

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

Cabrini-Green Local Advisory Council,))	
)	Case No. 1:96-CV-06949
Plaintiff,)	
)	
v.)	Honorable Edmond E. Chang
)	
)	Magistrate Judge Heather K. McShain
)	
Chicago Housing Authority, <i>et al.</i> ,)	
)	
Defendants.)	

AGREED ORDER

This matter having come to be heard on the Joint Motion of the Cabrini-Green Local Advisory Council (“LAC”), Plaintiff, and the Chicago Housing Authority and the City of Chicago, Defendants, for an agreed order that resolves Defendants’ Motion to Enforce and Modify Consent Decree (Doc. # 230), and the Court being duly advised in the premises, the Court hereby finds:

- A. On August 30, 2000, a Consent Decree was entered in this matter between the LAC and Defendants. Doc. #160. The Consent Decree provides that “(a) the LAC (or its affiliated development entity) be a partner, or other form of owner, with up to 50% interest in the ownership of the partnership (or other entity) chosen to be the developer of housing thereunder, and (b) that the LAC (or its affiliated entity) participate in (i) the receipt of developers’ fees and profits (provided the LAC uses such fees and profits for not-for-profit purposes to benefit current and displaced Cabrini residents) . . . , (ii) the selection of property

managers and construction contractor, (iii) the planning of the development, and (iv) the development of resident and other programs.”

- B. On January 8, 2003, Cabrini Green New Beginnings NFP was created as a non-profit corporation registered with the State of Illinois and approved by the IRS on December 16, 2004 as a tax-exempt organization. Cabrini Green New Beginnings NFP was renamed as Cabrini-Green Local Advisory Council Community Development Corporation (“CDC”) on March 25, 2005. The CDC serves as the affiliated development entity created by the LAC under the Consent Decree.
- C. The Court has jurisdiction over the Chicago Housing Authority (“CHA”), the City of Chicago (“City”), the LAC and any other affiliated development entity created under the Consent Decree, including the CDC.
- D. On May 21, 2020, the Chicago Housing Authority Office of Inspector General issued an investigatory report containing findings that, among other things, the CDC and certain Board members misappropriated and mismanaged funds that were generated pursuant to the Consent Decree. Doc. #230-2 and #230-3.
- E. On July 22, 2020, Defendants filed their Motion to Enforce and Modify Consent Decree. Doc. #230.
- F. The CDC is a legal entity that was created by the LAC pursuant to the authority conferred by the Consent Decree. The CDC has its own board, separate and apart from the LAC. The LAC, however, pursuant to the CDC’s bylaws, has the power to appoint and remove members of the CDC board.

G. On March 16, 2021, the LAC board approved a Motion To Approve Proposal To Settle CHA/City Motion To Enforce In The Cabrini-Green Consent Decree Case, the terms of which settlement are memorialized in this Agreed Order.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. A Temporary Custodian shall be appointed by the Court until such time that their duties are discharged as set forth below.

a. Process for selection of the Temporary Custodian: the LAC shall propose three persons and CHA/City shall propose three persons to serve as Temporary Custodian. The parties will consult and make best efforts to mutually agree upon a Temporary Custodian. In the event the parties cannot agree, the LAC will get two strikes and CHA/City will get two strikes, and then submit the remaining two names to Judge McShain for a final selection.

i. Qualifications of the Temporary Custodian: The Temporary Custodian shall be a person who is not a current CHA or City employee, has not presided over judicial proceedings in the underlying suit, is not a Board Member of the LAC or CDC, is not a relative of an LAC or CDC Board member, has not previously served as a consultant to the LAC or CDC, and shall have knowledge of and/or experience in one or more of the following areas:

1. Nonprofit operations
2. Nonprofit governance

3. Community development corporation operations
 4. Affordable housing development serving very low-income and low-income families
 5. Mixed-income housing
 6. Nonprofit accounting
 7. Federal judgeship
- b. Immediately upon appointment of the Temporary Custodian, the term of the current board members of the CDC will terminate and the LAC will propose the appointment of three caretaker board members to be selected from the remaining members of the LAC. Relatives of current CDC and LAC board members are not eligible. CHA and the City may raise objections to any of the proposed caretaker board members, with the understanding that the final decision would rest with Judge McShain.
- i. Throughout this agreement, “relative” means a person who is related to a current or former LAC or CDC Board member as spouse or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, great aunt or great uncle, first cousin, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, sister-in-law, brother-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister, half-brother or half-sister,

and includes the grandfather or grandmother of the person's spouse and the person's fiancé or fiancée, or a person with whom a current or former LAC or CDC Board member has had/shares a child.

c. The Temporary Custodian will collaborate with and make best efforts to reach consensus with the caretaker CDC board in accomplishing the following tasks:

- i. Select nine CDC board members.
 1. Create board position descriptions; advertise the positions; interview the candidates; and field input provided by LAC, CHA, and the City.
 2. With respect to the constituency of the CDC board:
 - a. The original five CDC board members and their relatives (as defined above) would not be eligible to apply;
 - b. Six of the nine slots would be filled by current or former Cabrini residents or Housing Choice Voucher participants who were former Cabrini residents as provided under the CDC bylaws.
 - c. Three of the nine slots would be filled by individuals with experience in social services, finance/ accounting, and/or advertising/marketing.

