

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

DOROTHY GAUTREAUX, et al.,)	
)	
Plaintiffs,)	
)	
v.)	No. 66 C 1459
)	
CHICAGO HOUSING AUTHORITY,)	Judge Aspen
)	
Defendant.)	

MOTION TO ENTER RECEIVERSHIP TRANSITION ORDER

In September 2009 the Court asked the parties to develop a plan for the termination of the receivership of the Chicago Housing Authority (the “CHA”) and the restoration of the powers and duties regarding development of non-elderly public housing in a responsible manner to the CHA. In response, plaintiffs, the CHA and the Receiver (Daniel E. Levin and The Habitat Company LLC) have engaged in extensive discussions. Pursuant to those discussions, the CHA and the Receiver move the Court to enter the Receivership Transition Order (“RTO”) attached hereto as Exhibit 1.

In support of this Motion, the CHA and the Receiver advise the Court as follows:

1. On August 14, 1987, the Court entered an uncontested Order appointing the Receiver (“Receivership Order”). That Order provided in part that “[t]he Receiver shall have and exercise all powers of CHA respecting the scattered site program necessary and incident to the development and administration of such

program.” Receivership Order ¶2. It defined the “scattered site program” to include “all CHA non-elderly public housing development programs which may in the future be authorized by HUD during the pendency of Civil Action No. 66 C 1459.” *Id.* at 2, Finding (C).

2. Since August 1987, the Receiver has developed directly, or overseen the development of, over 4,000 units of public housing. The Receiver has gained substantial expertise in mixed-income public housing development in a manner consistent with the desegregation remedies in this lawsuit, including development of public housing within complex and large developments of public and private residential housing and commercial space, financed by a diverse mix of governmental funding, tax credits, private debt and private equity.

3. In recent years, the working relationship between and among the plaintiffs, the CHA and the Receiver has substantially improved and has become collaborative.

4. The Court has previously informed the parties that it is mindful of decisions by the United States Supreme Court and Court of Appeals for the Seventh Circuit stating that a federal court should be respectful of the independence of local governmental entities and should not prolong unduly its involvement in the management and affairs of local government. *See, e.g., Shakman v. City of Chicago*, 426 F.3d 925, 933 (7th Cir. 2005). As such, in September 2009, the Court directed the parties and the Receiver to develop a plan for the termination of the receivership and restoration of authority and responsibility to the CHA.

5. The parties and the Receiver have engaged in extensive discussions pursuant to the Court's direction. Among the challenges they discussed is how best to effect a smooth transition to the CHA in light of the Receiver's extensive experience and involvement in various past and ongoing projects. There are many ongoing and planned developments that include public housing in the City of Chicago in which the Receiver has been deeply involved, garnered substantial knowledge and brought substantial skills. Currently, the Receiver is actively involved in several ongoing development projects in different areas of Chicago, such as, Cabrini (Parkside), ABLA (Roosevelt Square), Taylor (Legends South), and Madden-Wells (Oakwood Shores), Stateway (Park Boulevard), Horner (West Haven), Rockwell (West End), Maplewood Courts, Lathrop, Ogden North, and the Property Investment Initiative.

6. The parties and the Receiver have determined that time is required to transfer effectively to the CHA the acquired knowledge and experience of the Receiver respecting these developments and for the CHA to develop the capacity to assume control over the full range of responsibilities that the Receiver has been fulfilling. The parties desire to retain the benefits of the Receiver's expertise, capacity and skills during this transition to provide continuity and avoid needless disruption to the objectives of this lawsuit. An immediate termination of the Receivership without a deliberate and comprehensive transition plan creates a risk of harm to the parties and the public interest, including the desegregation remedies in this lawsuit.

7. Consistent with the foregoing, the CHA and the Receiver have reached agreement regarding a Receivership Transition Plan ("Plan"), a copy of which is attached as Exhibit A to the proposed RTO attached hereto as Exhibit 1. Pursuant to this agreed Plan, the CHA and the Receiver would "begin transition of the Receivership responsibilities effective June 1, 2010 and to conclude on May 31, 2013." Exhibit 1-A at 2. The Receivership would terminate June 1, 2010 and The Habitat Company LLC would thenceforth serve, as of that date, as "Gautreaux Development Manager" ("GDM") for a three-year period expiring May 31, 2013. Ex. 1 (RTO) ¶1. The duties and responsibilities of the GDM are set forth in great detail in two additional documents, a spreadsheet titled "CHA Receivership Transition Work Plan," attached hereto as Exhibit 2, and a flowchart, titled "Chicago Housing Authority Receivership Process Map, Primary Work Flows, attached hereto as Exhibit 3. These two documents are extensively referred to in the Plan. They reflect a thorough review of processes and a cataloguing of activities that must be addressed in the transition; they further establish why the transition period extends to May 31, 2013.

