may want audit rights to confirm the other party's compliance with green provisions to ensure both parties derive maximum benefit from the green design. Green leases should also provide a dispute resolution mechanism to resolve disputes related to the green lease more quickly and efficiently than litigation.

Conclusion

To assure the continued success of green buildings, leases must evolve to address green buildings' specialized considerations. Additionally, because green leases create more complex relationships between landlords and tenants than do traditional leases, landlords and tenants must communicate their goals and expectations during the negotiation and term of the lease, and cooperate to achieve their individual objectives.

The future of the Green Movement rests, in part, on whether green leases can adequately govern the unique relationship between land- lords and tenants that results from green building and making green buildings profitable and beneficial to both landlords and tenants, without being unduly restrictive to either party. <

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Jerry Katz is a real estate partner with Glaser, Weil, Fink, Jacobs & Shapiro. He has handled virtually every aspect of real estate transactions, including real estate acquisitions and dispositions, development, real estate-secured and asset-based financing, loan

workouts, tax-deferred exchanges, subdivisions, complex title insurance matters and commercial leasing. Katz serves as a lead counsel for Project CityCenter, handling contract negotiations and providing strategic input in devising and implementing management procedures to ensure the success in making the CityCenter Project the largest LEED-certified project ever built.



Laurel Ziegler is an associate in the Corporate and Real Estate departments of the Los Angeles office of Glaser, Weil, Fink, Jacobs & Shapiro. Ziegler graduated summa cum laude from the University of California, Los

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FOCUS ON ■ ■ ■

Downtown Las Vegas

Brain Trust

Lou Ruvo Brain Institute takes downtown's center stage

He's not a developer, but he has helped usher in one of the most significant downtown developments in Las Vegas. With the Lou Ruvo Brain Institute, Larry Ruvo, senior managing director for liquor distributor Southern Wine & Spirits, has done far more than develop an architecturally unique gateway to the 61-acre Union Park.

"I've never looked at this as a developer. My attempt, initially, which I feel has been achieved, was to bring awareness to [Alzheimer's] disease. ... If that meant developing something with (architect) Frank Gehry, and that's what it would take, then that's fine," Ruvo said.

The \$100 million, 67,000-square-foot complex, which will likely treat 300 Alzheimer's patients a year through a full partnership with Cleveland Clinic's



Center for Brain Health, is helping the valley shed a medical industry image that has undergone its share of growing pains. Mayor Oscar Goodman, upon announcement of the Cleveland Clinic-Ruvo Brain Institute partnership, proudly proclaimed Las Vegas as being in medicine's "major league." While the statement may seem a little premature, with the growth of the Nevada Cancer Institute and now the Lou Ruvo Brain Institute's completion later this year, a medical industry renaissance may not be entirely an overstatement, according to Ruvo.

"I think it's a much-needed change, particularly with what our town has gone through recently with the endoscopy center (controversy). ... The Cleveland Clinic is going to raise the bar just as NCI (Nevada Cancer Institute) has raised the bar for that dreaded disease," he said.

Activity Center

Construction of the \$40 million, 40,000-square-foot research, treatment and office building was completed in November. The 9,000-square-foot activity center, along with the adjacent 3,000-square-foot Wolfgang Puck kitchen and two-story, 4,000-square-foot hands-on Museum of the Mind, will take until the end of this year to complete and will cost \$20 million.

The reason for the longer time frame on a much smaller facility is quite simple. Wavy steel pasta sheets may be the best way to describe the walls and roofing on the activity center. The waved structure has 200 windows, and none of them are plumb, most have various curves and all are triple-paned, with ceramic on the outside to reduce heat gain. German roofing engineer, Hofmeister, put 60,000 engineering man-hours into the building. More than 135,000 drawings were required for the activity center alone.

Currently, contractor Whiting-Turner receives weekly shipments from China of structural steel for the curved walls and roof. The pieces weigh 1 to 21 tons. Holes are predrilled to assemble the pieces on-site, and in order for them to fit together, there is only one-sixteenth of an inch room for error for each of the 30,000 bolts needed on the structure.

Upon completion, the activity center will host events for up to 500 people. All proceeds will go to the research center, and fees for using the site are tax deductible.

"At nighttime, when most medical buildings close up and the janitors come in, this building comes to life," Ruvo added.

In addition, a curator will coordinate artists' works on the site. When a piece of art is sold, half of the money goes to research.

Clinic design, research

On the inside of the medical treatment and office building, Gehry design touches are much more subtle. The site uses all indirect lighting; There are no light bulbs or

can-lights in the ceilings. Curved hallways on each floor soften the impact of the hall. At Ruvo's request, there are no waiting rooms, which is the product of a personal experience he had bringing his father to a clinic, where both sat in a room with all three levels of Alzheimer's patients waiting for care.

"The scar of that visit will remain with me forever. I'm going to prevent that for others," Ruvo said.

The Frank Gehry touches also are seen on the furniture and trim. Conference tables and receptionist desks are made of laminated plywood in soft maple colors. In general, colors are light throughout the building's interior. The back of the building, where patients enter, is white as well, while a more lively orange and turquoise are seen in the atrium area outside the activity center.

"We wanted the building to be very sensitive to the caregivers and the patients. ... It's a building that's very inviting, not intimidating," Ruvo added.