3. In the event the Temporary Custodian and caretaker CDC board are unable to agree upon one or more of the nine board member positions or if CHA or the City raises objections to any board member, Judge McShain would make the final selection decision.
 4. The LAC, consistent with its vested powers, would then appoint the new CDC board members identified pursuant to the process described above.
- d. The Temporary Custodian will collaborate with and make best efforts to reach consensus with the new CDC Board in accomplishing the following tasks:
- i. Select a professional staff, including Executive Director and Accountant.
 1. In accordance with the Order entered August 22, 2020, when the Temporary Custodian and the new CDC Board are ready to retain professional services, they must confer with the LAC, CHA, and the City before entering into a binding contract. The conferral shall include disclosure of the proposed contract. The CHA and the City shall provide a response within three business days of the conferral and shall not withhold reasonable consent.

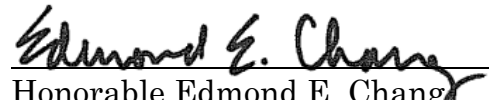
2. In the event the Temporary Custodian and the new CDC board are unable to agree upon a person to fill either position, or if the CHA or the City objects, Judge McShain would make the final selection decision.
- e. Once the CDC professional staff is hired and training of the new CDC board members (on responsible non-profit management) has been completed, the new CDC board members have certified that they will comply with the goals of the Consent Decree, and upon the Temporary Custodian's submission of a final report on the duties performed in accordance with this agreement to the Court and the parties, the Court shall discharge the Temporary Custodian. The Court shall then appoint the Temporary Custodian to serve as Monitor to observe and regularly report to the Court and the parties for a period of six months, unless otherwise extended by the Court. The Monitor will remain in place until discharged by order of the Court.
 - i. The Monitor will report monthly to the Court and to the parties.
 1. The Monitor will provide monthly financial reports to the parties.
 2. The Monitor will provide status reports to the Court and to the parties every two months.
 - ii. Prior to any discharge of the Monitor, the Monitor will provide a final report to the Court and the parties on the duties performed

in accordance with this agreement and the progress of the new CDC Board. LAC, CHA, and City may submit position statements to the Court as to the need to extend the Monitor.

- f. While the Temporary Custodian is in place, the operation of the CDC in pursuit of its charitable mission would be conducted by (I) the caretaker CDC board (followed by the new CDC board) together with (II) the Temporary Custodian. Any disagreements regarding operations that cannot be resolved by the Temporary Custodian and CDC board would be submitted to Judge McShain for decision.
- g. Throughout the process of selecting the new CDC board and hiring a professional staff, the CDC's obligations for its regular reporting to the parties and to the Court stand, pursuant to this Court's August 22, 2020 order (issued on CHA/City's Motion to Freeze). After discharge of the Temporary Custodian and appointment of the Monitor, the CDC shall instead report to the Monitor, as determined by the Court. The Monitor will provide all reporting to the LAC, CHA and the City as provided in paragraph I.e. above.
- h. Upon termination of the Monitor, the CDC Board will provide annual audit reports to the parties within 30 days of completion of the audit.
- i. A mutual non-disparagement provision will be prepared and approved by the parties, including a mutual review of public statements regarding this agreement prior to release.

- j. CDC will sell all vehicles titled to it and return the proceeds to CDC operating accounts, terminate insurance and maintenance payments for all vehicles whether or not titled to CDC and cease payments to Travaughn Steele as janitor/driver. All parties acknowledging that CHA and the City cannot make any representation or agreement as to action or inaction of non-parties, CHA and the City agree not to pursue the restitution claim that was set forth in their Motion to Enforce and Modify Consent Decree (Doc. # 230) and their Memorandum in Support (Doc. # 232) in Case Number 96 C 6949.
- k. CDC Board will prepare an annual budget and annual year-end report of actual expenditures, and post each annually in publicly accessible forums including the internet. To assist the Court in its oversight of the Consent Decree, the Parties, and the incoming Temporary Custodian, the LAC and CDC agree to: 1) preserve all business records related to the CDC, and 2) prepare and provide to the Court and the parties by May 14, 2021, a report detailing expenditures made by CDC for the benefit of the Cabrini-Green community during the past 5-year period.

ENTERED:


Honorable Edmond E. Chang
United States District Judge

DATE: April 21, 2021