8. The Plan delineates five primary categories of work, with differing allocation of tasks between the CHA and the GDM and differing timelines for the transition of responsibility:

a. *Program Management.* This involves tasks such as setting general development strategy, managing the Working Group Process and procuring the development team. See Ex.1-A at 1-2; Ex. 2 at 1-3; Ex. 3 at 1. "Due to intensive stakeholder involvement and the consensus-building nature of Program

Management, full knowledge transfer and conversion of Program Management Functions will take the longest of the primary five workflows to fully transition from Habitat to CHA.” Ex. 1-A at 2. As such, it is anticipated that Habitat as GDM will play an active role through May 31, 2013. *Id.*

b. *Transaction Management.* This function involves tasks such as negotiating the development agreement and obtaining HUD approvals. *See* Ex. 1-A at 2; Ex. 2 at 3-6; Ex. 3 at 1. “Transition Management is a function that CHA has broad familiarity with, as it has been successfully managing transactions for non- Receivership programs and activities since the Authority’s inception.” As such, “[b]y 2011, CHA will be the party primarily responsible for Transaction Management and Habitat will offer advisory guidance to further the transition. . . . The Receiver and CHA anticipate that the final transition can be completed by December 31, 2011.” Ex. 1-A at 2.

c. *Construction Management.* This function involves oversight and management of design, permitting, cost and other construction activities. Ex. 1-A at 3; Ex. 2 at 6-9; Ex. 3 at 1-2. Because of collaboration with the Receiver and of its own management of non-Receivership rehabilitation construction projects, the CHA has substantial experience in this area. However, given the extensive list of ongoing projects, CHA needs time to hire additional personnel with the requisite construction management experience. Ex. 1-A at 3. Accordingly, for “properties that close in calendar year 2010, Habitat will retain primary responsibility for Construction Management activities to the end of development when the final unit of that Phase is delivered for public housing occupancy.” *Id.* During 2010, CHA

will work collaboratively with Habitat, and it “will be the party primarily responsible for Construction Management of projects that break ground after January 1, 2011,” with Habitat playing an advisory role and a “final transition” anticipated to be completed by December 31, 2011. *Id.*

d. *Financial Management.* This function involves, for example, budgeting and management and disbursement of funds. *See* Ex. 1-A at 3; Ex. 2 at 9-10. As with Construction Management, CHA has significant experience in this area. Some of the transition will involve information technology issues arising from the fact that Habitat and CHA used different systems and processes. Ex. 1-A at 3. Habitat will continue to manage the payout and closeout of HOPE VI funds that are already under its control, “as the vast majority of those funds have been expended.” *Id.* “The Receiver and CHA anticipate that the final transition can be completed in 2011.” *Id.*

e. *Acquisition Management.* This function involves “identification and inspection of properties for purchase, including conferring with related City Officials and Departments, and other stakeholders such as BPI, to determine if CHA should purchase the cited properties. Habitat has acted as the sole proprietor for submitting applications to secure approval from HUD, and then worked collaboratively with CHA to purchase the property, provide construction oversight, and accept units for occupancy.” Ex. 1-A at 3. It is expected that these responsibilities will be fully transitioned to CHA in 2011. Habitat will continue responsibilities for the “Property Investment Initiative (PII), a scattered-site development program that is geared toward acquiring and rehabilitating 3+

bedroom units in Gautreaux General Areas as well as certain Limited Areas of opportunity for families.” Ex. 1-A at 4. By June 1, 2011, CHA will be the party with primary responsibility, and “by December 31, 2011, the Receiver and CHA will co-evaluate to determine whether sufficient transition activities have taken place,” and establish an appropriate future target date, if needed. Ex. 1-A at 4.

9. To facilitate the Court’s and the plaintiffs’ ability to monitor CHA’s continued compliance with the 1969 Judgment Order (as amended), the parties and the Receiver concur that the quarterly reporting currently performed by the Receiver should continue through the completion of the Plan, with the additional requirement that the reports shall include narrative reporting on the progress of the transition of responsibilities pursuant to the Plan and on any agreed-upon adjustments to the Plan as it is implemented. The proposed RTO provides for the continuation of reporting. Ex. 1 ¶5.

10. Like any forecast, as the Plan meets the crucible of reality, adjustments may be needed. As they gain experience with the implementation of the Plan, the parties and the GDM may wish to make adjustments to the Plan warranted by the experience they acquire. To provide such flexibility, the draft Order (Ex. 1) provides that the parties and the GDM may agree to modifications of the Plan without prior Court approval, but the GDM shall advise the Court of such modifications in its quarterly reports. Ex. 1 at 4 ¶1.

11. The Plan would satisfy the multiple objectives of diminishing (with the prospect of ending) the Court’s involvement in the operations of the CHA, allowing an orderly transition to occur, and permitting the CHA and the public to continue to

benefit from the Receiver's expertise, all while furthering the desegregation remedies entered by the Court.

12. For the foregoing reasons, the CHA and the Receiver ask that the Court enter the Order attached as Exhibit 1. We are informed that Plaintiffs also agree, except for one issue they will present separately to the Court.

Respectfully submitted,

THE CHICAGO HOUSING AUTHORITY

THE RECEIVER (Daniel E. Levin and
The Habitat Company LLC)

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One of its attorneys

By /s/ Edward W. Feldman
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EXHIBIT 1

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

DOROTHY GAUTREAUX, et al.,)	
)	
Plaintiffs,)	
)	
v.)	No. 66 C 1459
)	
CHICAGO HOUSING AUTHORITY,)	Judge Aspen
)	
Defendant.)	

RECEIVERSHIP TRANSITION ORDER

This matter comes to the Court pursuant to agreement of the parties, following the suggestion by the Court that the parties develop a plan for the termination of the receivership of the Chicago Housing Authority (the “CHA”) and the restoration of the powers and duties regarding development of non-elderly public housing in a responsible manner to the CHA. Plaintiffs, the CHA and the Receiver (Daniel E. Levin and The Habitat Company LLC) have engaged in extensive discussions among themselves and with the Court, and the CHA and the Receiver have agreed to the entry of this Order. Based upon that agreement, the prior discussions with the Court concerning this matter, the presentations of the parties, and the Court’s knowledge of the record and of the history of the Receivership since its inception in 1987, the Court makes the following findings of fact and conclusions of law:

A. On August 14, 1987, the Court entered an uncontested Order appointing the Receiver (“Receivership Order”). That Order provided in part that

“[t]he Receiver shall have and exercise all powers of CHA respecting the scattered site program necessary and incident to the development and administration of such program.” Receivership Order ¶2. It defined the “scattered site program” to include “all CHA non-elderly public housing development programs which may in the future be authorized by HUD during the pendency of Civil Action No. 66 C 1459.” *Id.* at 2, Finding (C).