Randy Schiffer, director of Cleveland Clinic's Center for Brain Health, described a "protective feeling" inside the research center. Schiffer expects to bring two cognitive neurologists onto the site by summer, then ramp up with more staff by the end of the year. He sees the new center as an opportunity to further advance Alzheimer's treatment options.

"Alzheimer's is treatable, but it's just a weak effect (with current treatments). But we've proven we can affect the course of the disease. ... It's just that it's been 15, 16 years since the last (treatment) came out. ... We'd like to build a platform for developing them," he said.

Future Funding

Ruvo began fundraising for Alzheimer's research in the mid-'90s, after the passing of his father, Lou, for whom the center is named. The fundraising was initiated when several high-profile friends contributed unsolicited funds during a memorial ceremony for Ruvo's father, who was also stricken with Alzheimer's. By the time the center broke ground in April 2008, \$65 million had been raised through Ruvo's nonprofit, Keep Memory Alive, and a \$74 million bond was issued through Zions Bank.

Ruvo has no plans of slowing down fundraising efforts, until he can deliver the knockout punch to the disease.

Having recently partnered with Siegfried & Roy for a February event at the Bellagio, Ruvo's organization raised another \$12 million for the cause.

"In these times, to be able to raise that kind of money is really amazing," Ruvo added. "If you're not a control freak, and you can delegate a good team, it's amazing what you can accomplish." <

By Brian Sodoma
Special Publications writer
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More infrastructure, Smith Center next for Union Park

It's a great time to dig a new sewer. At least Rita Brandin will tell you that. The development director for Newland Communities, developer of the 61-acre Union Park in downtown Las Vegas, says the first phase of infrastructure work on the site is nearing completion, while bids for the second phase will be coming in soon.

While times are tough for those trying to develop projects, Brandin says the timing to build-out Union Park's infrastructure is perfect.

"It's a very good time," she said. "Pricing for the second phase has come back lower than initial pricing from last July."

Originally, phase two infrastructure estimates were around \$19 million, but current estimates came in about one-third lower at \$13.7 million, Brandin explained. Second phase bidding should begin in April. Phase one infrastructure improvements, which included the area of the currently under-construction Lou Ruvo Brain Institute, were \$4.9 million and will be complete at the end of this month. Money for the infrastructure improvements comes from a 2005 city redevelopment agency bond.

With the completion of the Lou Ruvo Brain Institute later this year, Brandin said the \$485 million Smith Center for the Performing Arts will be the next project to break ground, by summer at the latest.

In late 2008, project officials were looking to finalize financing on the last \$70 million needed for the Smith Center. Myron Martin, president of the Smith Center, said the group will not have to resort to a bond measure initially proposed for the final financing piece. Since December, the group has raised nearly half of the \$70 million through private donations. In addition, contractor estimates are now coming in lower than the initially projected \$275 million. Between the cost savings and the added donations, the final pieces look to be coming into place without looking for outside lenders.

"I am extremely confident we'll be breaking ground in the next 60 to 90 days," Martin said. "It's going to take 1.8-million man-hours to complete this facility. And in a time when we (the community) really need it, we're going to be putting people to work."

Brandin said the current economic climate has "created a new reality across the board in development." She said people were too used to projects moving forward very quickly during real estate's boom years. But with the slowdown, the development pacing of Union Park, which she estimated to be a 10- to 15-year build-out when plans were first unveiled in 2006, has simply normalized.



Downtown Las Vegas: Poised for the recovery

REALTY CHECK ■ ■ ■

John Restrepo, Principal
with **Maria Guideng**, Economic Researcher,
Restrepo Consulting Group LLC

As we move forward in 2009, the Southern Nevada economy, like the national and global economies, continues to be battered by what will soon be the deepest recession since World War II. Predicting the future with any degree of certainty is challenging in the best of times and virtually impossible today, since all of our historical performance measures are falling by the wayside. At this point, there is very little agreement among economists of all stripes when a sustainable recovery will be seen.

The best thing to do in such unprecedented times is to stay informed and follow the latest economic trends that impact the valley's economy and market activity. People are closely watching what the Obama administration is going to do next, particularly as it relates to its fiscal policies. Even with the recent passage of the \$800 billion-plus stimulus package by Congress, there is still uncertainty regarding its effectiveness and the impact it will have on the economy. Expectations play a powerful role, but are generally not enough to move the economy. The losses from the residential construction, stock and housing-related wealth, and the corresponding reduction in annual consumption are staggering in scope and size. According to Dean Baker, co-director of the Center for Economic and Policy Research, it is estimated that the collapse of the housing industry and the growing commercial real estate bubble have led to a total decline of annual demand of about \$1.35 trillion during the past two years.

The root of the consumption and confidence decline is the loss of wealth from the burst of the housing bubble, followed by the credit crunch. Some observers and economists are looking to unlocking credit to turn around the economy's dismal prospects this year. However, even if credit was readily available, consumption is not likely to rebound quickly, since investment is only 15 percent as large as consumption — clearly not enough to offset the decline in consumer demand. Furthermore, an immediate investment boom is unlikely due to overbuilding in many commercial markets around the country.

With the unparalleled loss of wealth we have seen, we also expect to see a potentially large wave of business bankruptcies in the near future, particularly in retail. This will translate into further losses of jobs and hundreds of billions of bad loans on commercial properties for banks. We haven't bottomed out just yet, and necessary corrections are still in the future.

