



November 7, 2013

Re: Harley Clarke Mansion

To City of Evanston Residents:

Tawani Enterprises --Col. Pritzker's company which submitted a proposal for the purchase of the Harley Clarke Mansion in response to the City of Evanston's request for proposal (RFP), —is writing this letter about the Harley Clarke Mansion and possible considerations for its future use. Now that the RFP process is closed and negotiations for the purchase are over, Tawani is in a position to explain the concept we developed, in order to provide Evanston Residents with factual information that could be helpful in considering your options for future uses of this municipal landmark estate.

We are offering this detailed information only for reference and presenting the facts so that the public can be informed. We have no intention of pursuing this project now or in the future.

The details of the project follow, including findings by professional experts, all of which were given to the City of Evanston as part of our proposal. The only exception is the *Economic & Fiscal Impact Study*, which was being worked on, per the City's request, during the negotiation process.

Sincerely,

A handwritten signature in black ink that reads "Mary F. Parthe". The signature is written in a cursive style with a large, prominent initial "M".

Mary F. Parthe
Tawani Enterprises

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APPENDIX

I.	TOCO LETTER
II.	<i>ECONOMIC AND FISCAL IMPACT STUDY</i> EXECUTIVE SUMMARY SLIDES

BACKGROUND

Alderman Fiske, Mayor Tisdahl, and then others, approached Col. Pritzker and asked if she would be interested in developing a Bed & Breakfast in the Harley Clarke Mansion. Col. Pritzker was not asked for a philanthropic donation regarding Harley Clarke, but a request to develop it commercially. The City of Evanston issued a Request for Interest in the property, and Tawani responded on June 19, 2012. There were 3 submissions from other parties.

Tawani had determined that due to the state of the property, a B&B (which by Evanston code is limited to 5 guest rooms) would not work. The document Tawani submitted stated that we “shall most likely consider use as a boutique hotel or a restaurant/event center.”

Our plan was to develop the most complimentary plan— one that would support the restoration and maintenance of the buildings and enhance the overall appearance of and public accessibility to the property and surrounding parks. The idea was never for Col. Pritzker to make any immediate profit. Anyone who toured the entire property and viewed its actual state would have known that was not possible. (This is the same conclusion 2 of the other 3 interested parties reached.)

On August 23, 2012, we were invited to respond to a Request for Proposal. The RFP did not include a minimum bid. It did not include any financial direction. It also did not include a property appraisal, or site and topographical surveys. Tawani requested copies of all these documents, and was told they did not exist.

The City of Evanston agreed to let Tawani conduct its own due diligence on the property (limited to 6 hours). To accomplish this, we contracted with architects, an appraiser, structural and mechanical engineers, electrical engineers, environmental specialists, surveyor and hotel consultancy experts. This was done at Tawani’s own expense at a cost in excess of \$100,000. All of the findings by professional experts that are contained in this website were given to the City of Evanston as part of our proposal. The only exception is the *Economic & Fiscal Impact Study*, which was being worked on, per the City’s request, during the negotiation process.

Tawani was the only bidder of the four possible candidates to respond to the Request for Proposal (November 27, 2012). The other 3 initially interested parties decided not to pursue the matter. At least two of the three bidders based this decision on the fact that after viewing the property, they realized that it was cost prohibitive.

This was articulated by TOCO, one of the primary competitors:

In a letter to City Manager Bobkiewicz on November 27th, 2012, TOCO wrote
“...Unfortunately we will not be able to make a proposal despite how intriguing this

opportunity is. After careful evaluation, the physical limitations of the site and of the buildings combined with the significant cost of renovating this historic property makes turning this property into a first class Boutique Hotel financially unprofitable. We spent a considerable amount of time with two very well respected consultants, Cannon Design to do our planning and Valenti Builders to do our pricing. The costs came in about twice what they needed to be, not counting the environmental remediation concerns. We looked at other uses, but kept coming back to a boutique hotel scheme as the highest and best use.”

(See Appendix, for copy of original letter)

Carrie King, another bidder, stated:

*The architectural charm and lakefront location of the Harley Clarke property struck me as a phenomenal opportunity to open up a beautiful lakefront mansion --the type of property typically accessible only to a fortunate few - and make it readily accessible to **all** the people of Evanston. I imagined a lakeside café where families could walk in, clad in bathing suits, to order PBJs and lemonade, and rent beach umbrellas. I saw a beautiful staircase where happy brides descended into the open arms of family and friends. I imagined huge, open areas, indoors and out as dining rooms with twinkling lights and student musicians playing, while families gathered for dinner or reunions within a magical environment like no other.*

As one of only four initial bidders, this vision was tempered by the reality of the extreme amount of financing it would require to save and restore this spectacular property. It was in much greater disrepair than I had imagined. And, I didn't expect the difficulty in communication between the small group of bidders and the City of Evanston and the lack of critical information provided by the City such as surveys, appraisals, assessments, tax or detailed property information to allow bidders to make informed assessments, in order to present realistic, intelligent offers.

