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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

CABRINI-GREEN LOCAL ADVISORY COUNCIL,	)	
	)	
Plaintiff,	)	
	)	
-vs-	)	96 C 6949
	)	
CHICAGO HOUSING AUTHORITY, TERRY PETERSON, CITY OF CHICAGO, and RICHARD DALEY,	)	Hon. Marvin Aspen
	)	
Defendants.	)	

NOTICE OF FILING

To: See Attached Service List

PLEASE TAKE NOTICE that on March 30, 2004 at 10:30 a.m. I shall appear before the Honorable Marvin Aspen in the courtroom usually occupied by him at the United States District Courthouse at 219 S. Dearborn, Chicago, IL and present the attached CHA's Motion for Entry of Agreed Order Modifying Consent Decree, copies of which are served upon you.

Phillip H. Snelling

Phillip H. Snelling
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(312) 578-8100

CERTIFICATE OF SERVICE

Phillip H. Snelling, an attorney, hereby certifies that copies of the attached Motion were served upon the party(ies) listed above by United States Mail, first class postage affixed, on March 23, 2004.

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

CABRINI-GREEN LOCAL ADVISORY COUNCIL, Plaintiff,	)	
-vs-	)	96 C 6949
CHICAGO HOUSING AUTHORITY, TERRY PETERSON, CITY OF CHICAGO, and RICHARD DALEY,	)	Hon. Marvin Aspen
Defendants.	)	

CHA'S MOTION FOR ENTRY OF AGREED ORDER MODIFYING CONSENT DECREE

Defendant Chicago Housing Authority (CHA) moves this Court for approval and entry of the attached agreed order modifying the August 30, 2000 Consent Decree entered in this case. In support of this motion, CHA states:

1. On January 23, 2004, CHA and defendant City of Chicago filed a joint motion seeking modification of the Consent Decree in this case. The motion sought modification of the provisions governing the administration of social service programs and funding set forth in paragraph VIII(B) of the Consent Decree. The motion was directed to this Court and to Judge Coar.

2. This Court and Judge Coar then determined that Judge Coar would consider the motion. Judge Coar in the intervening two months held a series of meetings between the parties and permitted limited discovery with respect to the motion. As a result of Judge Coar's efforts, an agreement was reached by all parties resolving the issues addressed by the joint motion.

3. On March 17, 2004, Judge Coar entered the attached agreed order modifying the Consent Decree. Since the Consent Decree originally entered by Judge Coar was also approved by this Court, the modification order entered by Judge Coar on March 17th provides also for this Court's review.

4. The modification to the decree sets up three levels of decision-making on social services. Ownership issues, including the budget, are resolved by majority vote of the three owners (one of whom is the Cabrini LAC). Programmatic policy decisions are jointly resolved by the developer, Holsten Development Corp., and the Cabrini Local Advisory Council (LAC), with disputes determined by Meghan Harte, CHA's Director of Resident Services. Day-to-day administration of the program is in the hands of Holsten Development Corp. All of these provisions are more fully set forth in the attached Agreed Order.

4. The Receiver, the Gautreaux plaintiffs, the City of Chicago, and the Cabrini LAC are in agreement with respect to entry by this Court of the attached Agreed Order modifying the Consent Decree.

WHEREFORE, defendant CHA requests that this Court execute the signature line provided for it on the attached order signifying this Court's agreement with the proposed modification of the Consent Decree.

Respectfully submitted,

Attorney for Defendant CHA

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COPY

RECEIVED

MAR 17 2004

JUDGE DAVID H. COAR

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT COURT OF ILLINOIS
EASTERN DIVISION

CABRINI-GREEN LOCAL ADVISORY COUNCIL	)	
	)	
Plaintiff,	)	
	)	
-vs-	)	No. 96 C 6949
	)	
CHICAGO HOUSING AUTHORITY, et al.,	)	Honorable David Coar
	)	
Defendants.	)	

AGREED ORDER MODIFYING CONSENT DECREE

This matter having come before the Court on the Joint Motion of the CHA and the City of Chicago for Modification of the Consent Decree, the parties having taken some discovery and then having reached an agreement, and the Court being fully advised in the premises, IT IS HEREBY ORDERED THAT:

1. Paragraph VIII(B) of the August 30, 2000 Consent Decree is hereby amended by adding the following language to the end of the paragraph:

> However, with respect to the redevelopment of Parcel 1 (*see* Appendix B to the Consent Decree) by the Holsten Development Corporation, the Community and Supportive Services program for that parcel will be jointly developed and administered by the Cabrini-Green LAC (or its affiliated development entity) and Holsten Development Corporation in accordance with ¶¶ 6(C), 6(D), 7(C), 7(D) and 11 and Addendum 2 of the Term Sheet (attached as Exhibit 1 hereto), which will be incorporated into the partnership development agreement to be executed by the development partners, including the Cabrini-Green LAC (or its affiliated development entity).