One of the most important indicators of recovery is job growth. In our opinion, we expect to initially see a jobless recovery — in which recovery from the recession won't lead to a spike in jobs — despite the pent-up demand by consumers. High debt loads of consumers and businesses are the other culprits. Moreover, because the timing of that is so uncertain, we continue to tell our clients to focus their business planning strategy on building blocks for the future by putting into place actionable plans that will preserve resources until the inevitable recovery.

The Local Picture: The City of Las Vegas

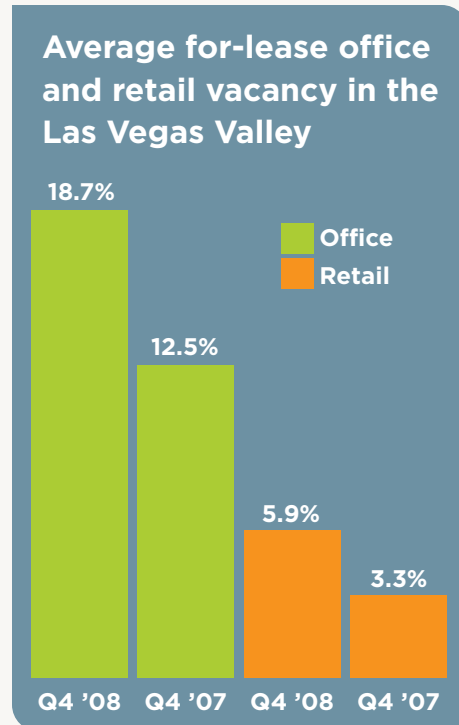
Looking and planning forward is just what the city of Las Vegas is doing. Although Las Vegas' downtown has not gone untouched by the economic downturn that Southern Nevada and the nation are experiencing, revitalization efforts and interest among city leaders remain strong. Why do we say this? Because the plans, programs and practices by the city's Office of Business Development and the Redevelopment Agency were put in place with more than 2008 and 2009 in mind. There is a clear understanding that redevelopment is a long multiyear process that must, by definition, include up and down cycles.

OBD's role in this process is to coordinate new development and redevelopment in the city — with an emphasis on the downtown — in order to increase and diversify its longer-term economic base. OBD, through the agency, works to promote the downtown redevelopment by working with developers, property owners and community associations to enhance revitalization efforts. The agency's focus is on the Las Vegas Redevelopment Area (RDA), which encompasses nearly 3,950 acres and roughly includes downtown (see map). The mixed-use environment of the RDA serves multiple markets that include tourists, residents and commercial employees, and is key to the diversification of Southern Nevada.

Business Incentive Programs

In 2008, more than 19,800 new business licenses were issued in Clark County. Of this amount, 1,067 (5.4 percent) were issued within the RDA. By the end of the year, the number of total active business licenses in the RDA accounted for nearly 5 percent of all active business licenses in Clark County.

The city has several incentive programs that provide assistance for companies located within the RDA. Among them is offering Tax Increment Financing for high-rise residential, retail, hotel and mixed-use projects. Generally, according to the city of Las Vegas Office of Business Development, TIFs are defined as the increased property taxes generated due



to new development on a site. And, under this program, the tax money from the difference in the originally assessed property value and the enhanced property (up to 41 percent) is rebated annually to property owners for qualified expenditures. These expenditures are used for a variety of infrastructure investments, including street construction, water lines, traffic signals, paving, sidewalks, flood control improvements and utilities.

Another program is the city's Visual Improvement Program, which provides aid to commercial establishments for upgrading and bringing their properties up to code. By offering matching grants for improvements to companies' building façades, signs, landscaping and parking facilities, the city helps to enhance the appearance of downtown.

The City and New Projects

It's amazing to see the transformation and the new look of the RDA during recent years. The Las Vegas Premium Outlets, World Market Center, Fremont East entertainment district, renovation of the historic Fifth Street School and Molasky Corporate Center, among many other projects, bring in new industries and levels of business to downtown. In addition, the agency has had a major role in making this happen.

According to the city's 2008 RDA Annual Report, the RDA has assisted with almost \$18 billion in development projects in various stages during the past four years. This includes \$1.6 billion in successfully completed projects, \$1.4 billion in under-construction projects, \$967 million in projects that are pending regulatory approval and \$14 billion

for those in the planning stages. The report also notes that the city has worked with developers and businesses on 43 successfully completed projects during this four-year period. Work in progress includes 30 projects under construction, 31 developments pending regulatory approval and 98 planned projects.

The most visible and ambitious of these developments is the 61-acre Union Park, a public and/or private mixed-use master-planned development currently underway in the heart of downtown.

Planned by the city and Newland Communities, and being built in phases, Union Park will have four distinct districts: 1) the Civic District, anchored by The Smith Center for the Performing Arts and Symphony Park; 2) the Specialty District, to include a wide range of hospitality uses, specialty retail and a hotel and/or casino; 3) the Residential District, with a mix of low- to high-rise residences, town homes, and live and/or work condominiums; and 4) the Medical Office District, anchored by the Lou Ruvo Brain Institute, with other office and clinic space.

