

To: Pritzker, Tom [REDACTED]
From: Jeffrey Epstein
Sent: Mon 8/29/2011 10:06:52 AM
Subject: Re: Little Saint James

im free today to talk

On Sun, Aug 28, 2011 at 10:42 PM, Pritzker, Tom <[REDACTED]> wrote:

For what it's worth:

He's come in at the high side of fair, which is probably reasonable given that he has a job and has no idea WTF this is about. He's rolled up his comp into a base salary with no bonus for 3 years in order to take that off the table. That probably makes sense. Two approaches (both reasonable): negotiate a bit (50k) or just say yes. I would engage with him a bit on whatever he's doing as a "consultant" just to see if the chemistry works. Have him to the island when you are there or something like that just to get some direct exposure.

Thoughts on JPM donor advised fund. Will call.

tjp

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Friday, August 26, 2011 06:41 AM
To: Pritzker, Tom
Subject: Fwd: Little Saint James

----- Forwarded message -----

From: Rich Cortese <[REDACTED]>
Date: Fri, Aug 26, 2011 at 1:21 PM
Subject: Re: Little Saint James
To: Jeffrey Epstein <jeevacation@gmail.com>

Mr. Epstein, here are my thoughts on a proposal to perform the task that you are requesting to have done. The numbers that will follow are based on what I am presently making and what would financially would make sense for me to make career change at this time. Plus, taking into consideration that the opportunity to oversee your assets is an exciting one.

- Three year employment contract,
- Base salary of \$350,000.
- After three years (I plan to work for seven more years), some form of bonus should be put in place if financial and performance exceed your expectations.
- Health insurance for myself and family (my son).
- Term life insurance to cover 1.5 years salary.

- When traveling permitted to purchase "first class" upgrade certificates. And all business related travel expenses will be re-reimburse or company credit card should be provided.
- Three weeks vacation (I stay electronically connected to my job when on vacation).
- 2 years years severance if unjustifiably dismissed, this can be clarified in the contract to protect both you and I.
- Because I don't know where I will live we should have a clause in the agreement to cover my housing for the first year of employment, plus a relocation expense package in case it is necessary to move in order to perform my responsibilities.
- \$150,000 loan, terms ten years at 3 points over libor. This is to pay off my present employer who purchased a home for me in Florida.

For this compensation I will be responsible for all the assets you presently own or purchase during the contracted period. That responsibility will be to maintain them to your specifications and insure your comfort when using these facilities. I will also control all staffing and employee relations throughout your residences.

We can add or subtract responsibilities as you see fit.

Warm Regards,

Rich

On Thu, Aug 25, 2011 at 9:54 AM, Rich Cortese <rcortese@royalisabela.com> wrote:

Here are my suggestions,

- Eliminate, captains mate, \$33,150. Plus the entire fleet operation needs to be reviewed upon the completion of construction.
- Eliminate, two mechanics helpers, \$66,300
- Eliminate, one painter, \$33,150
- Eliminate, head carpenter, \$55,250
- Consolidate grounds and landscaping, if we eliminate the nursery we can eliminate at least one position, \$33,150. There may be more savings here because ten people in this category does seem excessive. Two more positions could easily be eliminated here over time as we learn to plant the proper plant material, \$60,775.
- Housekeeping, I'm not opposed to hiring a head housekeeper, but this must be a hands on working position. Seven people in housekeeping seems excessive, four individuals seems to be the correct number and in times of high need bring in a part time employee. \$82,875.
- Plus you save whatever payroll taxes and employee benefits that would be assumed with these positions.
- Pool maintenance, I would contract out to someone in St. Thomas. Pool maintenance providers on Island will kill for this opportunity.