2. The remaining provisions of the August 30, 2000 Consent Decree shall remain in full force and effect.

ENTER: David H. Coar
Hon. David H. Coar

Dated: March 17, 2004

AGREED: ______________________
Hon. Marvin Aspen

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Attorney for Chicago Housing Authority

Term Sheet

North Town Park/Cabrini Green Extension North

1. **Parties:**

Cabrini Green New Beginnings, NFP and/or its affiliate(s) (collectively, "CGNB")

Peter Holsten, or corporate affiliate ("Holsten" or "HDC")

Kimball Hill Urban Centers, LLC, or its designee ("Kimball Hill")

2. **Description of Project:**

The Project consists generally of the development and operation of an approximately 651-unit housing development, consisting of approximately 145 CHA rental units, approximately 131 affordable rental units, approximately 50 CHA for-sale units, approximately 106 market rate rental units, and approximately 219 market rate for-sale units.

The Project also includes job training, resident hiring, social services, and other activities as described in this term sheet, as well as activities and requirements set forth in the City of Chicago's RFP for the Project, and Holsten's Proposal and Qualifications submitted in response to the RFP.

Certain components of the Project are subject to long-term affordability, rent restrictions, and use restrictions, as set forth in the consent decree, the City of Chicago's RFP for the Project, and Holsten's Proposal and Qualifications submitted in response to the RFP. These terms, conditions, and restrictions are not repeated in this term sheet but are acknowledged by the parties to be applicable to the Project.

3. **Organization of Joint Venture:**

<u>A.</u> <u>Rental LP</u>

CGNB, Holsten and Kimball Hill will form a limited partnership, to be joined by investor limited partners upon closing on the financing for the Project, to develop and own the approximately 145 CHA rental units, the approximately 131 affordable rental units, and the approximately 106 market rate rental units in the Project. CGNB, Holsten and Kimball Hill will all be general partners of the limited partnership with managerial responsibility as detailed in this term sheet. This limited partnership is further described in Section 6 of this term sheet. [we need to exclude a few CHA units from tax credit units, but aren't yet sure exactly how many]

<u>B.</u> <u>CHA For-Sale LP</u>

CGNB, Holsten and Kimball Hill will form a second limited partnership, to be joined by investor limited partners upon closing on the financing for the Project, to purchase the approximately 50 CHA for-sale units and lease those units to public housing tenants. CGNB, Holsten and Kimball Hill will all be general partners of the limited partnership with managerial responsibility as detailed in this term sheet. This limited partnership is further described in Section 7 of this term sheet.

C. North Town Park LLC (NTP)

CGNB, Holsten and Kimball Hill will form a limited liability company to develop and sell the for-sale component of the Project. CGNB, Holsten and Kimball Hill will all be members of the limited liability company with managerial responsibility as detailed in this term sheet. This limited liability company is further described in Section 8 of this term sheet.

D. Fees and Profits

CGNB, Holsten and Kimball Hill will each receive:

(a) one-third of the developer's fee for the entire rental Project,

(b) one-third of the profits from the sales of for-sale units (where profits are the excess of the sales revenue over the costs (including financing costs) associated with developing and selling the for-sale units)

(c) one-third of all other fees and revenues related to the development and its implementation (including but not limited to, partnership organization fees, partnership management fees, general conditions, any other surpluses, etc.) to the extent that such fees or revenues are not addressed separately in this term sheet

(d) one-third of the profits or cash flow from the rental component of the Project (including the CHA for-sale units) that is available for payment to the general partners (where profits or cash flow are the excess of rental revenues from the Project over the operating costs -- including taxes, insurance, management and other fees, debt service payments, and the funding of required reserves -- associated with the rental component of the Project).

The timing of the disbursements in (a) through (d) above are subject to pay-out schedules to be negotiated with funders and investors of the Project; provided that pay-outs will be made on an equal basis among the three parties (ie., no preferential pay-outs).

The Managing General Partner of the Rental LP and the CHA For-Sale LP customarily charges a partnership management fee (for reporting services to the tax credit investor limited partners, etc.) of between $15,000 to $20,000 per year for each entity (as agreed to by the tax credit investor limited partners). This fee, not to exceed $20,000 annually, would be paid monthly on a pro rata basis to the Managing General Partner from available cash flow of the Rental LP and CHA For-Sale LP and would compensate the managing partner for the following responsibilities:

- Annual filings for partnership organization documents
- Oversight and preparation (to trial balance) of annual tax returns and K-1's
- Oversight and preparation (to trial balance) of annual cost certifications
- Preparation and reporting of all LIHTC requirements to appropriate lenders and investors
- Preparation and reporting of financial statements to lenders and investors, monthly and annually
- Preparation and reporting of development progress (during and after construction) to lenders and investors monthly and annually

To defray the overhead and costs of their respective organizations in working on the Project, the amount allocated to the general conditions line item in the budget will be disbursed as follows: $150,000 to CGNB, with the remainder split equally between Holsten and Kimball Hill.