Also planned for Union Park is the World Jewelry Center, poised to become an important business hub providing services to both jewelry professionals and public consumers. Notably, the U.S. Commerce Department approved the World Jewelry Center as a Foreign Trade Zone site. An FTZ would play a vital role for the region's business and development growth plan by helping shape the local region as an international business destination. By allowing international importers duty-free storage and assembly of foreign products, the FTZ would provide substantial savings on duties, fees and excise taxes.

Downtown Tourism & Gaming Environment

Tourism and gaming are an integral part of the downtown's character, and Fremont Street Experience remains one of downtown's core activity centers. Gaming establishments within Fremont Street Experience were acquired by new owners in recent years, with many undergoing upgrades, renovations and expansions. Among them are Lady Luck, Golden Nugget, Four Queens and El Cortez.

Last year, the city capitalized on this attraction by financing a \$5.5 million streetscape enhancement of the three-block Fremont East, the newly developed entertainment district. And, as stated in the 2008 RDA Annual Report, Fremont East has become a popular destination for locals and tourists because of its eclectic mix of attractions meant to be more intimate than those you would find on the Strip. The assortment of establishments currently includes Beauty Bar, The Griffin and Downtown Cocktail Room.

Downtown For-Lease Commercial Real Estate Market

Retail: There was no new anchored retail space built in the RDA in 2008, and inventory remained at approximately 725,000 square feet in six shopping centers at the end of Quarter 4, 2008. The RDA makes up nearly 2 percent of the valley's total anchored retail inventory. The average monthly retail rent (NNN) per square foot in the RDA increased from \$0.92 in Quarter 4, 2007 to \$1.19 psf in Quarter 4, 2008. During this four-quarter period, the average retail vacancy in the RDA rose from 7.6 percent to 19.3 percent. The Las Vegas Premium Outlets mall is not classified as an anchored retail center and is not accounted for in the vacancy rate noted above. This center is virtually at full occupancy and accounting for the mall reduces the RDA Quarter 4, 2008, retail vacancy to approximately 12 percent.

To facilitate retail leasing in the RDA, the agency developed its Retail Downtown Las Vegas initiative. This outreach program is designed to attract and retain high-quality retailers by providing information on available business incentives, commercial opportunities and timely market data.

Office: No new multitenant office space (excluding government-owned buildings) was completed in the RDA in 2008. Inventory remained at 2.5 million sq. ft. in 62 projects. The RDA makes up more than 6 percent of the valley's total multitenant office inventory. At the end of Quarter 4, 2008, the RDA had one of the lowest office vacancy rates (5.5 percent) among the valley's submarkets. The RDA's for-lease office market is dominated by law offices and other professional service firms. The RDA's average monthly rent psf was \$2.43 (full service gross) compared to the valley average of \$2.41 psf at the end of 2008.

Industrial: The RDA added 128,300 sq. ft. of new industrial space in 2008, raising its inventory to more than 4.9 million sq. ft. More than 5 percent of the valley's total industrial space is located in the RDA. Average vacancy recorded for the RDA's industrial market was 5.6 percent, compared to the 7.6 percent recorded for the area in Quarter 4, 2007, and the 11.7 percent valleywide at the end of 2008. The average industrial rent psf in the RDA was \$0.61 (NNN) at the end of 2008, compared to a valley average of \$0.74 psf.

Conclusion

So what is in store for downtown Las Vegas, and for that matter, Southern Nevada during the next couple of years? In our opinion, we will experience a plodding but steady economic recovery, best described as two steps forward and one step back. In other words, this is not your run-of-the-mill economic downturn that will result in a V-shaped recovery.

We continue to believe strongly that until the employment picture and the median house price improve for at least six months, all bets are off regarding a sustained economic recovery. As a matter of fact, a return to stability would be a welcome sight. Therefore, "flat as the new up cycle" would be a good thing. In many ways, the Southern Nevada economy and the local commercial real estate market are resetting to levels seen in the 1990s. This is very traumatic for a community that became addicted to frenzied growth. But within this trauma are the seeds of a sustained recovery. What is the evidence of this?

1. A return to rational real estate prices, especially in housing and land.
2. A reevaluation of the importance of economic diversification to mitigate some of the downturn and to diversify our tax base.
3. An appreciation by the resort industry that its future health depends on a mix of luxury and "value" properties, marketing initiatives and experiences.
4. While the credit freeze hasn't thawed, there is a renewed awareness of the importance of sound lending practices.

5. There had been a widespread recognition by business leaders and elected officials at all levels that "we are all in this together," and that the Southern Nevada economy is intricately connected to the national and global economies — now more than ever.

The importance of downtown to Southern Nevada's economic recovery cannot be overstated. Its location in the valley's core combined with it being the center of government, a large-scale redevelopment investment by the private and public sectors, and a steady but growing acceptance of urban living position the downtown to be in the forefront of the sustained recovery that we are hoping to see during the next 18 to 24 months. <

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Taking tough times in stride

The scenario is similar for many developers or business owners in the city and country: The plans are in place, now the wait. And the up-and-coming Fremont Street East Entertainment District is no different. But business owners and city officials in the area are doing their best to stay positive, while the current economic shakeout runs its course.

Established in 2005, with the intention of redeveloping a run-down, approximately half-mile stretch of Fremont Street from Las Vegas Boulevard to Eighth Street, the city completed \$5.5 million in improvements and vintage-looking gateway signage at both ends of the Fremont East Entertainment District corridor in 2007. Since then, business owners have been encouraged to come to the area by incentive programs, such as grants for signage, discounted liquor licenses, and permit and administrative help from the city.