Thus the condition of the buildings, the absence of vital property information and timely, open communication from the City Manager and Mayor's offices – made this project seem impossible to pursue.

--Carrie King

FACTS ABOUT THE PROPERTY: WHAT THE EXPERTS FOUND

Tawani employed independent professionals to conduct the following tests and reports during the very limited amount of time that was allotted for access to the property. The findings by professional experts that are contained or linked below were given to the City of Evanston as part of Tawani's proposal.

Tawani's due diligence revealed that there are significant health and safety concerns in both the main and the coach houses on the property. Both had environmental liabilities with regard to the property, in addition to the care needed to restore the buildings to a state in which they would pass City, State, and Federal requirements including compliance with Americans with Disabilities Act and the Illinois Accessibility Code.

We discovered that both the main house and the coach house would need significant restoration, plus all new mechanical, electrical, plumbing, sewer lines, etc., and extensive modification to bring the buildings up to Code.

(See RFP, Section 5, Appendix D, starting on the 3rd page, is a copy of Evanston's "CODE ANALYSIS & CONDITION ASSESSMENT REPORT, dated Aug 25, 2012.")

Following is a list of studies we conducted and a brief description of the findings. Where specified, copies of the actual, detailed, reports are contained in the "Tawani Response to City of Evanston Harley Clarke Mansion RFP" dated Nov. 27, 2012 (referred to below as "RFP").

- **ENVIRONMENTAL TESTS** for Radon, mold, asbestos, lead paint and lead in water. These tests revealed that there are significant environmental liabilities with regard to the Property. The environmental findings in the Main House showed an elevated Radon level, asbestos, and lead in paint. The environmental findings in the Coach House showed mold, asbestos, lead in paint and water, and the possibility of an underground storage tank in the vicinity of the Coach House.
(See RFP Exhibit A Section 6)
- **PHASE 1 ENVIRONMENTAL STUDY** One 3,000 gallon heating oil underground storage tank and contaminated soils were removed in April 1991. Study administrators suspect an additional heating oil Underground Storage Tank affiliated with piping and gauges in the Coach House. They surmise it is buried in the vicinity of the coach house. [Click Here for Phase 1 Environmental Study Report](#)
(See RFP Exhibit A Section 5)
- **HEATING & AIR CONDITIONING** HVAC systems are in poor condition; recommendation was to replace no matter what the use of building. 32 Year old boiler –nearing end of usable lifetime. Exhaust is smaller than required by code for proper combustion air and in current location is frequently blocked by leaves and

debris. Current window air conditioners do not provide ventilation to the space, just recirculate air. A make-up air system is needed to address building pressurization and ventilation requirements.

(See RFP Exhibit A Section 4 for the full Structural, Mechanical, Electrical Engineering Report)

- **VENTILATION** Overall ventilation is unacceptable. Since there is no air handling equipment, ventilation is totally reliant on windows that are likely closed during winter and inclement weather. Windows are also undersized or located above exhaust sources from the building (additional code violation). Kiln Exhaust: ductwork and condition of the fans are poor. Glaze room exhaust presents several code issues including location of the exhaust discharge with respect to height and proximity to operable windows. Conservatory exhaust systems are old and have reached their useful life.
- **PLUMBING** has not been maintained and is woefully inadequate, including for its present use. Sanitary and vent systems throughout are inadequate and in poor condition.
- **FIRE SAFETY** Buildings are presently NOT sprinkled. Code requires commercial properties to be fully sprinkled. In order to do so, water service would have to be upgraded to a larger size and evaluated for the possible need for a fire pump. There is NO fire alarm system.
- **ELECTRICAL POWER & LIGHTING Only** 200 AMP service serves both structures. Existing service is old, in poor condition and includes exposed wires. Lighting was also in poor overall condition and should all be replaced. Engineers recommended a new electrical system and distribution service.
- **PRESERVATION: ARCHITECTURAL ASSESSMENT** Many of the decorative elements are severely damaged beyond repair or are missing and need replacement. Most if not all of the wood brickmold exterior casings are in severely poor condition –partially to totally rotted, requiring replacement. All of the windows would require complete restoration and new hardware. Most of the bathrooms were used as slop rooms and were significantly damaged as a result. There are many exquisite features that can be restored, including the entry staircase, original flooring, and plaster decorative elements.