B. Since August 1987, the Receiver has developed directly, or overseen the development of, over 4,000 units of public housing. The Receiver has gained substantial expertise in mixed-income public housing development in a manner consistent with the desegregation remedies in this lawsuit, including development of public housing within complex and large developments of public and private residential housing and commercial space, financed by a diverse mix of governmental funding, tax credits, private debt and private equity.

C. In recent years, the working relationship between and among the plaintiffs, the CHA and the Receiver has substantially improved and has become collaborative.

D. The Court is mindful of decisions by the United States Supreme Court and Court of Appeals for the Seventh Circuit stating that a federal court should be respectful of the independence of local governmental entities and should not prolong unduly its involvement in the management and affairs of local government.

E. The Court finds that substantial progress has been made to ameliorate the conditions that warranted the Receivership and that a responsible transition

should occur to restore to the CHA the powers and functions that had been transferred to the Receiver by the Receivership Order.

F. There are many ongoing and planned developments that include public housing in the City of Chicago in which the Receiver has been deeply involved, garnered substantial knowledge and brought substantial skills. Currently, the Receiver is actively involved in several ongoing development projects in different areas of Chicago, such as, Cabrini (Parkside), ABLA (Roosevelt Square), Taylor (Legends South), and Madden-Wells (Oakwood Shores), Stateway (Park Boulevard), Horner (West Haven), Rockwell (West End), Maplewood Courts, Lathrop, Ogden North, and the Property Investment Initiative. The parties and the Receiver have determined that time is required to effectively transfer to the CHA the acquired knowledge and experience of the Receiver respecting these developments and for the CHA to develop the capacity to assume control over the full range of responsibilities that the Receiver has been fulfilling. The parties properly desire to retain the benefits of the Receiver's expertise, capacity and skills during this transition to provide continuity and avoid needless disruption to the objectives of this lawsuit. An immediate termination of the Receivership without a deliberate and comprehensive transition plan creates a risk of harm to the parties and the public interest, including the desegregation remedies in this lawsuit.

G. The parties have reached agreement regarding a Receivership Transition Plan ("Plan"), a copy of which is attached as Exhibit A. Pursuant to this agreed Plan, the CHA and the Receiver would "begin transition of the Receivership responsibilities effective June 1, 2010 and to conclude on May 31, 2013." Exhibit A

at 2. This Plan would satisfy the multiple objectives of diminishing (with the prospect of ending) the Court's involvement in the operations of the CHA, allowing an orderly transition to occur, and permitting the CHA and the public to continue to benefit from the Receiver's expertise, all while furthering the desegregation remedies entered by the Court. The Court has reviewed the attached Plan and finds it reasonable and consistent in advancing the Court's desegregation remedies.

H. To facilitate the Court's and the plaintiffs' ability to monitor CHA's continued compliance with the 1969 Judgment Order (as amended), the quarterly reporting currently performed by the Receiver should continue through the completion of the Plan, with the additional requirement that the reports shall include narrative reporting on the progress of the transition of responsibilities pursuant to the Plan and on any agreed-upon adjustments to the Plan as it is implemented.

WHEREFORE, to effectuate the restoration of development authority to the CHA and to accomplish a responsible transition consistent with continuing to advance the remedies in this case,

IT IS HEREBY ORDERED:

1. Upon entry of this Order, the CHA and The Habitat Company LLC ("Habitat") shall implement the transition of responsibilities pursuant to the Plan. Effective June 1, 2010 ("Effective Date"), and subject to paragraph 2 below, this Order shall be deemed to supersede the Receivership Order and remain effective through May 31, 2013. On the Effective Date, the powers of CHA transferred to the Receiver by the Receivership Order will revert in full to the CHA, except that

Habitat shall thenceforth serve as "Gautreaux Development Manager" ("GDM") and shall have and exercise those powers, duties and responsibilities set forth below and in the Plan, including the power to enter into contracts with third parties pursuant to the Plan. As they gain experience with the implementation of the Plan, the parties and the GDM may agree to modifications of the Plan without prior Court approval, but the GDM shall advise the Court of such modifications in its quarterly reports pursuant to paragraph 5 below.

2. Habitat, as the GDM, shall continue to have the status of officer and agent of this Court, and as such shall continue to be vested with such immunities as previously vested in it by the Receivership Order and by law. This paragraph shall survive the expiration of this Order with respect to any claims or matters arising with respect to the GDM's actions or role prior to its expiration.

3. As provided in paragraph 4 of the Receivership Order, the GDM shall continue to have no obligation to make any expenditure of its own funds. Rather, the GDM will continue to administer and disburse funds provided by HUD and/or CHA in accordance with procedures agreed upon as needed between or among HUD, the CHA and the GDM. The GDM shall continue to keep separate accounts for costs incurred in connection with the projects in which it is involved under this Order and the Plan, provided, however, that responsibilities for maintaining such accounts may be transferred to the CHA as provided in the Plan. The GDM shall not be responsible for the payment of any costs or performance of any obligations not specifically authorized by the GDM in writing.

4. The GDM shall continue to be compensated in the same manner as provided in the Court's orders of November 30, 2000 and August 7, 2001 with respect to all developments in which the GDM participates under the Plan.

