



# **Lease Extension: Majestic & Brady Buildings**

City Council A Session  
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# BACKGROUND

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- In 1988, the City of San Antonio engaged in a coordinated effort with Majestic Development Company (MDC) and the Foundation for Cultural Arts in San Antonio (CASAS) to preserve and revitalize downtown.
- As part of that effort, the City acquired the land beneath the Majestic and Brady Buildings, and the two theaters.
- The Majestic and Brady Buildings are owned by MDC, and the City has leased the underlying land to MDC with a 50-year ground lease.



# ISSUE

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- The Surface, Subsurface, and Air Rights Lease for the Majestic and Brady Buildings expires in 2038.
- MDC plans to invest \$10 million in renovation and deferred maintenance of the buildings.
- Lenders require the borrower to own or hold a long-term lease of the underlying land in order to secure the debt.
- MDC requests an extension of the lease term for an additional 25 years beyond the current term, plus two additional 5-year options.





# RECOMMENDATION



- Staff recommends approval of the First Amendment and Extension to Lease of Surface, Subsurface, and Air Rights for the Majestic and Brady Buildings, located at 202 and 222 E. Houston St, with the Majestic Development Company for an additional term of 25 years plus two additional 5-year options.

**Thank You**