4. Support to CGNB:

Holsten and Kimball Hill will provide financial assistance in the amount of $100,000 to facilitate the organization, staffing and initial operations of CGNB to enable CGNB to participate as a full partner in the development process. This will be paid in five (5) quarterly installments of $20,000, beginning on the first day of the calendar month following the execution by all parties of a joint venture agreement incorporating the provisions of this term sheet.

5. Ongoing Training:

Upon request of CGNB, the LAC and/or its consultants, Holsten and Kimball Hill will reasonably support and participate in training sessions for CGNB in the areas of development, management, social service provision and other related aspects of developer training. The training sessions are to be organized and conducted by the Voorhees Center.

6. Rental LP: Limited Partnership for Rental Component of Project

A limited partnership will be created under the laws of the State of Illinois (the "Rental LP"), which will develop and own the following components of the Project: the approximately 145 CHA rental units, the approximately 131 affordable rental units, and the approximately 106 market rate rental units.

A. <u>General Partners</u>

The general partners of the Rental LP will be:

1. Holsten, having a 33% interest in the Rental LP.

2. Kimball Hill, having a 33% interest in the Rental LP.

3. CGNB, having a 33% interest in the Rental LP.

B. Limited Partners

The Limited Partners of the Rental LP will be:

1. Initially, Peter Holsten (the "Straw Man Limited Partner") will have a 1% interest in the Rental LP as sole limited partner, as a placeholder on behalf of the joint venture only until tax credit investors are added
2. Thereafter, at closing on the financing for the Project, the Straw Man Limited Partner will withdraw from the Rental LP, and investor limited partners will be admitted to the Rental LP on terms acceptable to those holding 51% or more of the interests of the General Partners (which includes the Managing General Partner); provided, that any guaranty required to be given by any General Partner in favor of any investor or lender must be approved by such General Partner, and provided that the terms set forth in subparagraph D of this Section ("Decision-Making Among General Partners") are satisfied. Upon the admission of investor limited partners, the interests of all General Partners in the Rental LP will be proportionally reduced to provide for the investor limited partners.

C. Role of Managing General Partner; Role of Job Training/CSS Partner

The Rental LP will have a Managing General Partner to serve as spokesperson and point of contact between the Rental LP and outside investors and lenders. Holsten shall serve as the Managing General Partner, and if Holsten dies or becomes unable to perform the functions of the Managing General Partner, the successor Managing General Partner shall be Holsten Real Estate Development Corporation. Except for matters assigned to the Job Training/CSS Partner, as described below, the Managing General Partner will have primary responsibility for day-to-day implementation of decisions of the Rental LP but will not itself have general decision-making authority to act for the Rental LP; instead, decision-making authority will be shared among the general partners as described in subparagraph D of this Section.

Holsten shall serve as the Rental LP's Job Training/CSS Partner to serve as spokesperson and point of contact between the Rental LP and outside parties with respect to the economic and employment opportunities set forth in Section 10 of this term sheet and the community and social services set forth in Section 11 of this term sheet. The Job Training/CSS Partner will have primary responsibility for day-to-day implementation of decisions of the Rental LP with respect to the Job Training/CSS programs. General decision-making authority to act for the Rental LP on Job Training/CSS matters is set forth in Section 11 of this term sheet.

D. Decision-Making Among General Partners.

The General Partners will each participate in Project working sessions and meetings on an equal, collaborative basis. The General Partners will collaborate on all development-related activities, including site plan and design issues, construction management and scheduling, tenant relocation services, compliance with local hiring and MBE/WBE hiring requirements, arranging Project financing, and retaining contractors and other agents of the Rental LP. Each General Partner and its designees shall be copied on all proposals, correspondence, and other documentation pertaining to development-related activities, including documents produced by Project architects, contractors, or a particular General Contractor or any other agent.

Decisions of the Rental LP will be made by attempts to reach agreement among the General Partners. Except for matters requiring unanimity ("Unanimous Decisions", as defined below) and except for CSS matters governed by Section 11 of this term sheet, 51% or more of the interests of the General Partners (which includes the Managing General Partner) will prevail. Transfers of general partnership interests that would result in any one General Partner having 51% or more of the General Partners' interests in the Rental LP require the consent of all three General Partners.

The following matters or decisions will require unanimity by all General Partners (including the Managing General Partner) (collectively, the "Unanimous Decisions" and individually, a "Unanimous Decision"):

1. The relocation plan and implementation thereof.

2. Selection of the MBE/WBE/DBE contractors/consultants that will be retained directly by the Rental LP, the CHA For-Sale LP, and NTP

3. Unit mix (according to bedroom size and income level) and location of said units in the site plan.

4. Initial design documents (including specification of construction materials), and site plan.

In the event a Unanimous Decision cannot be achieved, the matter or question will be resolved by the applicable "Expert" (as hereinafter described).