5. The GDM shall continue to provide quarterly reports respecting the status and implementation of the development of new, non-elderly public housing pursuant to the Plan and this Order, with the additional requirement that the reports shall include narrative reporting on the progress of the transition of responsibilities pursuant to the Plan and on any agreed-upon adjustments to the Plan as it is implemented.

6. Except as specifically provided in this Order, this Court's orders previously entered, as modified, remain in full force and effect. The Court continues to retain jurisdiction of this matter for all purposes, including enforcement or modification of this or other orders.

7. This Order shall be effective until May 31, 2013. As of that date, the CHA may perform or cause such other party as it may determine to perform those functions provided by the GDM under the Plan in such manner as the CHA may determine in its sole discretion, it being agreed that Habitat shall be free to seek to provide such functions in the future.

Enter:

United States District Judge

Dated: May __, 2010

EXHIBIT A

CHICAGO HOUSING AUTHORITY
Receivership Transition Plan
May 20, 2010

On July 1, 1969, the United States District Court for the Northern District of Illinois ("the Court") entered a Judgment Order in the case of Dorothy Gautreaux et al., Plaintiffs, versus Chicago Housing Authority, et al., Defendants, Civil Action No. 66 C 1459 ("Gautreaux Order"). The Order directed the Chicago Housing Authority ("CHA") to affirmatively administer its public housing system in a manner that would disestablish developments segregated based upon race, resulting from CHA's site selection and tenant assignment procedures, including:

- Requiring CHA to plan the design, development, and occupancy of Dwelling Units in conformance with the order (Article III);
- Limiting the concentration of large numbers of Dwelling Units (Article IV);
- Modifying CHA's tenant assignment policy (Article V; CHA Board Resolution No. 68-CHA-232);
- Modifying CHA's tenant assignment plan (Article VI); and,
- Requiring the reporting of information related to each location with one or more Dwelling Units approved by CHA, and to demonstrate compliance semi-annually with the Order (Article VII).

After it was determined that CHA needed assistance in sufficiently complying with the Gautreaux Order, a Receiver was appointed on August 14, 1987, and an Order was entered appointing Daniel E. Levin ("Levin") and The Habitat Company, subsequently amended to substitute The Habitat Company LLC for The Habitat Company ("Habitat"), jointly as Receiver to develop and administer CHA's scattered site program in compliance with the Gautreaux Order. The scattered site program refers to CHA development programs and vacant sites listed in Exhibit A of the Order, in addition to the programs numbered II 2-096, II 2-098, II 2-103 – II 2-113, and all CHA non-elderly public housing development programs authorized by HUD during the pendency of the Gautreaux Order.

Between 1987 and the present, Levin and Habitat have faithfully discharged their duties and obligations as the Court appointed Receiver. Over that time, Levin, Habitat, and CHA, collectively, have developed policies and practices in conformance with the Gautreaux Order. As a result, the Court has recently considered whether the Receivership remained necessary and requested that CHA and Receiver develop a proposed plan to end the Receivership and return all associated responsibilities to CHA. In response, a joint Task Force was formed with representation from both CHA and Habitat to collaboratively develop a Receivership Transition Plan.

Together, CHA and Habitat have developed this joint proposal which comprehensively addresses all aspects of the duties and responsibilities of the Receivership and Receiver. The Receivership function is comprised of five primary work flows:

- I. Program Management
- II. Transaction Management
- III. Construction Management
- IV. Financial Management
- V. Acquisition Management

For each of the work flows, the major activities and their respective custodians – CHA, Receiver, and other related parties – were identified. The parties determined that the majority of Receivership activities are currently being performed by both CHA and Receiver. As a result, Receivership transition planning efforts focused on those activities for which Receiver is sole or primary custodian, and emphasized key transition issues and their correlative resolutions. Program Management is the core work flow of the Receivership function. Program Management deals with each development's primary objectives and parameters, and culminates in the development of a Master Plan. The outcomes of Program Management lay the foundation for each development's compliance with the Gautreaux Order.

CHA and Receiver fully recognize the impact that termination of the Receivership may have on stakeholders to the Gautreaux judgment. Accordingly, CHA and Receiver have included counsel for the Gautreaux plaintiffs in the planning

CHICAGO HOUSING AUTHORITY
Receivership Transition Plan
May 20, 2010

and analysis of the proposed Master Transition Plan. Counsel for the Gautreaux plaintiffs has had an opportunity to review and comment on the specifics of the proposed plan.

It is the recommendation of CHA and Receiver to begin transition of the Receivership responsibilities effective June 1, 2010 and to conclude on May 31, 2013. An overview of the Receivership Transition Plan for each work flow is included below.

Primary Workflows – Program, Transaction, Construction, Financial, and Acquisition Management

Program Management

Program Management is the function most closely associated with the tenets of the Gautreaux Order. Program Management involves consensus-building with appropriate community stakeholders, city officials, and HUD; Procurement and management of Developers; Negotiation, approval, and continual development of the Master Plan, including determination of income mix and other critical factors in conformance with Gautreaux standards, and ancillary plans (including, but not limited to: Phasing, Public Utilities, Community and Social Services Plans); Setting and adhering to Plan budgets; and, Regular reporting to HUD. During the Receivership, Habitat was intensely involved in brokering confidential discussions with community stakeholders, such as the Business and Professional People for the Public Interest ("BPI") and other advocates and interested parties to build consensus on Program Management issues. During the transition, CHA will be included in these conversations to achieve greater transparency and the deliberation of issues through shared, open discussions. Inclusion of the CHA will become the norm; however, this does not preclude private conversations between Habitat and stakeholders if the need arises, with the goal that CHA will be brought into the discussions at the earliest possible time in support of the agreed upon collaborative approach. Due to intensive stakeholder involvement and the consensus-building nature of Program Management, full knowledge transfer and conversion of the Program Management functions will take the longest of the primary four workflows to fully transition from Habitat to CHA. It is anticipated that, for the full Receivership Transition Process period, Habitat will continue to participate in both active and knowledge transfer advisory roles. The detailed transition of this process is set forth in the attached Master Transition Plan. The Receiver and CHA anticipate that the final transition can be completed by May 31, 2013.

