

10/21/2015

102-R-15

A RESOLUTION

Authorizing the City Manager to Execute a Memorandum of Understanding for the Future Development and Lease of Two City-Owned Parcels at 717 Howard and 721-723 Howard Street

WHEREAS, the City of Evanston owns two adjoining commercial parcels commonly known as 717 Howard ("Parcel A") and 721-723 Howard Street ("Parcel B"), Evanston, Illinois 60202 (collectively the "Subject Properties"); and

WHEREAS, currently Parcel A is a vacant lot and Parcel B has a one-story (with basement) 3,145 square foot structure located on it and the combined total for the two parcels is 10,000 square feet to be used for redevelopment; and

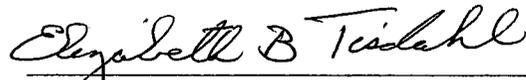
WHEREAS, the City has identified a potential partner, Strawdog Theater Company, an Illinois not-for-profit corporation, to redevelop the Subject Properties into a theater and seeks to enter into a letter of understanding with the group to further develop the proposal; and

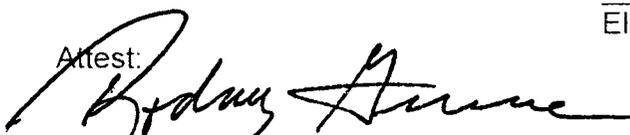
WHEREAS, the City Council has determined that the best interests of the City of Evanston would be served by executing a memorandum of understanding with the prospective tenant for the Subject Properties and affirming its support for the project. Any undertaking to execute a definitive agreement between the parties is subject to further City Council review and approval at a later date,

**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 a letter of understanding, attached hereto as Exhibit A, and to negotiate all necessary terms for a definitive agreement for the redevelopment to be reviewed and approved by Council for the Subject Properties at a later date, and that may be in a form acceptable to the Corporation Counsel.

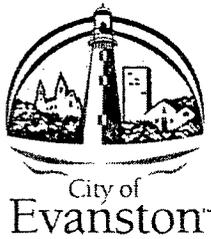
SECTION 2: That this Resolution 102-R-15 shall be in full force and effect from and after its passage and approval in the manner provided by law.


Elizabeth B. Tisdahl, Mayor

Attest:

Rodney Greene, City Clerk (LB)

Adopted: November 9, 2015

EXHIBIT A
MEMORANDUM OF UNDERSTANDING



City Manager's Office
2100 Ridge Avenue
Evanston, IL 60201
T: 847.866.2936
F: 847.448.8093

October 21, 2015

Strawdog Theatre Company
Attn: Seth Rickard and Hank Boland
3829 Broadway Street
Chicago, IL 60613

RE: Memorandum of Understanding – 717 Howard and 721-723 Howard Street,
Evanston, Illinois

Dear Mr. Rickard and Mr. Boland,

We are pleased to submit this Memorandum of Understanding (the "MOU"), which sets forth certain nonbinding understandings and certain binding agreements between The City of Evanston, an Illinois municipal corporation ("the City") and the Strawdog Theatre Company, an Illinois not-for-profit corporation ("Strawdog"). The City and Strawdog shall be collectively referred to as the "Parties".

The Parties seek to enter into this MOU with respect to a commercial lease and construction funding agreement (the "Project") for two commercial properties commonly known as 717 and 721-723 Howard, Evanston, Illinois (collectively the "Subject Properties").

PART ONE – BINDING PROVISIONS

Upon execution by Strawdog of this MOU 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 Strawdog and the City.

1. Execution of Definitive Agreement. The Parties will negotiate in good faith to enter into redevelopment and lease agreement(s) (the "Definitive Agreement(s)") for the Subject Properties, which will include a lease agreement and a construction financing plan. The Definitive Agreements will define what work to be completed and which party is responsible for particular item and 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. The Definitive Agreements will be presented to the City Council at a later date for review and approval.

October 21, 2015

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a) If the City and Strawdog are unable to negotiate and prepare a mutually acceptable Definitive Agreement(s) by August 1, 2016, either the City or Strawdog may terminate this MOU by giving written notice to the other party (the "MOU Term"). In the event of such notice, the Parties will have no further obligations or liability under this Letter.

b) The period of time between the execution of this document and August 1, 2016 is considered a period of time that will permit the City and Strawdog to work together to design and develop a theatre space at the Property, determine the construction costs, and draft Definitive Agreements ("Due Diligence Period").

