

CITY COUNCIL EXECUTIVE SESSION
Monday, September 26, 2011
Lorraine H. Morton Civic Center
Aldermanic Library

Present: Alderman Wilson Alderman Wynne
Alderman Holmes Alderman Fiske
Alderman Grover Alderman Braithwaite
Alderman Rainey Alderman Tendam

Others Present: City Attorney Grant Farrar, City Manager Wally Bobkiewicz,
Steve Griffin, Community & Economic Development Director,
Nancy Radzevich, Economic Development Manager, Paul
Zalmezak, Economic Development Planner

Presiding: Mayor Elizabeth B. Tisdahl

Mayor Tisdahl called the meeting to order at 12:00 a.m.

Real Estate

City Manager Bobkiewicz asked Nancy Radzevich to give a brief overview of where the City stands with the discussions with Mr. Cheifetz. A detailed report in the form of a memorandum dated September 26, 2011 is attached to these minutes along with diagrams

Questions and Concerns

- Who owns Boocoo? (Enterprise Development Foundation, created BooCoo) They were also setup as an LLC which lapsed back in April.
- Not paying taxes on any of the properties
- Do not want to put any money into the properties to bail him out
- Has too many mortgages
- There are law suits against Mr. Cheifetz's property

City Manager stated they will continue looking into possibilities and need direction from Council to move forward.

The 623-627 ½ Howard Street inquiry has netted a reduction of \$14,000.00 from the owner. Attached to these minutes is the memorandum explaining the details of the Howard Street Property and the direction given to staff was to continue with negotiations and to report back at the next Executive Session. Alderman Wilson noted his objection to purchasing any new properties. Discussion of the Executive minutes to be released will also occur at the next session.

Minutes:

A motion to approve the minutes of September 7, 2011 was moved and seconded and a voice vote was unanimously received so the minutes were approved.

A motion for dismissal was made and a unanimous voice approval was accepted.

Executive Session ended at 12:37 a.m. Tuesday morning, September 27, 2011.

Submitted by,

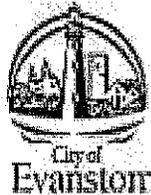
Hon. Rodney Greene / City Clerk

CONFIDENTIAL

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September 26, 2011

CONFIDENTIAL



Memorandum

To: Honorable Elizabeth B. Tisdahl and Members of the City Council
City Manager Wally Bobkiewicz

From: W. Grant Farrar, Corporation Counsel

Subject: 623 – 627 ½ Howard Street

Date: September 23, 2011

Background

As you know, Resolution 40-R-11 was adopted allowing the City to negotiate and subsequently execute a Real Estate Purchase Agreement to acquire certain commercial real estate located at 623-627 ½ Howard Street, Evanston IL 60202 (the "Property"). The Council agreed to a total purchase price for the Property to be no greater than \$475,000.00.

Pursuant to the Inspection Period provided for in the Agreement, the City conducted an inspection of the Property with all applicable trades participating. The electrical inspection was performed by the City's inspector, Claude Garesche. In short, the electrical system to the Property is a major safety concern and needs to be replaced immediately post-closing. Mr. Garesche estimated the amount of electrical repairs to fix the safety issues to be \$24,000.00. The estimate was based on replacement and installation of six new service panels, 6 panels X \$4,000.00/per panel. Attached is a copy of the electrical inspection report for your review.

The Law Department has negotiated a reduction in purchase price following Mr. Garesche's inspection and estimated cost of repair. The Seller has agreed to reduce the purchase price from \$475,000.00 to \$461,000.00 (total reduction of \$14,000.00). Attached is a copy of the City's proposal letter, signed by the Seller with its counteroffer.

Analysis

Given that the repair work described presents safety issues that must be fixed; the purchase price is effectively \$24,000.00 higher than previously approved by Council. Below is a summary of the new purchase price with the repairs, before and after the reduction. In short, if the Council agrees to accept the Seller's reduction in the base line purchase price, the effective purchase price for the Property would now be \$485,000.00 adding the cost of the electrical repairs. Other repairs to the Property are anticipated, but are minor in nature and need not be presented for consideration.

September 26, 2011

Summary Breakdown

\$475,000 (current baseline purchase price)

+\$24,000 (electrical repair work)

\$499,000 (effective new purchase price with repair work needed)

Seller agreed to reduce purchase price:

\$461,000 (Seller proposed amended purchase price)

+\$24,000

\$485,000 (effective new purchase price with repair work and the reduced price)

September 26, 2011



Claude Garesche Electrical
Inspector
Community Development
2100 Ridge Avenue
Evanston, Illinois 60201
847 448-8018
TTY 847.328.4080
cgaresche@cityofevanston.org

To: Jeff Murphy

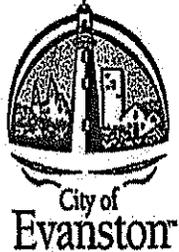
Re: 623 to 6271/2 Howard

Date: 9/19/11

Electrical Inspection Report

- E1 The existing Electrical Service that provides power to all store fronts and the rear garage is in complete disrepair. Replace all Electric Service Equipment including Panels, Meters, Riser Conduits, Service Entrance Wire, Grounding Electrode System and 6" X 6" wooden Service Mast over garage. Total number of Meters and Electrical Panel affected is at least six.
- E2 623 – 6271/2 Howard store front units share common electrical violations that include the following items:
- Eliminate the use of extension cords; install receptacles within 6' of all equipment.
 - Replace all painted switch and receptacle devices.
 - Replace or repair all damaged lighting fixtures.
 - Remove Main Service Panel from inside bathroom unit 623.
 - Install Show Window receptacles above store front window.
 - Provide GFCI protection for all receptacles install in garages, bathroom and unfinished storage areas.

September 26, 2011



Law Department
2100 Ridge Avenue
Evanston, Illinois 60201
T 847.866.2937
F 847.448.8093
www.cityofevanston.org

September 23, 2011

Charles R. Gryll, Ltd.
6703 N. Cicero Avenue
Lincolnwood, IL 60712-3302

RE: Real Estate Purchase Agreement – 623-627 ½ Howard Street, Evanston

Dear Mr. Gryll:

On September 19, 2011, the City of Evanston inspected the commercial property located at 623-627 ½ Howard Street (the "Property") pursuant to ¶ 3 of the Real Estate Purchase Agreement. The City's electrical inspector, Claude Garesche, conducted an inspection of the Property and found that the electrical system is in complete disrepair. Mr. Garesche is a licensed electrician and has estimated the repairs needed to the electrical system to fix the safety issues at \$24,000.00. The total number of meters and electrical panels in disrepair is six. The estimate is based on 6 panels X \$4,000/panel.

The City is not requesting that the Seller attempt to make the repairs. We are seeking a reduction in purchase price from \$475,000.00 to \$451,000.00. Thank you for your consideration of the City's proposal.

Sincerely,

CITY OF EVANSTON

By: Michelle Masson
Assistant City Attorney

Seller will agree to a
reduction in price by
\$14,000 to 461,000

9/23/11