Transaction Management

Transaction Management is a function that CHA has broad familiarity with, as it has been successfully managing transactions for non-Receivership programs and activities since the Authority's inception. Moreover, both CHA and Habitat have been jointly and actively involved in primary Transaction activities during the Receivership, so transition issues are anticipated to be minimal. However, Habitat has been the sole party responsible for certain Transaction Management activities, such as Pre-Development Loan preparation and leading negotiations with Gautreaux plaintiffs, thus effective knowledge transfer will be critical to ensuring that these activities are smoothly transitioned to CHA. Moreover, Habitat's legal representation and advisor, Reno and Cavanaugh, PLLC, has been, and will continue to be, closely aligned with the legal processes around securing HUD approval for projects and issuing formal responses to HUD comments, collating evidentiaries, and preparing other legal documentation, such as Affidavits. For deals that close in calendar year 2010, CHA will engage in knowledge transfer with Habitat, while Habitat will maintain its active Transaction Management role. By 2011, CHA will be the party primarily responsible for Transaction Management and Habitat will offer advisory guidance to further the transition. The detailed transition of this process is set forth in the attached Master Transition Plan. The Receiver and CHA anticipate that the final transition can be completed by December 31, 2011.

CHICAGO HOUSING AUTHORITY
Receivership Transition Plan
May 20, 2010

Construction Management

Construction Management is another function that CHA has widely-applied expertise in, as it has been successfully managing construction, both in concert with Habitat on Receivership projects, as well as independently for non-Receivership projects. This collaboration with Habitat during the Receivership enables the transition of Construction Management activities to be more seamless. The focus areas for transition will be: Securing HUD approval of Design and Development drawings, Permit Drawing Review, and Conduction of the Cost Review. It is important to note that other parties, such as the Chicago Department of Community Development ("DCD"), are actively engaged in certain phases of Construction Management, namely the officiating of pre-construction conferences. In order to ensure the seamless transition, CHA will need to acquire new hires with the requisite construction management experience. For properties that close in calendar year 2010, Habitat will retain primary responsibility for Construction Management activities to the end of development when the final unit of that Phase is delivered for public housing occupancy. During 2010, CHA will engage in knowledge transfer with Habitat, while maintaining its collaborative Construction Management role. CHA will be the party primarily responsible for Construction Management of projects that break ground after January 1, 2011 and Habitat will offer advisory guidance to further the transition. The detailed transition of this process is set forth in the attached Master Transition Plan. The Receiver and CHA anticipate that the final transition can be completed by December 31, 2011.

Financial Management

Financial Management is another area in which CHA has significant expertise, both independently on non-Receivership projects, and in concert with Habitat throughout the Receivership. In developing the overall Receivership Transition Process, special attention was paid to identifying the activities that Habitat has been solely responsible for (Developing the Master Budget, Procurement Budget, and Administrative and Planning Budget and obtaining HUD approval thereof) and the tools and methodologies used to capture the proper information (Yardi). Financial functions previously performed by Habitat will be absorbed into the usual CHA financial management systems, processes and procedures (Lawson). Habitat will continue to manage the payout and closeout of HOPE VI funds that are already under its control, as the vast majority of those funds have been expended. The detailed transition of this process is set forth in the attached Master Transition Plan. The Receiver and CHA anticipate that the final transition can be completed in 2011.

HOPE VI Management

Habitat has been solely responsible for HOPE VI financial management activities since the Receivership was enacted. It is anticipated that the current HOPE VI awards of approximately \$258 million will be 90% expended by the close of 2010 (exclusive of the new \$20 million grant for Stateway Gardens). During 2010, CHA will engage in knowledge transfer with Habitat; and in 2011, with Habitat advising, CHA will assume the lead role in managing the Stateway Gardens award. As CHA has been previously responsible for applying for rounds of HOPE VI funding, it is expected that CHA will apply to HUD for future available rounds of funding from HOPE VI program's successor, The Choice Neighborhoods Initiatives program, and become the sole manager of any awards granted.

Acquisition Management

Acquisition Management is an activity area where CHA has applied expertise, both with non-Receivership projects, and in concert with Habitat on activities related to Receivership projects. Acquisition Management deals primarily with the identification and inspection of properties for purchase, including conferring with related City Officials and Departments, and other stakeholders such as BPI, to determine if CHA should purchase the cited properties. If the decision is made and agreed-upon by stakeholders to acquire and develop a property, Habitat has acted as the sole proprietor for submitting applications to secure approval from HUD, and then worked collaboratively with CHA to purchase the property, provide construction oversight, and accept units for occupancy. These responsibilities are expected to be fully transitioned to CHA in 2011.