Since its start, the corridor has seen some faces come and go. Early nightclub-lounge entrants Beauty Bar, The Griffin and Downtown Cocktail Room are holding their own and keeping their doors open. Mamacita's Mexican Restaurant, a convenience store and pizza shop also have held on.

Take 1 Nightclub has gone out of business, said Rich Atkins, senior economic development officer with the city of Las Vegas. Atkins said another business is in the process of working out a lease to open at the 707 Fremont St. location, but he couldn't give details yet.

Steven Van Gorp, deputy director for office of business development, said the city is also trying to work out a deal with a new tenant for the old Sears, Roebuck and Co. and Las Vegas Metro Police Department fingerprinting building at 601 Fremont St. The site was originally planned to become a contemporary arts gallery, headed up by Plaza hotel-casino owners, Tamares Group. With Tamares changing plans, Van Gorp said the city is reviewing other proposals.

New faces

Don't Tell Mama, a piano bar, opened its doors at 517 Fremont St. earlier this month. Owners Minh and Joanna Pham, who operated a bar with the same name for 20 years in New York, near the Broadway theatre district, kept naming rights for a new bar in Las Vegas after selling the New York establishment.

The bar steers away from a traditional background music feel of a piano bar, instead taking on more of a sing-along concept that requires every staff member, from the pianist to the bartender and wait staff, to be able to sing.

"A lot of clubs are geared toward the more hip, but we're always looking for a new type of club like this to come in," Van Gorp added.



The couple has put \$250,000 into the new business, and they are singing the praises of the city's business development office for helping them to expedite permits and get a discounted liquor license.

Pickin' and strummin'

Dan Monaghan has lived in the valley for eight years. Last summer, he pursued a longtime dream of opening his own guitar shop, Fremont Street Guitars, and did so in the Fremont East Entertainment District.

"It was more or less like a city than other areas, more of an up-and-coming vibe to it," Monaghan said about his choice to open his shop there. "In most cities, when you put together little areas like this, it really seems to bring people to them."

Monaghan is candid about the challenges he has faced in the area, saying he does a lot of his business on the Internet and has relied on repair work to get by as well.

"That (repairs) seems to be the bread and butter right now," he added.

In looking for a location, Monaghan said some property owners in the district didn't seem very eager to lease and were offering what he saw as "out of control" lease prices. But today, he regularly attends Fremont Street East board meetings, and says landlords and business owners are slowly getting on the same page and buying into what the area is trying to become.

"You have a lot of people willing to make it work," Monaghan said. "One of the biggest things is getting the locals back here. For so long, they looked at it as a slum, and you can't blame them. But things are changing. People are changing."

Eighth Street crawl

At the eastern gateway of Fremont Street East are what could be two of the most promising yet challenged projects in the district.

Justin Martinez, a real estate broker and developer from Texas who purchased 1.28 acres at the southwest corner of Eighth and Fremont streets in 2005, initially planned to build a high-rise condominium project on the site. But with the valley in a real estate slump and nearby Streamline Towers struggling to sell its units, Martinez is now looking to build a 395-unit apartment complex instead.

Martinez said he owns the land outright, and he is watching the market and working on financing plans to build out the project.

"We're hoping at the end of the day, we're going to finish what we've started. We're still bullish on Vegas," he said.

Across the street from Martinez's lot is a similar-sized site owned by Victor Perrillo, owner of Venue of Scottsdale, a concert hall, nightclub and special event concept in Arizona that he is looking to expand into Las Vegas as Venue of Vegas. But he is frustrated by an inability to finance the \$10 million project despite having \$3 million in equity already invested.

"I've already spent \$3 million on land and kitchen equipment. I'm taking advantage of people being slow and giving killer deals (on kitchen equipment) and putting it in the warehouse," Perrillo said.

Perrillo sees a lot of potential for his business on Fremont East, where he'll focus on pulling in conventiongoers from large corporate meetings on the Strip to private parties, concerts and entertainment.

"There's a big market for this. The companies I talk to that have their annual meetings — they don't want to be stuck in the same banquet room. They want to go off-site," he said.

The proposed two-story, Colonial-style building with a Barcelona streetscape-themed interior will have the capacity to host up to 2,500 people for concerts, parties or meetings. Perrillo said he knows business would be slow to start but is willing to fund operations with his existing business in Arizona, which has been around for 10 years.

"I'm the typical example of a good businessman that makes money and qualifies for a loan, but I can't find anyone in the country to lend to me," Perrillo said. "I want to borrow the money and pay it back. I don't want any freebies."

Despite the setbacks, Perrillo is staying optimistic about getting financing by summer or fall of this year.

"I want to put people to work. Maybe I can help save a couple foreclosures," he added. <

By Brian Sodoma

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Downtown Developments

New Campos parole building takes shape

The Nevada State Parole and Probation Las Vegas office will soon have a new home at an old address this fall. Ground was broken on the new AA Campos Building at 215 Bonanza Road in March 2008, and construction is currently on schedule to be completed this fall.

