

2-R-12

A RESOLUTION

**Authorizing the City Manager to Execute a
Letter of Understanding for the Lease of
727-729 Howard Street, Evanston, Illinois**

WHEREAS, the City of Evanston owns certain commercial real property commonly known as 727-729 Howard Street, Evanston, Illinois 60202 (the "Subject Property");

WHEREAS, the Subject Property is improved with a commercial building to which City Lit Theatre Company, an Illinois not-for-profit corporation ("City Lit") seeks to lease from the City of Evanston with an option to purchase after three years primarily as a venue for literature performance theatre productions;

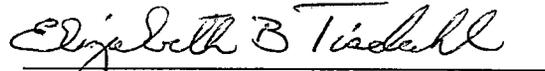
WHEREAS, the City Council of the City of Evanston has determined that the best interests of the City of Evanston would be served by executing a letter of understanding with the prospective tenant for the Subject Property. Any such undertaking to execute a definitive agreement is subject to further City Council review and approval;

**NOW BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF EVANSTON, COOK COUNTY, ILLINOIS:**

SECTION 1: The City Manager is hereby authorized and directed to execute the attached letter of understanding and to negotiate all necessary terms for a lease agreement with an option to purchase the Subject Property, as

he may determine to be in the best interests of the City, and that may be in a form acceptable to the Corporation Counsel.

SECTION 2: That this Resolution 2-R-12 shall be in full force and effect from and after its passage and approval in the manner provided by law.


Elizabeth B. Tisdahl, Mayor

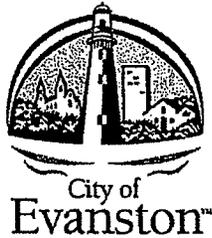
Attest:


Rodney Greene, City Clerk

Adopted January 23, 2012

EXHIBIT A

LETTER OF UNDERSTANDING - 727 - 729 HOWARD STREET, EVANSTON



Law Department
2100 Ridge Avenue
Evanston, IL 60201
T: 847.866.2937
F: 847.448.8093

January 24, 2012

City Lit Theatre
Attn: Terry McCabe and Brian Pastor
1020 West Bryn Mawr
Chicago, IL 60660

RE: Letter of Understanding – 727-729 Howard Street, Evanston, Illinois

Dear Mr. McCabe and Mr. Pastor:

We are pleased to submit this Letter of Understanding (the "Letter"), which sets forth certain nonbinding understandings and certain binding agreements between The City of Evanston, an Illinois municipal corporation ("Evanston") and the City Lit Theatre Company, an Illinois not-for-profit corporation ("City Lit"). Evanston and City Lit shall be collectively referred to as the "Parties". The Parties seek to enter into this Letter with respect to a commercial lease and grant agreement (the "Project") for the commercial property commonly known as 727-729 Howard, Evanston, Illinois (the "Property").

PART ONE – BINDING PROVISIONS

Upon execution by City Lit of this Letter or counterparts thereof, the following numbered paragraphs of this Letter (collectively, the "Binding Provisions") will constitute the legally binding and enforceable agreement by and between City Lit and the Evanston, but still subject to final approval by the Evanston Council.

1. **Execution of Definitive Agreement.** City Lit and the Evanston will negotiate in good faith to enter into a definitive agreement (the "Definitive Agreement") setting forth in more detail the terms and conditions governing the details of the Project, consistent with the nonbinding and binding provisions of this Letter. If Evanston and City Lit are unable to negotiate and prepare a mutually acceptable Definitive Agreement within 90 calendar days following the Effective Date (or by such later date as is mutually agreed upon by Evanston and City Lit), either Evanston or City Lit may terminate this Letter by giving written notice to the other party. In the event of such notice, none of Evanston, City Lit or their respective directors, officers, attorneys, employees, shareholders, representatives or advisors will have any further obligations or liability under this Letter, except as provided in Part Two,

Paragraphs 1-2. Evanston staff and the City Council will be further reviewing the Project following the execution of this Letter.

2. Representations, Warranties, Conditions and Covenants. The Definitive Agreement will contain such representations, warranties, conditions and other terms and conditions as are customary or appropriate for a transaction of this kind.
3. No Material Change. Evanston's obligation to engage in the relocation assistance program pursuant to the Definitive Agreement will be conditioned upon Evanston's determination that there has been no material adverse change in the conditions and basic terms set forth in this Letter and of City Lit.