CHICAGO HOUSING AUTHORITY
Receivership Transition Plan
May 20, 2010

Property Investment Initiative Program Management

Properties purchased for rehabilitation will be managed under the parameters of the Property Investment Initiative ("PII"), a scattered-site development program that is geared toward acquiring and rehabilitating 3+ bedroom units in Gautreaux General Areas as well as certain Limited Areas of opportunity for families. The program is focused on putting vacant and foreclosed buildings back into productive use. Habitat is currently responsible for selection and management of contractors, architects, and brokers. Concurrently, CHA and Habitat engage City Officials to secure approval for property purchase and development. Once rehab is complete, CHA is responsible for occupancy and transition of residents to the newly developed unit. It is estimated that at least 12 units will be available by the end of 2010. During the first twelve months of the Receivership Transition Plan, CHA will engage in knowledge transfer with Habitat, while maintaining its collaborative PII role. By June 1, 2011, CHA will be the party primarily responsible for administration of the PII and Habitat will offer advisory guidance to further the transition. By December 31, 2011, the Receiver and CHA will co-evaluate to determine whether sufficient transition activities have taken place. If additional transition activities are necessary, an appropriate future target date will be set to fully actualize the PII transition to CHA.

Conclusion

It is the recommendation and request of CHA and Receiver that the Court enter an order by which it will end the Receivership effective June 1, 2010, and simultaneously order the implementation of the Master Transition Plan (Exhibit I), allowing Habitat to continue to participate in both active and knowledge transfer advisory roles throughout the transition period. Full transition of four of the five primary workflows of Transaction, Construction, Financial, and Acquisition Management are anticipated to be actualized in 2011. A review date of December 31, 2011 has been established for the Property Investment Initiative Management workflow, a secondary workflow within Acquisition Management, to determine the best final transition date. It is projected that the Program Management workflow will be fully transitioned by May 31, 2013.

In summary, the Receivership functions are proposed to transition as follows:

<u>Workflow</u>	<u>Transition Complete</u>
Program Management	May 31, 2013
Transaction Management	December 31, 2011
Construction Management	December 31, 2011
Financial Management (Includes HOPE VI Management)	In 2011
Acquisition Management (Includes PII Management)	In 2011; PII – Evaluate on December 31, 2011

EXHIBIT 2

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
06.01.2010	12.31.2012	PRE	Pre-Process	Receive or identify an opportunity			x		
		PRE.A	Pre-Process	Determine if Rehab	a. If so, then not applicable to Receivership Process b. Follow Rehab process c. If not Rehab, then follow to Program Management		x		
06.01.2010	05.31.2013	1	Program Management					x	
		1.A	Program Management	Strategize Development Objectives and Parameters				x	
		1.A.1	Program Management	Preliminary Site Assessment				x	
		1.A.2	Program Management	Preliminary Conceptual Parameters	a. Neighborhood factors b. Impact of unit count			x	
		1.A.3	Program Management	Hire third-parties (as needed)	a. Planning consultants			x	
		1.A.4	Program Management	Initial Due Diligence items	a. Obtain surveys b. Appraisals c. Title work			x	
		1.A.5	Program Management	Initial Discussion with Key Stakeholders	a. Aldermen b. City of Chicago c. Resident Leadership			x	
		1.A.6	Program Management	Establish Preliminary Development Objectives	a. Rental / For Sale b. Building type c. Unit / Income mix d. Number of units			x	
		1.B	Program Management	Relocation and Demolition Management	a. Not applicable to Receivership Transition Plan		x		
		1.C	Program Management	Initiate and Manage Working Group (WG) Process			x		
		1.C.1	Program Management	Determine Composition of Working Group				x	
		1.C.2	Program Management	Orient Working Group Members	a. Property b. WG Process c. RFP Process			x	
		1.C.3	Program Management	Refine and Detail the Development's Objectives and Parameters	a. With the Working Group			x	

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Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		1.D	Program Management	Procure Development Team	a. Same action as 4.D, because Financial Management has intersection with all Management processes in the <u>Receivership Transition Plan</u>			x	
		1.D.1	Program Management	Determine Type of Solicitation (RFP/Q) and Issuer	a. If an RFP, more rigorous planning is required in this Phase b. If an RFQ, more rigorous planning will be required in Phase 1F			x	
		1.D.2	Program Management	Draft RFP/Q	a. Incorporate Development Objectives and Parameters b. Either CHA or Habitat take the lead			x	
		1.D.3	Program Management	Manage RFP/Q				x	
		1.D.4	Program Management	Issue and Manage RFP/Q <u>Procurement Process</u>				x	
		1.D.5	Program Management	Evaluate Responses	a. With the Working Group			x	
		1.D.6	Program Management	Working Group Makes <u>Recommendations</u>				x	
		1.D.7	Program Management	Recommend Developer to the CHA's Board of Commissioners and the Receiver	a. The Evaluation Committee crafts recommendation			x	
		1.D.8	Program Management	CHA Board and Receiver Approve of <u>Developer Selection</u>				x	
		1.E	Program Management	Pre-Development and Master <u>Development Agreement</u>				x	
		1.E.1	Program Management	Discussion of Development Agreement Terms, Parameters, and Timelines (Internal)	a. Refine Development objectives and timelines in to the draft Development Agreement			x	
		1.E.2	Program Management	Develop, Review, and Refine Draft <u>Development Agreement (Internal)</u>				x	
		1.E.3	Program Management	Submit Draft Development <u>Agreement to Developer</u>				x	
		1.E.4	Program Management	Negotiate Terms of Development <u>Agreement with Developer</u>	a. Pre-Development Loan			x	
		1.E.5	Program Management	Finalize and Submit Development Agreement to CHA Board of Commissioners			x		
		1.E.6	Program Management	Execute Development Agreement				x	