Originally constructed in 1954, the Campos Building was a 24,000-square-foot facility. An annex built in 1968 added another 9,200 square feet. Facing serious disrepair, the building, named after one-time parole chief, A.A. Campos, was vacated in 2007, making way for a demolition the following year.

Prior to the demolition, the removal of the POW-MIA "Freedom Tree" was executed. The olive tree, dedicated in 1972 to Western High School student and Vietnam War Sgt. William Skivington, was moved to the Southern Nevada Veterans Memorial Cemetery in Boulder City.

The new 187,000-square-foot building is a combined office and parking garage structure spanning the original 1.5-acre site. The first three floors are composed of office and parking space built with precast concrete slabs, and the top two floors will be built with structural steel and house only offices, according to Vince Sartori, a project manager with general contractor Core Construction. In total, there will be nearly 85,000 square feet of office space at the new Campos Building.

Due to the site's small size, Core is housing many supplies and trailers off-site, and trucking some materials onto the site daily.

"It takes extensive coordination with all the subs (contractors) through to the end of the job," said Sartori, who added that partnering on coordination issues with the owner, the Nevada State Public Works Board, subcontractors and others before starting the job helped minimize changes to keep the project moving on schedule. The new \$29 million building is scheduled to open in October.

A design challenge for the architects, SH Architecture, was to create safe spaces for sworn and nonsworn (those who do not carry guns) officers at the building.

John Anderson, CEO of SH Architecture, said "There was a concern with 'how does the clientele (parolees) interact with the nonsworn and sworn officers.' ... We had to create a secure area where the sworn officers could bring clientele into the facility."

Giving an iconic look to the building is a 90-foot, cast-in-place, colored-concrete radius wall on the west side of the building. At



the base of the wall is a lobby area with secure bullet-resistant transition windows to keep staff safe. The area also incorporates sally ports, or mantraps, to help safely bring parolees into the facility, then move them up to levels where the sworn officers work.

The Campos Building is built on a foundation made up of 154 about-40-foot-deep concrete piers called Caisson footings. This foundation type is common in areas along the Strip and downtown, where moist soils result from the land areas being close to the water table, Anderson noted.

Several different types of concrete construction systems are being used on the site, including cast-in-place, which is poured and formed on-site, and tilt-up panels and precast panels are actually trucked into the site. Having office and parking space integrated into one building was the main reason for using all three, said Anderson.

"It's not totally uncommon, but typically, you don't find all three systems in one building," he added.

The new building only can be accessed from Bonanza Road because SH Architecture had

to design the site with the future widening of Interstate 515 to the north in mind. Freeway access will occur to the south of the building, and Bonanza Road also will be modified to flyover Las Vegas Boulevard in the future, said Anderson.

The Campos site is being built to LEED Silver specifications, but the Public Works Board will not go through the LEED certification process. Anderson cites added administrative costs and LEED guidelines not being fully established in 2006, when the building was designed, as the reasons for not pursuing a certification. <

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Golden days ahead

The Nugget's expansion a highlight for downtown

At any other time in the Las Vegas real estate market, a Golden Nugget expansion may not be hot news for downtown redevelopment efforts. But with the current shaky economy, it's a high-light reel moment.

With the construction of a new 500-room tower well under way, the Golden Nugget's \$150 million effort brings welcome cement pours to an area of downtown that is surrounded by a lot of "future" projects tied up in financing limbo.

"It's a project not incentivized in any way from our agency," said Steve Van Gorp, deputy director with the city of Las Vegas' office of Business Development. "It's the largest and most important renovation and expansion of a casino today. ... We're very excited about that, and it sets a great precedent for downtown."

Justin McVay, a spokesperson for the Golden Nugget, said the new tower will be primarily made up of standard rooms but, given its configuration to the south of the property, will allow for some unique valley views.

"This entire tower will give the Golden Nugget visitors views of the Las Vegas Valley and the Strip that we haven't had before," he said.

Even though there won't be many suites in the new building, the quality in the standard rooms will likely rival a Strip room, said Trevor Dishon, senior project manager with Penta Building Group, the general contractor on the job.

"The rooms have a higher level of finish than anything downtown," he said. "You wouldn't be able to tell whether you're there or at a high-end property on the Strip."

When Landry's Restaurants Inc. purchased the Golden Nugget in 2005, it initiated \$170 million in upgrades and renovations to its casino floor and showroom, among other additions. Now, the Golden Nugget is adding three small retail shops, eight table games and 60 slot machines in its new tower.

But what recent visitors will probably notice most is the further extension of water themes at the property. Under its previous remodel, the pool area was renovated to include a shark tank. That area will now extend to the third floor of the new tower, where an additional pool and lounging

area will be built. A new check-in and registration area also will be part of a new entrance situated at the corner of First Street and Carson Avenue. The new registration area will be flanked by a 250,000-gallon aquarium, which will be part of an aquarium-themed restaurant, said McVay.

"The pool-aquarium theme will definitely be carried throughout the dining and registration areas of the new tower. It's something we're known for, and we're carrying it to the Golden Nugget," he added.

Landry's also operates Rainforest Café in Galveston, Texas, in addition to the Kemah Boardwalk, a waterfront destination popular among the locals that is located about 20 minutes outside of Houston. The water themes allow Landry's to market more extensively to its home audience in the Lone Star State.