(See RFP Exhibit A Section 2 for the full Preservation: Architectural Assessment Report.)

Note: Tawani is committed to preserving and reinvigorating historically significant buildings. In fact they've won numerous awards in this regard.

(See RFP, page 22, for detailed information regarding Tawani's preservation of historically significant buildings and related awards.)

- **COMMERCIAL APPRAISAL** Tawani employed a nationally recognized hotel consultancy to provide a commercial appraisal of this business model and learned that the commercial property value, given a 15 room hotel/event center use was \$ -4.1 million (*negative* four point one million dollars). In other words, even if the property were given to Tawani, it would be of negative value.

Please know that given this business model, the primary source of revenue would have to come from events in order for it to make any money. With less than one-third (1/3) of the first floor space useable for events (less than 3000 square feet) this would not generate the profit necessary to cost justify this model. The cost to restore the Property and right all its code problems would be over Five Million and 00/100 Dollars (\$5,000,000.00), which alone would be cost prohibitive relative to the potential income such an operation would generate. Further, that \$5million did not include any change in the on-site parking, the cost of a valet service or the purchase price of the property.

- **RESIDENTIAL APPRAISAL** Tawani employed a licensed residential appraiser to value the property. The residential appraised value was \$2 million. Again, we never received a minimum offer or a response to our initial offer from the City.

TAWANI'S PROPOSAL: \$1.2 million to purchase/\$22 million for restoration

Tawani first asked the experts to look at the possibility of a 15 room boutique lodging facility. They determined that 15 rooms would not support the operation and maintenance of the buildings. (By Illinois law, a lodging facility of more than 15 rooms is considered a hotel.)

We then asked, "what about an event center?" The experts found that to be economically unfeasible also. The Harley Clarke is simply not big enough and could not hold enough events to pay for the operational and maintenance costs of the building.

The hotel consultancy experts determined that a 57 room boutique hotel would be the smallest entity that would sustain the cost of operating and maintaining the buildings.

Tawani therefore proposed developing a boutique hotel, featuring 57 rooms, a restaurant and lounge, meeting/event space, business center, and a sundries center.

ENVIRONMENTAL BENEFITS

There would be environmental benefits including permeable surfaces for better water management, geothermal heating & cooling, and an underground parking garage with a very large green roof.

BENEFITS TO THE GENERAL PUBLIC

Parking would be accommodated with a 200 car underground parking garage --open to the public. This would be in addition to 25 spaces, above grade, exclusively dedicated to park goers. The property would have safe walkways between the parking areas leading to the adjacent parks and beach.

This hotel was to be an upscale property that would be very unique to its surroundings. It would have preserved and restored the architectural elements of the original houses, and ensured that the 36 room annex matched the historic exterior of the current houses. The plan also called for rebuilding the Jens Jensen gardens and enhancing the overall aesthetic of this distinguished estate.

(See RFP, page 11, "Proposed Site Plan, rev 10/31/12 --In this aerial view of the proposed hotel, the annex is shown in the color purple. 36 of the 57 guest suites would be housed in the annex. You can also see the additional amenities and improved access for the public to Light House Beach.)

As proposed, the public would have had improved access to the beach and surrounding lands. The plan was to add broad walkways particularly accessible for wheelchairs, carts, and strollers to provide safer access to the beach, the Light House and Lawson Park. The

plan called for the installation of public handicap accessible restrooms on the north side of the hotel. These would be open to the public 24/7, 365 days a week. Beach goers, joggers, children, bikers, etc. would have access to safe sanitary restrooms at all times.

The front lawn, which would be landscaped with additional greenery, would be open to the public. We would continue the tradition of displaying sculptures in front of the Harley Clarke.

The hotel would improve visual access to the Lake by developing the backyard into an activity space, uncovering all the art display walls that currently obstruct the windows in the building, and the addition of public event and dining spaces which could be enjoyed year round by 10's of thousands of guests and residents annually.

It would provide an immediate influx of cash to the city, generate revenue from property and use taxes, provide economic stimulation by creating jobs and attracting tourists to the community, and would remove a significant liability from the City's balance sheet saving taxpayer dollars from maintenance, grounds keeping, and reducing the need for nightly police patrols of the surrounding parks.

