

46-R-18

A RESOLUTION

Authorizing the City Manager to Execute an Amendment to the Commercial Lease of City-Owned Real Property Located at 727 Howard Street to Hip Circle Empowerment Center

WHEREAS, the City of Evanston owns certain real property located at 727 Howard Street, Evanston, Illinois 60202, which is improved with a single story commercial unit (the "Property"); and

WHEREAS, on April 23, 2018, the City Council adopted Ordinance 60-O-18 approving a 5-year lease agreement with Hip Circle Empowerment Center, an Illinois not-for-profit corporation; and

WHEREAS, the renovation costs to renovate the Property are higher than previously projected to deliver the "Vanilla Box" improvements to the tenant; and

WHEREAS, the City Council has determined that it is in the best interests of the City of Evanston to negotiate and execute the attached amendment to the lease by and between the City, as Landlord, and Hip Circle Empowerment Center, as the Tenant,

NOW THEREFORE, 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 First Amendment to Lease Agreement ("Amendment") with Hip Circle Empowerment Center, attached hereto and incorporated by reference as Exhibit "1".

SECTION 2: Pursuant to modified language authorized by this resolution, the total tenant improvement cost to be paid by the City is \$40,350.

SECTION 3: The City Manager is hereby authorized and directed to negotiate any additional conditions of the Amendment as he may determine to be in the best interests of the City.

SECTION 4: This Resolution 46-R-18 shall be in full force and effect from and after its passage and approval in the manner provided by law.



Stephen H. Hagerty, Mayor

Attest:



Devon Reid, City Clerk

Approved as to form:



Michelle L. Masoncup, Corporation Counsel

Adopted: June 25, 2018

EXHIBIT 1
LEASE AMENDMENT

THIS FIRST AMENDMENT TO COMMERCIAL LEASE AGREEMENT (“**Commercial Lease Amendment**”), is made and entered into as of _____, 2018, by and between the City of Evanston, an Illinois municipal corporation (the “**Landlord**”), and Hip Circle Empowerment Center, an Illinois not-for-profit corporation (“**Tenant**”).

RECITALS

A. The Landlord and Tenant entered into a commercial lease agreement to lease certain commercial property located at 727 Howard Street (the “**Commercial Lease Agreement**”), which is attached hereto as Exhibit “A” and incorporated herein by reference.

B. The Initial budget to renovate the property at 727 Howard commercial lease space was \$49,889.50. Since the budget was presented to the City Council in April 2018, the renovation must also address ADA bathroom requirements and electrical system updates, both improvements are traditional Landlord expenses to deliver a commercial space. The revised budget is now \$76,308. The Landlord’s portion of the total improvement budget will be increased from \$25,000 to \$40,350. Lastly, the payments will be processed with the contractor in the manner outlined below.

C. Due to the delay in delivering the renovated spaced, the Landlord and Tenant desire to modify the first date that the rent is due and payable from June 1st to September 1st, 2018.

NOW THEREFORE, in consideration of the premises set forth above, and the mutual agreements hereinafter set forth below, it is hereby agreed by and between the parties hereto as follows:

1. INCORPORATION OF RECITALS

The representations set forth in the foregoing recitals are material to this Commercial Lease Amendment and are hereby incorporated into and made a part of this Commercial Lease Amendment as though they were fully set forth in this Article 1.

2. MODIFICATIONS TO THE AGREEMENT

a. **Rent.** The parties acknowledge and agree that the following language will fully replace the existing language in the Commercial Lease Agreement to modify the date that the first rent payment is due from June 1, 2018 to September 1, 2018. The language shall read as follows:

- (a) Fixed Rent. The tenant’s first rent payment is due on or before September 1, 2018, and every month thereafter due on or before the first of the month (“**Rent Commencement Date**”), and subject to the terms of this Lease, Tenant agrees to pay to Landlord for lease of the Premises the Rent described below: The Rent for the first year of the Primary Term is One Thousand Eight Hundred Seventy Five (\$1,875) per month, \$22,500 per year. For every subsequent Lease Year, the annual rent shall be increased in an amount equal to the Consumer Price Index for that Lease Year and will be adjusted to cover increased property taxes assessed against the property by the Cook County Assessor.

b. Tenant Improvements. The parties acknowledge and agree that the following language will fully replace the existing language in the Commercial Lease Agreement to modify the tenant improvements. The language shall read as follows:

- (a) Overview of Cost of Improvements: The estimated cost to renovate the Premises for Tenant's intended use is a total of \$76,308 ("**Tenant Improvement Budget**"). Attached as **Exhibit C** is the **Budget** for the Improvements.
- (b) Vanilla Box Improvements: Landlord will fund a portion of the Tenant Improvement Budget. The City will pay \$40,350 (Forty Thousand Three Hundred and Fifty Dollars) of the total Tenant Improvement Budget at City's sole expense, which account for the vanilla box improvements (the "**Vanilla Box Improvements**"). The parties agree that certain improvements to Premises are necessary to bring the Premises to a "Vanilla Box" standard, including drywall, basic flooring, installation of ADA compliant bathroom, plumbing, electrical, and HVAC updates which are standard expenses for the Landlord to cover.
- (e) Invoices from Contractor and Subcontractor: Tenant will process the invoices from the contractor and the subcontractors and submit for payment to the Landlord. The Landlord will review the invoices and submit payment directly to the contractors after receipt of a lien waiver. The Contractor payments and deposits will be administratively handled as follows:
 - 1. The contractor requires a 10% deposit up front. Hip Circle will issue half of the deposit and the City pays the other half, \$3,815.40 per party.
 - 2. Contractor may only request payments no more than twice monthly. The Parties anticipate that the payments will be made in installments of \$15,358 per payment, total of four payments.
 - 3. Final of the four payments will occur at project completion and certificate of occupancy. All lien waivers must to be submitted prior to payment.
 - 4. City will release each of the four payments upon presentation of contractor invoices and lien waivers (where applicable).

4. MISCELLANEOUS PROVISIONS

- a. Except as specifically amended herein, all of the terms, covenants, representations, warranties, conditions and stipulations contained in the Commercial Lease Agreement are ratified and confirmed in all respects and shall continue to apply with full force and effect.
- b. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Commercial Lease Agreement.

c. This Commercial Lease Amendment may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

d. A facsimile signature shall be deemed an original signature.

e. This Commercial Lease Amendment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

[REMAINDER OF THE PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, this Commercial Lease Amendment approved and executed by the parties as of the date and year first above set forth above.

TENANT: Hip Circle Empowerment Center , an Illinois not-for-profit corporation By: _____ Print Name: _____ Its: President	LANDLORD: City of Evanston , an Illinois municipal corporation By: _____ Print Name: _____ Its: _____
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