Vic & Anthony's Steak House and Red Sushi, already at the property, are also pulled from the Landry's lineup. Meanwhile, the restaurant in the new tower will have a menu with many items found at the company's popular Southern California Chart House Restaurant.

The new tower also will allow the Golden Nugget to create a grand entrance for the property. Since today, most patrons enter from the back of the property because of an existing self-parking facility, Landry's has decided to place considerable attention to the detail of an L-shaped drive that will start about at the intersection of Main Street and Carson Avenue and loop up to the new tower on First Street.

"A lot of people come that way anyway. So we've decided to invest considerably in landscaping and improvements," McVay added. "It will be an entrance comparable to a Strip property."

Barring any delays, the project, which commenced construction last April, should be ready for guests in December, said McVay, who also added that the slow times for tourism is actually a good opportunity to move forward on enhancements for the property.

"Once the turnaround happens, we'll have a whole tower completed with gorgeous rooms ready for more guests," he added. <

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Open house

World Market's design center to open to public

More than a half-million square feet of permanent showroom furniture that had previously been available only to professional designers will open to the public at the end of the month as part of a new business model for the Las Vegas Design Center located in the World Market Center Las Vegas.

The LVDC, the first two floors of two buildings at the WMC, the \$3 billion, 5-million-square-foot campus that is home to the furniture industry's market twice a year, has been open to professional designers since its inception. Now, through the new Design Salon within the LVDC, complimentary consultations by professionals will allow unprecedented access to more than 50 showrooms featuring furniture, decorative accessories, lighting, flooring and home textiles.

Throwing open the doors of the LVDC is the brainchild of its vice president, Randy Wells, who initiated a partnership with the American Society of Interior Designers' California Central-Nevada chapter. The ASID is the leading industry association for design trade professionals.

"The 100-year-old business model for design centers was in need of a revamp," said Wells, adding that most design centers are "cold and isolationist and keep people out rather than bring people in."

The Design Salon will change that, he said.

"I maintain the belief that times have changed, and people want to be involved in the design of the interiors of their homes. They want to learn about their options. You can see that with the popularity of television shows on HGTV and Bravo," he said.

Bobbie Jo Kinsey, president-elect of the California Central-Nevada chapter of ASID and president of Kinsey Design Group, agrees with Wells, and has partnered with him in bringing the Design Salon to reality.

Kinsey said the Design Salon will allow shoppers accessibility to purchase furniture and accessories at discounted prices, while educating the public about the value of professional designers.



How does the Design Salon work? Shoppers sign in when they arrive, receive a badge to wear and can then browse the showrooms. If they find an item they like, they return to the Design Salon, where an ASID designer will handle the sale.

"They can take the purchase with them that day," Kinsey said.

Because there is no fee for the first hour of consultation with the designer, the shopper pays 18 percent above the LVDC cost, which can be a savings of as much as 70 percent, she said.

If shoppers want more extensive help from the ASID designer, to shop the floor and help choose selections, the designers charge \$100 per hour after the first complimentary hour. The designers also may be hired to work more extensively in the shoppers' homes.

Kinsey is hoping that when shoppers see the value of a professional designer, they will utilize their services.

"A designer is somebody who can space plan properly for you. Did you buy the right size sofa or lamp? Is it the right color? Is the fabric choice good for kids and six dogs? I've gone into places where the lamps are way too small for the height of the ceiling or the sofa is way too big for the size of the room," she said.

Designers, Kinsey said, help save money.

"I've run into so many people who spend so much money trying on their own and have to redo and redo — even with paint colors. You can save money if you get good advice the first time," she said.

It's a misconception that working with a designer is costly, because the discounts they receive offset the fees they are paid.

"My discounts on mattresses, for example, are mind-boggling. When I buy direct from the manufacturer, I pay one-third of what you pay in the store. You might say you can't af-

ford to use an interior designer, but I say you can't afford not to," she said.

And, interior designers are much more than decorators, she asserts.

"Trained designer know construction and architectural capabilities. They understand how a door swings, or what kind of lighting goes with the built-ins," she added.

Kinsey said 10 ASID designers initially will man the Design Salon on a rotating basis. In addition, the ASID will utilize design interns in the reception area.

"It's good for them to be around the designers while they're working with clients. It's real-world design and something that can't be taught in school," she said.

The 1,200-square-foot Design Salon also will act as the Nevada headquarters for the ASID's California Central-Nevada Chapter.

"This will provide any ASID designer room to sit and talk with clients, as well as space to meet with other designers," she said.

Wells said he has received positive response to the upcoming opening of the Design Salon.

"From the showroom standpoint, everyone wants to find new channels of distribution. And from the consumer perspective, if I'm having dinner with my wife and friends, and we talk about it, they can't wait to get over here. They feel like they've been barred from it for the last five years," he said.

The Design Salon, located at 495 S. Grand Central Parkway, opens on March 25. The salon's hours of operation will be 9 a.m. to 5 p.m., except during the two weeks of the furniture market. For more information, contact (702) 599-3093. <

By Deborah Roush
Contributing writer

Opportunity knocks

Local designer, volunteers help to spruce up thrift store

Opened more than 50 years ago, it was Opportunity Village's original source of funding. While the nonprofit has benefited from a much wider range of fundraising activities through the years — expanding its operating budget to the \$26 million it is today — the downtown thrift store location is still held in high regard by many locals as a great training site for the nonprofit's clients, as well as a great place to shop.