2. Representations, Warranties, Conditions and Covenants. The Definitive Agreement(s) 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. The City's obligation to engage in a relocation assistance program for Strawdog from its current facility to the Property will be conditioned upon the City's determination that there has been no material change from the basic terms set forth in this Letter, Strawdog's financial condition and ability to finance the Project, or other factors for the feasibility of the Project.

PART TWO – NON-BINDING PROVISIONS

The following numbered paragraphs of this Letter (collectively, the "Non-binding 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 the City and Strawdog 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. If the Project were to move forward, the Parties will work towards the Definitive Agreement beyond this Letter, which would include all binding provisions. The terms stated herein are non-binding, meaning that either party cannot seek performance under this Letter for terms stated herein.

1. Permitted Use. Strawdog will be relocating its operations and theater company to Evanston. Strawdog shall engage in theatrical productions, rehearsals, construction of sets used in said theatrical productions, and other administrative work for Strawdog operations. The Parties also anticipate that the Property will include a small bar that will serve theatre patrons before, during and after performances as well as during special events hosted by Strawdog or entities that Strawdog has contracted with for said events (i.e. rentals, other theatre companies, etc.).

2. Lease with Option to Purchase. The Parties anticipate that the Definitive Agreement(s) will be structured as a long-term lease agreement with the ability to

purchase the Subject Properties at a later date. The monthly rent will be determined during the Due Diligence Period prior to the expiration of this MOU.

3. Project Site. The Parties have defined the project site to include two parcels: Parcel A (PIN 11-30-124-027-0000 and 11-30-124-026-0000) is located at the street address 717 Howard Street and Parcel B (PINs 11-30-124-025-0000 and 11-30-124-024-0000) is located at street address 721-723 Howard Street. Each parcel is 5,000 square feet. Parcel A is a vacant lot. Parcel B has a one-story (with basement) 3,145 square foot structure located on it.

4. Improvements. The Parties anticipate that major renovations will be undertaken within the commercial building on Parcel B to accommodate functions that could include but are not restricted or limited to rehearsal space, theatre shop space, office space, and storage space. The Parties also anticipate that new construction will occur on Parcel A in order to accommodate functions that could include but are not restricted or limited to a flexible performance space, dressing rooms, public restrooms, and lobby/bar area.

a) During the Due Diligence Period, the Parties will work to determine the total design and layout of the space. Architectural services contracted by the City will be utilized to generate architectural plans that can be used in order to bid the project. The City will solicit bids to determine the cost of the Project.

b) The City must have the Project fully bid out no later than March 1, 2016.

c) Upon receipt of bids, the Parties will evaluate the bids, the feasibility of the Project, adjust accordingly, and determine the responsibility for specific construction and development cost items.

d) The City and Strawdog shall have a detailed construction financing plan, addressing all sources of funding, in place for the Project by no later than July 1, 2016. The detailed construction financing plan will outline the City's cost responsibilities, how and when the City will secure funding for its portion of the project, and Strawdog's funding and capital campaign responsibilities. The Parties will bring the Definitive Agreements, including the construction financing plan and lease and option to purchase agreement, back to the City Council for review, consideration and approval on or before July 15, 2016. If the Council approves the Definitive Agreements, the City must have an executed contract with a general contractor to perform the construction work no later than September 1, 2016.

5. Temporary Space. The City will work with Strawdog to identify suitable space in a City facility to accommodate Strawdog's theatrical performance needs for the 2016/2017 season. A separate agreement from the Definitive Agreements will govern these accommodations and will be reviewed by the City Council. If space is identified, an agreement will be presented to the City Council for consideration on or before March 15, 2016 and an agreement will be executed no later than April 1, 2016.

6. 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(s). In the event, however, either party decides not to pursue the Project, for any reason, the terms of this Letter are null and void and both parties to bear its own costs and expenses related thereto.

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

8. 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.

9. Effective Date. Terms. This Letter will be effective only if (i) it is executed by Strawdog and (ii) a fully executed copy of this Letter is returned to the City on or before 5:00 p.m. CST on November 13, 2015. 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 this ____ day of _____, 2015.

STRAWDOG THEATRE COMPANY
An Illinois not-for-profit corporation

CITY OF EVANSTON,
an Illinois municipal corporation

By: _____

By: _____

Print Name: _____

Print Name: Wally Bobkiewicz

Its: _____

Its: City Manager