The Expert will be required to render his or her decision within two (2) business days after submission and the Expert's decision will be binding on the Rental LP, its Managing General Partner and other General Partners. The Expert's fees and expenses will be paid by the LP.

Following is a list of Experts:

1. The expert regarding the relocation plan and implementation thereof will be Jim Brooks.

2. The expert regarding the selection of MBE/WBE/DBE contractors and consultants retained directly by the Rental LP, the CHA For-Sale LP and NTP will be Carnice Carey at the City of Chicago Department of Contracts and Purchases.

3. The expert regarding unit mix (by bedroom size and income level) and location of said units in the site plan will be Roberta Feldman.

4. The expert regarding initial design documents and site plan for the Project will be Roberta Feldman.

The General Partners may agree to designate specific activities (e.g., marketing services) to be undertaken by one General Partner and paid for by a line item appropriation in the development budget.

7. CHA For-Sale LP: Limited Partnership for CHA For-Sale Component of Project

A limited partnership will be created under the laws of the State of Illinois (the "CHA For-Sale LP"), which will purchase approximately 50 condominium units in the Project from NTP (as defined in Section 8 of this term sheet) and lease those units to public housing tenants pursuant to an agreement with CHA. (The parties acknowledge that if the timing of the financing, the construction schedule, the investor limited partners, and other conditions are such that the Rental LP can purchase the approximately 50 CHA for-sale units, then there will be no need for a separate CHA For-Sale LP, and all duties and obligations of the CHA For-Sale LP under this term sheet shall become duties and obligations of the Rental LP.)

A. General Partners

The general partners of the CHA For-Sale LP will be:

1. Holsten, having a 33% interest in the CHA For-Sale LP.
2. Kimball Hill, having a 33% interest in the CHA For-Sale LP.
3. CGNB, having a 33% interest in the CHA For-Sale LP.

B. Limited Partners

The Limited Partners of the CHA For-Sale LP will be:

1. Initially, the Straw Man Limited Partner referred to in Section 6 above, which will have a 1% interest in the CHA For-Sale LP.
2. Thereafter, at closing on the financing for the Project, the Straw Man Limited Partner will withdraw from the CHA For-Sale LP, and investor limited partners will be admitted to the CHA For-Sale LP on terms acceptable to those holding 51% or more of the interests of the General Partners (which includes the Managing General Partner); provided, that any guaranty required to be given by any General Partner in favor of any investor or lender must be approved by such General Partner, and provided that the terms set forth in subparagraph D of this Section ("Decision-Making Among General Partners") are satisfied. Upon the admission of investor limited partners, the interests of all General Partners in the CHA For-Sale LP will be proportionally reduced to provide for the investor limited partners.

C. Role of Managing General Partner; Role of Job Training/CSS Partner

The CHA For-Sale LP will have a Managing General Partner to serve as spokesperson and point of contact between the CHA For-Sale LP and outside investors and lenders. Holsten shall serve as the Managing General Partner, and if Holsten dies or becomes unable to perform the functions of the Managing General Partner, Holsten Real Estate Development Corporation shall be the successor Managing General Partner. Except for matters assigned to the Job Training/CSS Partner as described below, the Managing General Partner will have primary responsibility for day-to-day implementation of decisions of the CHA For-Sale LP but will not itself have general decision-making authority to act for the CHA For-Sale LP; instead, decision-making authority will be shared among the general partners as described in subparagraph D of this Section.

Holsten shall serve as the CHA For-Sale LP's Job Training/CSS Partner to serve as spokesperson and point of contact between the CHA For-Sale LP and outside parties with respect to the economic and employment opportunities set forth in Section 10 of this term sheet and the community and social services set forth in Section 11 of this term sheet. The Job Training/CSS Partner will have primary responsibility for day-to-day implementation of decisions of the CHA For-Sale LP with respect to the Job Training/CSS programs. General decision-making authority to act for the CHA For-Sale LP on Job Training/CSS matters is set forth in Section 11 of this term sheet.

D. Decision-Making Among General Partners.

The General Partners will each participate in Project working sessions and meetings on an equal, collaborative basis. The General Partners will collaborate on all development-related activities, including site plan and design issues, construction management and scheduling, tenant relocation services, compliance with local hiring and MBE/WBE hiring requirements, arranging Project financing, and retaining contractors and other agents of the CHA For-Sale LP. Each General Partner and its designees shall be copied on all proposals, correspondence, and other documentation pertaining to development-related activities, including documents produced by Project architects, contractors, or a particular General Contractor.

Decisions of the CHA For-Sale LP will be made by attempts to reach agreement among the General Partners. Except for CHA For-Sale Unanimous Decisions, as defined below, and except for CSS matters governed by Section 11 of this term sheet, 51% or more of the interests of the General Partners (which includes the Managing General Partner) will prevail. Transfers of general partnership interests that would result in any one General Partner having 51% or more of the General Partners' interests in the CHA For-Sale LP require the consent of all three General Partners.