There be may more savings, but I would need to observe the Island operate in an occupied

with "guests" situation. Plus I need to get a better understanding of what Arran McGinnis skill set is.
Rich

On Wed, Aug 24, 2011 at 3:22 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

please provide me more detail on the opetaions maids. engineers. , boats, . laundry, maintenace ideas thanks. and yes please send a emplyment propolsol

On Wed, Aug 24, 2011 at 7:34 PM, Rich Cortese <rcortese@royalisabela.com> wrote:

Mr. Epstein, thank you for the opportunity to go to Little Saint James and review this spectacular project. Having had the opportunity to have opened an number of larger resort throughout the Caribbean and Hawaii I must say the attention to detail at your project matches up to them well. However as with all projects there are always numerous practices that need to be reviewed in order for them to blossom and grow efficiently. On this trip I had the opportunity to spend some quality time with Gary, Karen and Brice, which gave much incite to our initial Phone call two weeks ago. First before I go into the detailed areas I do not think there is any theft or in play, it seems as though these three people truly have your interests and comfort as their primary concern.

The first area I would like to discuss is landscaping because it was the most obvious area of financial burden, the gentleman i brought in to review the area is also responsible for the landscaping at the Westin Sain Johns and the W in Vieques. So he has vast experience in growing on an Island;

- More effective water usage must be put in place, this can be achieved with the combination of the placement of adequate plant palette and the installation of effective irrigation systems such as emitter, drip, or micro subsurface irrigation. As opposed to spray heads, the aforementioned minimize the lose of water through transpiration and evaporation which will lead to more effective water usage. Which is critical at a site such as this.
- There must be a landscaping design and plan put in place. As beautiful as it is on a tropical Island it is critical to plan what you want to grow, plant selection is critical in order to minimize irrigation, maintenance and replacement costs in maintaining a healthy garden. Placement of plants is important so the stronger plants work as windbreakers to protect weaker flowering plants.
- New landscaping work can be done more efficiently by bringing in a contractor for that specific project to avoid the hiring of full time employees. As you are finding out full time employees in the Caribbean are a heavy finical burden, plus I have found the longer they are employed their production has a tendency to decline.
- The existing nursery should be replaced by a program of purchasing and delivery of plant material for normal wear and tear of landscape area. This would be a more cost efficient solution, it would minimize water consumption and the manpower needed for the nursery's upkeep. Also a relationship should be established directly with nurserys in Florida and Puerto Rico not with "third parties".
- Presently with 15 employees we feel landscaping is over staffed.

- More aggressive local Island plants should be planted roadside to cut down on the pruning and maintenance needs. As well as a planned schedule of fertilization, so that we can minimize the storage time of fertilization, this will increase the effectiveness of your fertilizer program.
- Presently Landscape Manager is very committed and a hard worker, but some outside assistance would be very beneficial to make him more effective in the development of the project.

As far as electrical is concerned there were numerous items that can be addressed going forward to both save money and serve the Island better they are briefly as follows;

- Check the load factor used on the generators and seeing if we can switch off of the St. Thomas Power Authority. You are presently 46.5 cents per kilowatt hour, we have done this in Puerto Rico where energy is 28 cents per kilowatt hour and have shown a big savings.
- You are presently changing you air conditioning units every three years, we fell if you were to change over to a system that can use ocean chill water the life time can be extended to nearly fifteen years of usage plus they will use less electricity.
- Not to mention the future potential use of solar power.

Construction, Gary is totally focused on moving all construction off Island by November, will this happen is hard to say. But everyone on the Island is focused on this date. For me to play "Monday morning quarterback" would not be fair to the team on Island. However on a go forward basis I would high recommend that a master plan be put in place an a complete "mapping " of your infra structure be documented. This is so that in case of turnover the next people who may come have a working knowledge of what is in the ground on the Island. As far as equipment and maintenance it seems there is a lot on Island and they should start scaling this back (plus 4 maintenance people to maintain the equipment). Boats are another issue for a latter date and I can review for a longer period of time.

As for day to day maintenance of the Island I sat with Karen and Brice, and discussed their staffing guide and we all came to the conclusion that there were a number of positions that were not necessary at the supervisory level and a number of people at the hourly level were not always needed. And that with a careful prescreening program the Island would be best served with temporary workers or just our regulars working over time during the high need periods. Overall a cost savings of in excess of \$200,000 per year.

Mr. Epstein, I'm sure that you find this interesting but probably don't want to deal with it, thus it was recommended to me by Mr. Prtzker to ask you that if you are interested in my work I should submitted a proposal, if that is the case I will follow up with you upon your request.

Regards,
Rich Cortese

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Jeffrey Epstein

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