Most important, this iconic landmark estate would be preserved and the community at large would have access to it. The estate would contribute to help make Evanston a destination of choice. It in fact would be a cultural addition to the community, preserved in its full grandeur for Evanston, the North Shore and future generations.

(See RFP, Page 6, Picture of "Harley Clarke Mansion Boutique Hotel Site." In this aerial view the site is highlighted in green. See that the hotel property did not include the beach. Our plan was to ENHANCE beach access for the public.)

COMMON MISPERCEPTIONS ABOUT THE PROPOSAL

WAS THERE EVER A PLAN TO LIMIT OR PROHIBIT ACCESS TO THE PUBLIC BEACH?

No. If you look at our plan you will see that Tawani's property did not include Light House Beach. Our plan was to ENHANCE beach access for the public. The plan included 25 parking spaces at ground level for the exclusive use of the public and 200 parking spaces underground for use by hotel patrons and the public. Our plan did include access to the beach for hotel patrons, but NOT at the exclusion of the public.

(See RFP, page 6, Picture of "Harley Clarke Mansion Boutique Hotel Site." In this aerial view the site is highlighted in green. See that the hotel property did not include the beach. Our plan was to ENHANCE Light House Beach access for the public.)

The plan did include a drop off area at grade level with the beach for people to unload their belongings. Parents and others would no longer have to struggle shepherding children to the beach while carrying coolers, umbrellas, towels, toys, etc. Our plan was to provide carts that could easily be wheeled to the beach on wide improved walkways. Additionally, one could safely walk from Lighthouse Beach and Lawson Park to their car without having to walk on any of the roadways which is currently not the case.

The hotel would have included a restaurant open to beachgoers, and a place to purchase "to go" food and drinks, sunscreen, etc. and to rent beach umbrellas.

The drawings include the addition of accessible public restrooms that would be open 24/7 365 days a week.

WHAT ABOUT THE LAWN?

The bid did include the purchase of the front and back lawns, which currently are maintained by the City at taxpayer expense. The plan was to restore the Jens Jensen landscape design in the back of the house. The front lawn would be landscaped and maintained by the hotel. It would not be fair to expect taxpayers to bear the expense of maintaining the landscaping. The plan was to continue the tradition of revolving sculptures on the front lawn, as well as to allow the public use of the lawn.

WOULD THE PLAN HAVE REDUCED THE PROPERTY'S GREEN SPACE?

No. The Annex was to be built on a portion of the existing parking lot. It has never been green space. It was built as a tennis court by the original owner.

WAS THIS COL. PRITZKER'S ATTEMPT TO GET BACK INTO THE HOTEL BUSINESS?

Col. Pritzker never managed or had anything whatsoever to do with the management of Hyatt Hotels. In fact, Col. Pritzker enlisted in the U.S. Army in 1974 as a private, and retired from the military in 2001 as a Lt. Colonel. Given her military career, which was served in both the U.S. and overseas, it would have been impossible for her to be employed in one of her family's businesses. Col. Pritzker's only interest in looking at Harley Clarke as a commercial interest was as a result of a request from City of Evanston elected officials.

WOULD COL. PRITZKER HAVE MADE A PROFIT?

Col. Pritzker's bid included a purchase price of \$1.2 million and a starting budget of \$22 million for the restoration of the Harley Clarke property. She perceived this as a long-term investment, which would not produce a profit for many years, if not decades. This is the apparent reason why she was the only bidder for the property.

DID COL. PRITZKER OR TAWANI REQUEST ANY FUNDS FROM THE CITY OF EVANSTON TO HELP PAY FOR THE RESTORATION?

No, she did not request any aid from the taxpayers of Evanston to help pay for her plan.

DID COL. PRITZKER ATTEND ANY OF THE EXECUTIVE MEETINGS WITH THE CITY COUNCIL?

No. Col. Pritzker did not attend these meetings, nor did any employee or representative of hers.

The meetings Tawani representatives did attend were for the purpose of negotiations. Col. Pritzker only attended the first one of these meetings. No City Council members were present at any of these negotiation meetings.

WHY DIDN'T TAWANI PRESENT THEIR PLAN TO THE GENERAL PUBLIC?

Tawani's policy is not to discuss projects which are still in the process of negotiation, as were the instructions from the City of Evanston. Tawani had only considered looking at this property at the request of elected City of Evanston officials and was awaiting a written response to the bid from the city at the time questions were raised about the proposal.