The following matters or decisions will require unanimity by all General Partners (including the Managing General Partner) (collectively, the "CHA For-Sale Unanimous Decisions" and individually, a "CHA For-Sale Unanimous Decision"):

1. The relocation plan and implementation thereof.

2. Selection of the MBE/WBE/DBE contractors/consultants that will be retained directly by the Rental LP, the CHA For-Sale LP, and NTP

3. Unit mix (according to bedroom size and income level) and location of said units in the site plan.

4. Initial design documents (including specification of construction materials) and site plan

In the event a CHA For-Sale Unanimous Decision cannot be achieved, the matter or question will be resolved by the applicable Expert.

The Expert will be required to render his or her decision within two (2) business days after submission and the Expert's decision will be binding on the CHA For-Sale LP, its Managing General Partner and other General Partners. The Expert's fees and expenses will be paid by the CHA For-Sale LP.

The list of Experts for the CHA For-Sale Unanimous Decisions shall be the same as set forth in Section 6 above.

8. NTP: Limited Liability Company for Market Rate For-Sale Component of Project

A limited liability company has been created under the laws of the State of Illinois known as North Town Park, LLC ("NTP"). The organizational documents, including the operating agreement, of NTP will be amended and restated to conform them to this term sheet.

NTP will develop and sell the approximately 219 market-rate, for-sale units in the Project. NTP will also develop the approximately 50 CHA for-sale units, which will be condominium units interspersed in Project buildings containing market-rate condominium units. NTP will sell the approximately 50 CHA for-sale units to the CHA For-Sale LP.

A. Members

The three voting members of NTP (the "Members") will be:

1. Holsten, having a 33-1/3% interest in NTP.
2. Kimball Hill, having a 33-1/3% interest in NTP
3. CGNB, having a 33-1/3% interest in NTP.

B. Addition of Investor Members.

At closing for the construction financing for the for-sale units, at the discretion of the Managing Member, investor members or non-institutional lenders providing construction financing or equity may be added to NTP on the following conditions: (1) such investor members shall have no voting rights in NTP; (2) such investors cannot be affiliates of any of the three voting Members (provided that an affiliate is permissible if all the other voting Members consent); (3) the terms for adding such investor members must be for the economic benefit of the voting Members and must be the result of arms-length negotiations, provided that the requirement of arms-length negotiations does not apply to affiliate investors approved under clause (2) above; and (4) the reduction of the voting Members' percentage interests in NTP as a result of adding such investor members must occur on an equal basis. Regarding approvals required under clause (2) above, each voting Member has five (5) business days to take action on such a proposal and consent will not be unreasonably withheld as long as terms of such financing are deemed to be "reasonable" in comparison to other readily available forms of financing.

C. Role of Managing Member; Role of Job Training Member.

NTP will have a Managing Member to serve as spokesperson and point of contact between NTP and outside investors and lenders. Kimball Hill shall serve as the Managing Member. Except for matters assigned to the Job Training Member, as described below, the Managing Member will have primary responsibility for day-to-day implementation of decisions of NTP but will not itself have general decision-making authority to act for NTP; instead, decision-making authority will be shared among the Members as described in subparagraph D of this Section.

Holsten shall serve as NTP's Job Training Member to serve as spokesperson and point of contact between NTP and outside parties with respect to the economic and employment opportunities set forth in Section 10 of this term sheet. The Job Training Member will have primary responsibility for day-to-day implementation of decisions of NTP with respect to these matters but will not itself have general decision-making authority to act for NTP; instead, decision-making authority will be shared among the members as described in subparagraph D of this Section.

D. Decision-Making Among Members; Role of Job Training Member.

The Members will each participate in Project working sessions and meetings on an equal, collaborative basis. The Members will collaborate on all development-related activities, including site plan and design issues, construction management and scheduling, tenant relocation services, compliance with local hiring and MBE/WBE hiring requirements, arranging Project financing, and retaining contractors and other agents of NTP. Each Member and its designees shall be copied on all proposals, correspondence, and other documentation pertaining to development-related activities, including documents produced by Project architects, contractors, or a particular General Contractor.

Decisions of NTP will be made by attempts to reach agreement among the Members. Except for matters requiring unanimity ("NTP Unanimous Decisions," as defined below), 51% or more of the interests of the Members (which includes the Managing General Partner but excludes the investor members, if any) will prevail. Transfers of membership interests that would result in any one Member having 51% or more of the Members' interests in NTP require the consent of all three Members.

The following matters or decisions will require unanimity by all Members (including the Managing Member but excluding the investor members, if any) (collectively, the "NTP Unanimous Decisions" and individually, an "NTP Unanimous Decision"):

1. The relocation plan and implementation thereof.
2. Selection of the MBE/WBE/DBE contractors/consultants that will be retained directly by the Rental LP, the CHA For-Sale LP, and NTP
3. Unit mix (according to bedroom size and income level) and location of said units in the site plan.
4. Initial design documents (including specification of construction materials), and site plan

In the event an NTP Unanimous Decision cannot be achieved, the matter or question will be resolved by the applicable Expert.