PART TWO - NON-BINDING PROVISIONS

The following numbered paragraphs of this Letter (collectively, the "Nonbinding Provisions") reflect the Parties mutual understanding of the matters described in them, but each party acknowledges that the Nonbinding Provisions are not intended to create or constitute any legally binding obligation between Evanston and City Lit shall not have any liability to any other party with respect to the Nonbinding Provisions until a definitive agreement (defined below) is prepared, authorized, executed and delivered by and between the Parties.

1. Permitted Use. City Lit Theatre Company will be relocating its operations and theater company to the City of Evanston. City Lit performs stage adaptations of literary material at the Property. The Parties also anticipate that the Property will also be used for the viewing of classic films, cabaret performances, and rehearsal space.
2. Lease with Option to Purchase. The Parties anticipate that the Definitive Agreement will be structured as a three-year commercial lease agreement with an option to purchase the Property. The monthly rent will be \$1,800.00. The rental payments will be deposited into an account with Evanston, to be used as a future security deposit if City Lit exercises its option to purchase the Property. In the event that City Lit does not exercise its option, the rental payments will be kept by Evanston and Evanston will be freely able to market the Property. City Lit will be responsible for the payment of all utilities and real estate property taxes for the Property.

The purchase price for the Property is \$325,000.00, subject to City Council approval and City Lit only purchasing the Property. Evanston would also record a restrictive covenant against the Property indicating that if City Lit were to sell the Property within 10 years of purchase, the build out improvements would be paid back to the City. The amount of the refund would be based on a decelerating scale and "burned off" as the 10th year of the restrictive covenant approaches.

3. Improvements. The Parties anticipate major renovations to the Property and the cost of the improvements to be split is anticipated as follows:

- a) Evanston paid improvements: raising the roof of the structure a half-story;
- b) City Lit paid improvements: (i) installation of a stage, audience risers and seats, dimmers and other lighting equipment; (ii) lay floor treatments; (iii) installation of two sound systems for the performance space and the lobby; (iv) paint the premises; and (v) installation of outdoor signage; and
- c) Further improvements will be determined based on the site plan for the Property and the parties will work cooperatively to determine the party to bear the responsibility and costs for said construction.

4. Expenses and Fees. Upon signing this Letter, each party agrees to pay its own expenses incident to the due diligence process, negotiations, and preparation of the Definitive Agreement. In the event, however, City Lit decides not to purchase the Property from the Seller, for any reason, the terms of this Letter are null and void. In the event City Lit and Evanston, after exhausting good faith efforts to enter into a Definitive Agreement and fail to do so, the each party to bear its own expenses.

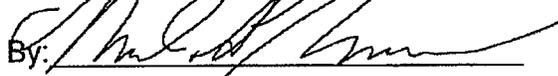
5. Brokerage Fees. The Parties acknowledge and agree that there will be no brokerage commission and that the transaction was an arm's length transaction.

6. Multiple Counterparts. For the convenience of the parties hereto, this Letter may be executed in multiple counterparts, each of which will be deemed an original, and all counterparts hereof so executed by the parties hereto, whether or not such counterpart will bear the execution of each of the parties hereto, will be deemed to be, and will be construed as, one and the same. A telecopy or facsimile transmission of a signed counterpart of this Letter shall be sufficient to bind the party or parties whose signature(s) appear thereon.

7. Effective Date, Terms. This Letter will be effective only if (i) it is executed by City Lit and (ii) a fully executed copy of this Letter is returned to The Evanston on or before 5:00 p.m. CST on Friday January 27, 2012. The Binding Provisions of this Letter shall remain in full force and effect thereafter until the earlier of (i) the execution and delivery of the Definitive Agreement or (ii) the termination of this Letter.

IN WITNESS WHEREOF, the Parties have caused this Letter of Understanding to be executed the day and year first above written.

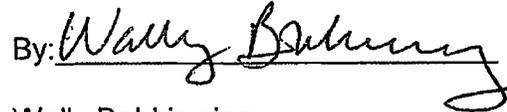
CITY LIT THEATRE COMPANY
An Illinois not-for-profit corporation

By: 

Print Name: MICHAEL P. MONAR

Its: PRESIDENT

CITY OF EVANSTON,
an Illinois municipal corporation

By: 

Wally Bobkiewicz

Its: Evanston Manager

Approved as to form:


W. Grant Farrar
Corporation Counsel