HOW TAWANI'S PROPOSAL GENERATED SIGNIFICANT REVENUE AND JOBS FOR THE CITY OF EVANSTON

This deteriorating icon would be removed from the City's liability column, would be preserved, and would generate significant revenue for the City and local merchants.

We contracted with HVS, an international hospitality consultancy, to conduct an economic impact study of Tawani's proposed concept.

Conclusions. In the year 2016:

- The City would generate approximately \$5.1 million per year in direct, indirect and induced spending in the community.
- It would generate 54 full time jobs.
- HVS estimated that the fiscal impact would be \$523,600 in new tax revenue per year.

(See Appendix for all of the slides detailing the Economic and Fiscal Impact Study findings.)

ETHS student Daniel Shoenfeld intuitively surmised that the demise of the Tawani boutique hotel was a loss to his generation and the City of Evanston. (Reprinted with the permission of the Evanstonian, Evanston Township High School's student newspaper).

School of Thought



**Lakefront mansion
a valuable asset for
city's future finance**

BY DANIEL SHOENFELD
Opinion Columnist

It could have brought far north of a million dollars to be allocated in local parks, city outreach programs, or whatever deemed necessary. There would have been more jobs and more money flowing into the city each year.

Instead, when the Evanston City Council rejected a plan for billionaire James Pritzker to develop the Harley-Clarke mansion into a beachfront hotel, they left a colossal asset to rot on the lakefront. And rot is not an exaggeration, as the mansion is 'severely deteriorated' according to Alderman Coleen Burrus; it would take well over a million dollars for proper restoration.

This is a city that faces steep budget issues. What those who signed petitions to save the Harley-Clarke mansions did was impede the potential revenue flow in the name of preservation. How dare we promote jobs and cash flow? The 'progressive' Evanston community preaches preservation of historical beauty, fights in favor of anti-commercialization so much that we will watch one of the most valuable pieces of land in the city be used for naught.

This is not a valiant cause. I'm calling for all of you Evanston parents-turned-crusaders to get out of the way of progress. Put away your petitions and your silly yard signs. Us students need to exercise our voices in this matter to make the right decision.

This city needs money and jobs. If not an elegant, 57 room hotel, it needs to find a way to profit off the Harley-Clarke mansion. The city council will meet again in September to discuss the future of the mansion; we need to make our voices heard. To ease opposition of commercialization, write it into the contract that the new business would employ X number of Evanston students in its new enterprise.

The adults in this city owe it to the youth to make the right decision for the future, setting nostalgia and the impractical 'preservation' ideas aside. We are sitting on a goldmine. Let's make that gold ours.

CONCLUSION: WHY WE ARE SHARING THIS INFORMATION

We are sharing this information with the public in the hope that it will provide information allowing the citizens and the City Council to make an informed decision about the future of the Harley Clarke Mansion and provide resources in their efforts to restore the buildings. It is not sufficient to “fix” the buildings. There are significant, documented problems which will require a huge expenditure of funds. Even if that money can be raised—one would still have to provide for the ongoing and future operation, maintenance and repairs of the buildings and land.

We would urge the City Council to ask citizens who propose uses for the property to document very carefully the amount of money it would take to develop the idea, where that money would come from, and how the funds would be raised for the ongoing costs of maintaining and operating the buildings and property.

TOCO

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November 27, 2012

City of Evanston
City Manager's Office
2100 Ridge Avenue
Evanston, IL 60201

Attention: Wally Bobkiewicz

Re: Harley Clarke Mansion

Dear Mr. Bobkiewicz:

I would like to thank you, Joe McRae and the City of Evanston for inviting our group to make a proposal for the redevelopment of the Harley Clark Mansion. Unfortunately, we will not be able to make a proposal despite how intriguing this opportunity is. After careful evaluation, the physical limitations of the site and of the buildings combined with the significant cost of renovating this historic property makes turning this property into a first class Boutique Hotel financially unprofitable. We spent a considerable amount of time with two very well respected consultants, Cannon Design to do our planning and Valenti Builders to do our pricing. The costs came in about twice what they needed to be, not counting the environmental remediation concerns. We looked at other uses, but kept coming back to a boutique hotel scheme as the highest and best use.

I would be more than willing to go through our findings with you, if that will helpful for your department or for the City in trying to decide on what best to do here. As a long time Evanston resident, I would very much like to see something done with the Harley Clarke Mansion to create a positive value to the City of Evanston and for the community.

Sincerely,



Thomas G. Omundson