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		1.E.7	Program Management	Submit Development Agreement to HUD				x	
		1.F	Program Management	Oversee Development of the Master Plan	a. If RFQ, more work will be required in this phase			x	
		1.F.1	Program Management	Develop Draft of Master Plan with Developer				x	
		1.F.2	Program Management	Review and Negotiate Draft Master Plan with Developer	a. CHA b. Receiver			x	
		1.F.3	Program Management	Review Draft of Master Plan with Key Stakeholders	a. Includes Working Group			x	
		1.F.4	Program Management	Obtain Consensus from Key Stakeholders				x	
		1.F.5	Program Management	Develop the Phasing Plan				x	
		1.F.6	Program Management	Develop the Relocation Plan			x		
		1.F.7	Program Management	Develop the Demolition Plan			x		
		1.F.8	Program Management	Develop Plans for First Phase	a. Architectural Plan b. Financing Plan			x	
		1.F.9	Program Management	Develop Public Facilities Plan	a. Parks b. Schools c. Fire d. Police			x	
		1.F.10	Program Management	Develop the Community and Social Service Plan			x		
		1.F.11	Program Management	Develop Future Phases (as needed)				x	
		1.G	Program Management	Program Administration				x	
		1.G.1	Program Management	Establish Program Benchmarks and Budget				x	
		1.G.2	Program Management	Provide Periodic Reports and Revisions to HUD (as required)				x	
		1.G.3	Program Management	Submit Quarterly Reports to HUD				x	
		1.H	Program Management	Obtain Required Approvals	a. Hope VI b. Plan Commission c. Community Development Condition (CDC) d. Other entitlements			x	

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Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		1.H.1	Program Management	Obtain Gautreaux Approvals	a. See 2.C below b. Revitalizing Order	x			
		1.H.2	Program Management	Determine if an Order is Required	a. Order or Waiver	x			
		1.H.3	Program Management	Work with Gautreaux Plaintiffs to Identify Re-Development Issues	a. e.g. Types of Units b. Work with Gautreaux Plaintiffs, Developer, CHA, and sometimes City to address issues	x			
		1.H.4	Program Management	Work with Gautreaux Plaintiffs to Resolve Re-Development Issues	a. Unit mix b. Types c. Locations d. Work with Gautreaux Plaintiffs, Developer, CHA to resolve	x			
		1.H.5	Program Management	Prepare and Negotiate Affidavit for Use with Motion	a. If Order required b. Prepared by Habitat Development staff with internal legal oversight c. Focus on area of transition d. Communicate development issues and create shared understanding	x			
		1.H.6	Program Management	Prepare Negotiation and File Motion and Order	a. Prepared by BPI or CHA attorneys		x		BPI
		1.H.7	Program Management	Attorneys Obtain Final Executed Order	a. To date, all are agreed-upon motions and orders b. Habitat Development team obtains copy of the Order		x		BPI
		1.I	Program Management	Establish Phase-Specific Plans				x	
06.01.2010	12.31.2011	2	Transaction Management						
		2.A	Transaction Management	Negotiate and Execute the Pre-Development Loan Agreement (PLA)				x	
		2.A.1	Transaction Management	Negotiate the Pre-Development Loan Agreement Terms, Parameters, and Timelines	a. PLA b. Note c. Assignment of documents d. Insurance e. Development / Pre-Development document (e.g. Ogden and Maplewood) f. Habitat and CHA Development Managers			x	

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		2.A.2	Transaction Management	Identify Eligible Costs for Pre-Development Loan	a. Training / knowledge transfer b. Habitat standards exceed HUD policies c. Habitat can develop example sheet d. Closely monitor financing / funding implications e. Lien Waiver training f. Requires strong business case and judgment			x	
		2.A.3	Transaction Management	Develop Pre-Development Loan Checklist	a. Organizes Note, assignment of documents, insurance together	x			
		2.A.4	Transaction Management	Prepare Pre-Development Loan	a. CHA has a recent draft example	x			
		2.A.5	Transaction Management	Ensure Contract Compliance Review and Submission of Insurance Certificates		x			
		2.A.6	Transaction Management	Finalize and Execute Pre-Development Loan	a. Note b. Assignment of documents c. Securely store executed Note			x	
		2.B	Transaction Management	City Coordination				x	
		2.B.1	Transaction Management	Review Plans and Elevations with Appropriate City Departments				x	
		2.B.2	Transaction Management	Present Plans and Elevations to the Policy Group / Mayor			x		
		2.B.3	Transaction Management	Co-Chair Coordination Meetings	a. With Mayor's Office		x		
		2.B.4	Transaction Management	Obtain Phase-Specific Zoning Approvals				x	
		2.B.5	Transaction Management	Obtain Phase-Specific Permits				x	
		2.C	Transaction Management	Obtain Gautreaux Approvals	a. See 1.H - 1.H.7 above	x			
		2.D	Transaction Management	Support Developer in Securing Public and Private Financing	a. Joint custodians depends upon how many transactions are going on and resource/staff availability b. Not a knowledge transfer issue			x	
		2.D.1	Transaction Management	Prioritize Available Funding Sources	a. Coordinate annual public funding with Department of Community Development (DCD) and Illinois Housing Development Authority (IHDA) b. CHA and Habitat jointly			x	DCD IHDA
		2.D.2	Transaction Management	Evaluate Developer's Financing Plan	a. Review and approve sources and uses of Development budget b. Review and approve Operating budget			x	