The Expert will be required to render his or her decision within two (2) business days after submission and the Expert's decision will be binding on NTP, its Managing Member and other Members. The Expert's fees and expenses will be paid by NTP.

The list of Experts for the NTP For-Sale Unanimous Decisions shall be the same as set forth in Section 6 above as applicable.

E. Post-Construction Reserves.

In the event that reserves are required by financial partners or the Managing Member recommends reserves to hold back for a limited time for potential post construction liabilities, the three principals will fund or allow to be held back on an equal basis future fee or profit distributions to satisfy reserve requirements.

9. Management of Rental Component of the Project

Holsten Management Corporation will manage the rental component of the Project. CGNB will participate pursuant to Addendum 1, hereto.

10. Economic and Employment Opportunities:

In connection with the development of the Project, the parties will work together to create or cause to be created:

(a) approximately 50 construction-related positions for new apprentices and laborers to be filled by current, displaced or relocated residents of Cabrini Green,

(b) approximately 10-15 construction-related positions to be filled by experienced apprentices and journeymen who began their training on the North Town Village site,

(c) approximately 10 property-management related positions to be filled by current, displaced or relocated residents of Cabrini Green who are qualified, or can become qualified through training, for such positions, and

(d) approximately 140 private sector positions to be filled by current, displaced or relocated residents of Cabrini Green. (These private sector positions may be filled by persons other than current, displaced or relocated residents of Cabrini Green, subject to the approval of CGNB.)

Holsten, Kimball Hill and CGNB will facilitate job training and apprenticeship services for the positions described above and for private sector placements. These services may include arrangements with training providers as described in Section 11.0 of Holsten's Proposal and Qualifications.

The development of the Project has as its goal to utilize at least 40% MBE (minority-owned business entity) and 10% WBE (women-owned business entity) contractors and the partners will work together to try to meet or exceed that goal.

Decisions regarding economic and employment opportunities will be made by the Rental LP, the CHA For-Sale LP, and NTP, as appropriate, according to the decision-making processes set forth in this term sheet for each entity, including designation of Holsten as the Job Training/CSS Partner and Job Training Member.

11. Community and Social Services:

Community and supportive services (CSS) will be provided as described in Addendum 2 (attached). CSS will be jointly administered by HDC and CGNB, as detailed below. HDC and CGNB will meet at least once per month to review the status and performance of the CSS program. Programmatic policy decisions regarding implementation of CSS shall require the agreement of HDC and CGNB; however, the General Partners, by vote of 51% of their interests, shall adopt an annual CSS budget. Agreement between HDC and CGNB shall be required on all issues that arise in setting programmatic policies regarding implementation of CSS in accordance with the annual budget. This shall include, but not be limited to: the manner in which residents are identified and recruited for services, the nature and type of programs to be provided, the third-party providers to be utilized, the effectiveness of the programs, providers and services, and new initiatives that will be attempted during the program year. If HDC and CGNB are unable to agree on any issue in making such programmatic policy decisions, the issue will be submitted for final resolution by a third-party expert, who will render his or her decision within two (2) business days after submission, and whose decision will be binding on the Rental LP and CHA For-Sale LP, their Managing General Partners and other General Partners. The expert for these purposes shall be Meghan Harte of the Chicago Housing Authority.

Day-to-day administration of the CSS program shall be the responsibility of the Job Training/CSS Partner and will not be subject to the third-party expert tie-breaking process described above. The Job Training/CSS Partner shall be invested with full authority to operate the program and make prompt day-to-day decisions so that the program is disciplined, effective and efficient, subject to periodic review of the effectiveness of the services provided, as set forth in the preceding paragraph. Day-to-day administration of the CSS program shall include, but is not limited to: paying invoices, hiring, firing and managing staff, the actual delivery of social services, and managing the office.

12. Purchase Option/Right of First Refusal

Holsten and Kimball Hill do not object to CGNB's desire to have a right of first refusal to purchase the rental component of the Project after the close of the tax credit compliance period (i.e., 15 years) for a price equal to the principal amount of outstanding indebtedness secured by the rental component of the Project, and all federal, state and local taxes attributable to such sale (in accord with 26 USC §42(i)(7)). The parties acknowledge that the right of first refusal is subject to the favorable opinion of tax counsel as well as the approval of the tax credit investor limited partner(s), CHA, HUD, the City of Chicago and any other lenders with outstanding mortgage balances to the Rental LP, the CHA For-Sale LP, or to the development.

THIS TERM SHEET is accepted and acknowledged by:

Holsten Development Corp.