Even today, the 10,000-square-foot shop still brings in about \$800,000 a year for Opportunity Village. But the heavily trafficked space is in need of sprucing, and Valley native and interior designer Leslie Parraguirre is happy to help, along with volunteers from her business and her daughter's school, Bishop Gorman High School.

"With my little company, I always make it a point to do something for others. Some can write big checks. ... But for us, (this) gives the whole company a sense of accomplishment,"



Parraguirre said.

Parraguirre's interior design firm, Colours Inc., with offices inside the nearby Holsum Lofts Design Center, is no stranger to pro bono work. Her firm has donated time and materials to projects like Child Haven and the Andre Agassi College Preparatory Academy. For years, she was involved with Opportunity Village, as she

describes it, "on the fringe," attending fundraisers and contributing financially. But recent talk among the Opportunity Village board members of giving the downtown thrift store a little facelift caught her attention. Now she's putting her expertise to work for the nonprofit that helps the local disabled population gain work experience, while earning a small paycheck.

Located at 921 S. Main St., the 10,000-square-foot store has expanded through the years, cobbling together units as adjacent tenants vacated. Parraguirre said the first move will be to bring in neutral and flexible colors for the interior walls.

"Things are constantly changing there. Turnover, especially in furnishings, is huge, and they are so creative. ... They'll create these vignettes," she said. "So we're coming in with very earthen color tones. It's what I would call giving it a hipper, fresher look. But you have to have colors that can fit a number of scenarios."

The painting will be done by Bishop Gorman students and perhaps Boy Scouts and anyone else the nonprofit can find to help, said Barbara Molasky, director of community outreach and major gifts for Opportunity Village's resource development department.

"We hope to make this a bit of a community effort. ... It will be a great improvement and will showcase the wonderful donations in a much better light," she added.

In the future, Parraguirre hopes to take on the painting of the building's exterior, and she's thinking the uneven floors should get some attention. But for now, she is focused on lining up a painting contractor and volunteers for this initial improvement of a historic site in a downtown she refers to as "an artwork in progress."

We've never heard anyone describe downtown that way. <

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Dan Ballard

Owner
Ethos Three Architecture

Cre How has the economy impacted design?

I do believe that when things were (booming), basically anything that was built was necessary. ... I honestly believe there was a little bit of quality drop-off because people just needed something, and people were moving into anything that was available.

Now that there's a glut of product on the market, I really think ... people are saying, 'What do I want as an end user? I want a building that's got LEED-green architecture. I want this location. I want it perfect, because I've got 20 people out there telling me they'll give me the greatest deal.' ... Once the economy does turn around, I think it will

elevate the architecture, because there's a lot more options out there now. ... I think the slowdown is a time for us to kind of take a breath, and once things get going again, (we) will be smarter, better.

Briefly

After seven years with local architecture giant, JMA, Dan Ballard decided to go out on his own. And like other leaders who know that surrounding themselves with the right people is one of the keys to success, Ballard took two industry veterans, John Lopeman and Kip Barton, with him when he formed Ethos Three Architecture.

Started in 2006, the group counts numerous warehouse and smaller commercial projects around the valley on its résumé, as well as the first phase of The Village at the Cauldron (Exchange 215) in the west valley and the second phase of the The District at Green Valley Ranch. Ballard is a graduate of University of Nevada, Las Vegas, where he received a Bachelor of Landscape Architecture and Master of Architecture.

and it's the greatest thing in the world. ... And that's what John, Kip and I all kind of subscribe to is that what we like best isn't the architecture that's ours, it's truly what the client asked us to do, and they're happy with it.

Cre Putting yourself in the client's shoes for a moment, what makes a great architect?

I think it's important to listen. I think it's far too often that a client comes in, they tell you what they want and you presume to know the rest of it and tell them what they want. ... It sounds like it should be easy to listen to someone. But we all have these preconceived ideas ... and we do have to constantly check ourselves and ask, 'Is that what they asked for?' Sometimes what they're asking for is not necessarily what we would want to do.

Cre Your firm is young. How are you weathering this crisis, and where do you see yourself in five, 10, 20 years?

We're in there with everyone else. We've been very fortunate that



we've had a lot of good projects, and we have a lot of good clients that are still trying to do things. ... We're, just like everyone else, trying to figure out how and when this thing's going to turn around. ... I think we've been at an advantage that our model has always been that we know ... we want quality projects. But we're not going to just go after the multi-billion dollar jobs. We're going after helping out people. Even in the down time, people are still buying things. People are still moving and people still need help. ... Our maximum size that we want to be is somewhere around 30 people, because that's where we can still manage it and be hands-on. ... If I don't get there, it doesn't bother me a bit. Our goal is still in five years to be a good firm with clients that are happy.

Cre Explain the meaning behind the name Ethos Three.

(Ethos Three) is a similar set of values. ... We want to have quality design, quality production and quality control. ... And the way we set it up is Kip Barton is our design manager. He's very talented with design. ... You can have a great design, but if you don't do the production drawings well, you can mess it up, and the client can get charged more. ... Then, it's impossible for an architect to do a perfect set of drawings. There are too many variables, interpretations. We want to have a third-party review ... to assure we get the quality control. ... With those three pieces, you can have a great project; but take any one of those pieces out, you're missing the point.



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