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**Evanston City Council
Closed Session
Aldermanic Library
August 14, 2000**

PRESENT: Aldermen Moran, Rainey, Feldman, Newman, Drummer, Wynne, Bernstein,

NOT PRESENT AT ROLL CALL: Aldermen Engelman and Kent

ABSENT: None

STAFF: Judith Aiello, Arthur Alterson, Maureen Berry, Pat Casey, Roger Crum, Doug Gaynor, Herb Hill, Wayne Moran, Bill Stafford, Jim Wolinski

GUESTS: Marty Stern, Jim Klutznick and Sherman Plaza Venture team

PRESIDING: Mayor Morton

START: 5:43 p.m.

Alderman Rainey moved to convene into Closed Session to discuss matters of real estate, litigation and minutes, in accordance with 5 ILCS 120/2 (c) (5), (6) (11) and (21). Seconded by Alderman. Roll call. Voting Aye - Moran, Rainey, Feldman, Newman, Drummer, Wynne, Bernstein. Voting nay - none. Motion carried. (7-0)

Closed Session Minutes

Mayor Morton asked for corrections to the minutes of July 24, 2000. There were none.

Release of Closed Session Minutes

Herb Hill recommended release of Closed Session Minutes from the following dates in 1997: June 9, June 23, September 22, October 27, November 10, 15 and 24 and the following dates in 1998: October 12, 15, 19, 26 and November 23.

Alderman Drummer moved approval. Seconded by Alderman Feldman. Motion carried unanimously. Mr. Hill explained that during the Open Session it would be necessary to announce release of these minutes and to vote.

Litigation - Hereford vs. City

Herb Hill reviewed this case, noting the bench trial date is August 22 and that the plaintiff's attorney had made no demand and nor has there been any discussion of settlement. While the incident is alleged to have occurred in October 1995, Ms. Hereford did not report it to police until April 1996. At that time the plaintiff could not locate any defect in the sidewalk; subsequently produced a photograph of a cut out on the same side of the street. There is \$800 in medical bills through Humana. Ryan & Ryan indicated the case was of questionable liability. Mr. Hill stated they would make a motion the first day of trial to bar medical records; will settle for \$5-7,000 and if the demand is for \$25,000 is prepared to go to trial.

Price of land/eminent domain, Sherman Plaza Development

City Manager Roger Crum briefly summarized efforts by the Sherman Plaza Venture team (Jim Klutznick) to date to acquire properties surrounding the Sherman Avenue garage. He stated that it now appears certain that the city will have to become involved in land acquisition through condemnation.

Alderman Engelman came into the meeting at this time.

Mr. Crum explained that Mr. Klutznick has made arrangements to acquire all properties on the south but on the north has problems with Olive Mountain restaurant and the Osco site. The Olive Mountain owner was

offered \$800,000 and wants \$1.5 million. Stuart Handler, owner of land under the Osco has indicated he is not interested in selling at any price. His proposal for a new Osco store and apartments is estimated to generate \$400,000 annually in real estate taxes while the Klutznick development is estimated to generate \$2 million annually in real estate taxes. Assistant City Manager Judith Aiello distributed a letter from Osco who indicate cooperation with Klutznick's project and will assign their lease to them. Osco believes the multi-phase project is a good one and plans to temporarily go into the old Gap space. Ms. Aiello showed a picture of Handler's proposed Osco, which has 13,000 square feet. Ms. Aiello explained the value of the Osco land is \$1.9 million. Klutznick offered \$1.8 million. Olive Mountain was offered fair market value for their property, 450,000 for land and \$350,000 for the building (includes relocation).

Mayor Morton asked if the city's position is that the Sear's project couldn't be developed without Handler's land? In response to several aldermen, it was noted articles have appeared in the *Sun Times* and a real estate journal about this project.

Jim Klutznick reported on his efforts to purchase all parcels stating he had worked diligently to assemble the parcels and the difficulties he encountered with Stewart Handler and Ed Saleh, Olive Mountain owner.

Alderman Engelman questioned assignment of existing lease and the right of the landlord to terminate.

Mr. Crum asked Mr. Klutznick to explain why the Osco property is critical to the development. Mr. Klutznick explained Osco is on a key corner. The concept is to create a plaza out front at Sherman/Church with the Sears store in the middle of the property and tenants on either side. There is no rent, they will turn over the land to sears. The idea is that additional retail is needed to make it work economically. Osco has recognized this as a major mixed-use project; the city gets a 1400 car garage. Osco has done nothing but cooperate. Mayor Morton asked if Handler knows about Osco? Mr. Crum reported on phone and mail communications between the City and Mr. Handler.

Alderman Kent came into the meeting at this time.

There was an extended discussion among Aldermen Feldman, Drummer, Rainey, Newman, Herb Hill, Judith Aiello, Marty Stern, John Terrell and Mr. Klutznick about the need for and what is involved in condemnation and quick take in order to acquire these two properties. Alderman Engelman discussed the timing of the development and that Sears has identified fall 2002 to open. Contracts will close by 1/31 and they are looking at April, May for demolition. Alderman Rainey was concerned with the negative connotation of quick take and that the City needs to explain this to citizens. Quick take is different than condemnation because property is transferred before it is paid for. Legislators give some consideration to the landowner. Alderman Rainey asked whether Mr. Klutznick had completed discussions with landowners. Mr. Klutznick stated his willingness to talk to anybody anytime.

Alderman Feldman moved that staff prepare an agenda item that authorizes the beginning of condemnation proceedings and quick take. Seconded by Alderman Drummer. There was agreement among aldermen with Alderman Bernstein opposing who indicated he would speak with Mr. Handler.

Alderman Drummer commented that once filed, a value is put on the land and building. Condemnation will push them along. Marty Stern noted that all want to settle this. Alderman Newman commented that he would not favor condemnation unless fair offers were made. Marty Stern noted that Klutznick pays all land and relocation costs.

At 7:02 p.m. Alderman Feldman moved that Council reconvene into Open Session. Seconded by Alderman Drummer. Motion carried unanimously.

Mary P. Morris,
City Clerk