By: ______________________________

Its: ______________________________

Cabrini Green New Beginnings, NFP

By: ______________________________

Its: ______________________________

Kimball Hill Urban Centers, LLC

By: ______________________________

Its: ______________________________

ADDENDUM 1

PROPERTY MANAGEMENT SERVICES
North Town Park

Holsten Management Company (HMC), as property manager for the rental portion of the North Town Park development, will have a two part relationship with Cabrini Green New Beginnings (CGNB) in the provision of property management services. First, it will provide training and advancement opportunities for CGNB management and site staff in all aspects of property management; second, it will contract with CGNB to provide staff for specific property management and maintenance services at the property. Please note that this relationship is being established for the rental portion only. Property management services for the condominium portion will be planned in conjunction with Kimball-Hill.
The specific roles and responsibilities for the provision of property management services at the rental portion are outlined below . Every two years, HMC and CGNB will meet to discuss additional roles and responsibilities that can be transitioned over to CGNB as CGNB grows in capacity and experience. The intent of the parties is to provide the best possible services to the partners and to the residents.

Asset Management/Property Management Plan
The owner entity (Holsten Real Estate/Kimball Hill/CGNB) will determine policies and procedures with regard to overall asset management. In conjunction with the owner entity, HMC will have primary responsibility for developing the property management plan, assisted by CGNB. The property management plan will delineate all procedures for management and operation of the property. CGNB will be trained in asset management and preparation of management plans.

Oversight
As partners in the owner entity, HMC, CGNB, and Kimball Hill will share oversight responsibilities for the purpose of creating an environment where they can work together to address issues and to hear other concerns. HMC, CGNB and Kimball Hill will meet on a regular basis (goal of once monthly) to review operations, establish policy, and to provide the leadership necessary to establish and implement strategies to meet their agreed upon goals. HMC, CGNB, and Kimball Hill will make available to each other all relevant documentation as requested with respect to management activities. HMC will have principal responsibility for property management, and will include CGNB so that they can participate and increase their property management capacity.

Operating Budget
HMC will have principal responsibility for preparation of the annual operating budget; assisted by CGNB. CGNB personnel will be trained in budget preparation.

Accounting/Finance

HMC will have principal responsibility for all project accounting, including rent collection, accounts payable/receivable, and financial reporting to all regulators and investors, and will be assisted by CGNB. CGNB personnel will be trained in all of these procedures.

Compliance
HMC will have principal responsibility for all legal and regulatory compliance, including LIHTC, FHEO, CHA and other applicable requirements, assisted by CGNB. CGNB will be trained in all of these compliance requirements.

Leasing/Marketing/Office Administration
HMC will have principal responsibility for all screening, leasing, marketing and office administrative activities; CGNB personnel will participate in these activities, and will be trained by HMC where necessary. During the course of the lease-up activity, HMC will fund out of the project marketing budget, one full-time position to be filled by a qualified representative of CGNB. HMC and CGNB will jointly establish a Screening and Selection Committee which shall have the responsibility for tenant selection.

Inspections
HMC will have principal responsibility for all inspections, including lease compliance, maintenance, safety and other property inspections; HMC will train CGNB staff in these activities, where necessary. Inspections may be available as a subcontract under the terms of the section below on Subcontracting Relationships

Human Resources
HMC will set all human resources procedures, and will require that hiring and supervision of all CGNB referrals assigned to North Town Park will follow HMC procedures.

Daily Operations
HMC and CGNB will develop procedures for daily operations to make sure that all facets of property management are addressed. This will include allocation of the responsibilities of site personnel, the development of maintenance procedures and janitorial schedules, response to resident work requests and complaints, the completion of paperwork and the logistics of coordinating all site property management activities. HMC will have principal responsibility for daily operations, but will fully include CGNB in the design and implementation of property management procedures. The policies and procedures will be according to Holsten's Employee and Property Management Manuals, copies of which have been provided separately.

Rent Collection/ Eviction
HMC will have principal responsibility for rent collection and evictions. Rent collection will be conducted according to the procedures established in the HMC Property Management Manual. Public Housing residents will be provided with the opportunity to enter into payment plans to pay any outstanding rent. CGNB personnel will be included in a review of adverse actions against residents, and will be provided the opportunity to give input, and to participate in grievance procedures.

Property Management/Maintenance Personnel

HMC will contract with CGNB to provide certain management and maintenance services, based upon property requirements. As a subcontractor to HMC, CGNB will be required to meet HMC qualification and performance standards and will work at the direction of the HMC property manager. Qualified Personnel referred by CGNB will be compensated at comparable rates to personnel referred from other sources. In its hiring decisions, HMC will take reasonable steps to realize the goals of Section 10 of the Term Sheet (Economic and Employment Opportunities), with the assistance of CGNB and Kimball Hill. Specific positions are as follows:

Senior Property Manager -HMC will hire the Senior Property Manager as an HMC employee. The Senior Property Manager will have primary responsibility for the day-to-day management of the property. All personnel assigned to North Town Park, with the exception of the employees of subcontractors, will report to and be directed by the Senior Property Manager.

Assistant/Resident Manager –Assistant and/or Resident Manager positions may be filled by qualified CGNB referrals, based upon HMC property requirements.

Maintenance Personnel - Property maintenance positions may be filled by qualified CGNB referrals, based upon HMC property requirements.

Janitorial Personnel – Janitorial positions may be filled by qualified CGNB referrals, based upon HMC property requirements.

Subcontracting Relationships
Subcontracting relationships will first be offered to CGNB entities or their affiliates, with the requirement that they meet the standards and criteria established by HMC policy. These requirements will include proper certifications, licenses, insurance, and experience. They shall also include a demonstrated capacity, history, and track record of performing the type of work for the contract under award. CGNB will participate fully in the selection of subcontractors that are not CGNB affiliates, but HMC will have the final decision in the awarding of all contracts. Typically, the following work is available for subcontract. Landscaping and snow removal. Unit inspections. Preparation of vacancies (including painting and cleaning). Heating, Plumbing and Electrical work (over and above routine repairs) Scavenger service. Pest Control. Roofing. Tuck pointing.

ADDENDUM 2

COMMUNITY AND SUPPORTIVE SERVICES (CSS)
North Town Park (NTP)

The community and supportive services portion of the project will consist of a 3-pronged approach: Resident Transition, Workforce Development, and Community Building. This approach addresses each of the areas identified in the community needs assessment performed for the CSS Workplan submission to HUD.

Resident Transition

Initial assessments of each of the families eligible to return to North Town Park will be made and appropriate referrals for services will be made to assist potential residents in meeting the site specific criteria set for NTP.

During the initial screening and assessment period, house visits of each prospective resident will be conducted as well as follow-up visits once the applicant becomes a resident of NTP.

Appropriate referrals to service providers will be made in accordance with an applicant's needs, with the understanding that program participation is voluntary.

HDC will participate with CGNB on the screening and selection committee to ensure continuity of selection and dissemination of information regarding initial assessments is available.

Workforce Development

Job training and employment initiatives will address the wide-range of needs in a mixed income community. Residents who need little or no training according to initial assessments will be referred for potential employment opportunities.

The CSS program will strive to ensure the highest rate of success for the self-sufficiency of residents who are identified with the greatest needs. Referrals will be made for training programs, transportation concerns, and child care needs identified as a barrier to employment.

Workshops, seminars, forums and notices of employment/training opportunities will be provided to all residents. Additionally, residents will be encouraged to become engaged in opportunities for economic advancement while creating opportunities for their final placement.

Section 3 requirements will be met and all necessary documentation will be submitted on a timely basis.

Community Building

A "Community Consortium" will be formed to address an array of opportunities, such as: promoting entrepreneurial endeavors, building small businesses, building a 'relationship bank' for placement of residents after training.

'Councils" within the Consortium will address each business area specifically, as well as provide a nucleus for planning social events for the new community (NTP).

The parties recognize the importance of the Service Connector program and its presence via E & ES here in the Cabrini area. The service connector will continue to be used as a provider of social service needs to meet identified milestones for both potential residents as well as those who express a need once they become NTP residents. E & ES in conjunction with the LAC will continue to address the needs of the greater Cabrini Green community, while the CSS program described herein will focus on those who are engaged in the application process as well as those who actually become residents of NTP.

See attached Appendix - Draft Resident Services Budget

APPENDIX TO ADDENDUM 2

DRAFT RESIDENT SERVICES BUDGET
(Dollars in thousands)

PHASES (2 Years Each)

	I	II	III	Total
CHA Units Occupied by phase:	(45)	(105)	(200)	
Resident Transition				
Transition Manager	50	110	121	281
Case Worker		35	77	112
Program Costs	24	35	57	116
Office Costs (Share)	24	28	32	84
				593
Workforce Development				
Team Leader	100	110	121	331
Job Developer		35	77	112
Program Costs	30	35	35	100
Office Costs (Share)	24	28	32	84
				627
Community Building				
Community Builder Staff Person	50	110	121	281
Program Costs	31	34	38	103
Office Costs (Share)	24	28	32	84
				468

(Relocation Budget $638,000)

TOTAL 1688

(BUDGET 1664)

<u>Budget Assumptions</u>

-- All costs up 5%/year
-- Managers @ $50,000/yr total cost base year
-- Staff @ $35,000/yr total cost base year
-- Transition program costs: orientation materials and refreshments, pre-occupancy seminars, materials and refreshments, some social service costs, etc.
-- Office for all 3 activities -- rent, copier, phone, utilities, supplies $3,000/mo
-- Workforce program costs: training costs, transportation, work uniforms, boots, etc., union dues @ $500/hire
-- Community building costs: events every 8 weeks, newsletter every quarter, welcome baskets, residents association costs