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		2.D.3	Transaction Management	Review Developer's Financing Applications				x	
		2.D.4	Transaction Management	Provide CHA Support to the Developer's Financing Applications			x		
		2.E	Transaction Management	Obtain CHA and HUD Approval of Deal Structure and Loan Authority	a. Joint custodians depends upon how many transactions are going on and resource/staff availability b. Not a knowledge transfer issue			x	
		2.E.1	Transaction Management	Prepare, Review, and Approve the Rental Term Sheet	a. In conjunction with Developer b. Developer budget c. TDC Analysis d. Operating Pro-Forma			x	
		2.E.2	Transaction Management	Submit Rental Term Sheet				x	
		2.E.3	Transaction Management	Respond to HUD Comments				x	
		2.E.4	Transaction Management	Obtain CHA Board Approval	a. Rental Term Sheet to include addition submissions, such as (MFP)/Evidentiary/Ground Lease/Disposition b. Obtain phase-specific Environmental Approvals c. Tenant Section Plan to establish specific lease criteria and allow time for public comment		x		
		2.E.5	Transaction Management	Disposition Application			x		
		2.E.6	Transaction Management	Obtain HUD Disposition Approval			x		
		2.F	Transaction Management	Develop and Submit Documents to HUD for Phase Closings				x	Reno & Cavanaugh
		2.F.1	Transaction Management	Review the Checklist Assignments at the Kick-Off Call				x	Reno & Cavanaugh
		2.F.2	Transaction Management	Prepare Required Evidentiary Documents	a. Prepare Mixed Finance Proposal (MFP) b. See 2.E.4			x	Reno & Cavanaugh
		2.F.3	Transaction Management	Conduct Periodic Status Calls				x	Reno & Cavanaugh
		2.F.4	Transaction Management	Obtain Sign-Off of Evidentiary Documents	a. From all parties			x	Reno & Cavanaugh
		2.F.5	Transaction Management	Collate and Submit First Evidentiary Documents to HUD		x			Reno & Cavanaugh

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		2.F.6	Transaction Management	Collect and Prepare All Due Diligence Documents for Closing	a. See 2.E.4	x			Reno & Cavanaugh
		2.F.7	Transaction Management	Respond to HUD Comments				x	Reno & Cavanaugh
		2.F.8	Transaction Management	Submit Second Round of Evidentiary Documents to HUD	a. This is a second phase of the same documents	x			Reno & Cavanaugh
		2.F.9	Transaction Management	Obtain Conditional HUD Approval Letter to Close	a. Development Manager must receive this document	x			Reno & Cavanaugh
		2.G	Transaction Management	Finance Closing	a. Habitat and the CHA's Development Managers involved b. Reno & Cavanaugh legal representative present			x	Reno & Cavanaugh
		2.G.1	Transaction Management	Execute Final Documents at Closing				x	
		2.G.2	Transaction Management	Collect and Collate Executed Documents and Submit Final Evidentiary Package to HUD	a. Done by Reno & Cavanaugh	x			Reno & Cavanaugh
		2.G.3	Transaction Management	Respond to HUD Comments	a. Done by Reno & Cavanaugh			x	Reno & Cavanaugh
		2.G.4	Transaction Management	Obtain HUD Final Approval Letter with Authority to Fund	a. Reno & Cavanaugh collects and sends final evidentiary binder to HUD b. Development Managers must receive this binder			x	Reno & Cavanaugh
		2.G.5	Transaction Management	Receive Construction Funds in LOCCS		x			
06.01.2010	12.31.2011	3	Construction Management						
		3.A	Construction Management	Pre-Construction				x	
		3.A.1	Construction Management	Schematic Design Review	a. Director of Construction Management and others review and give feedback b. Scheme review for costs, codes, and configuration c. Staffing considerations - CHA will need to hire			x	
		3.A.2	Construction Management	Discuss Design Standards	a. Six-page Document of Standards (Public Housing Design and Construction Standards)			x	

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Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		3.A.3	Construction Management	Design Development Review	a. Deliverable - written recommendations b. Time intensive c. Design = 50% completed d. Habitat will develop checklist e. Habitat can orient CHA staff by presenting overview and background about past projects, lessons learned, best practices, etc f. Candidate profile: Good judgment, specialized skills, Degrees and related fields (Construction, ADA experience, LEED Certification, Value engineering) g. Currently a collaborative process with CHA and Habitat h. Jointly submit comments to Developer			x	
		3.A.4	Construction Management	Environmental Testing and Planning	a. Draft of NFR (as needed, CHA only)		x		
		3.A.5	Construction Management	Send Design and Development Drawings to HUD for Review and Approval	a. Habitat to impart information to CHA b. Habitat will show past packages (cover sheet and contents, flow of materials presented) c. Habitat will develop organized template	x			
		3.A.6	Construction Management	Permit Drawing Review	a. Specific review for accessibility b. Obtain Architect's Accessibility Certification c. Habitat will have checklist (level of detail, comply with program standard(s)) d. Specifications Book is issued e. Habitat to know what Construction Manager is assigned	x			

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		3.A.7	Construction Management	Conduct Cost Review	a. Third-party if Identity of Interest Waiver is needed b. Habitat has three consulting firms pre-qualified for ease-of-use during this stage c. Consulting Firm's Deliverable: Independent Cost Estimate (ICE), including Executive Summary and Excel spreadsheets d. If there are discrepancies with the General Contractor's costs, the Consulting Firm reviews and reports back on their findings and recommendations e. Firm first issues a draft report and conducts a Q&A session for edits, formatting, phrasing of Executive Summary, etc f. Paul Olson and Chealon Shears, Development Manager, interact with the Consulting Firm	x			
		3.A.8	Construction Management	Review General Contractor Contracts and Escrow Agreements	a. Contract review is done by CHA and Habitat attorneys b. Boilerplate at this stage c. Check for proper documentation and references d. CHA, Development Manager, and Finance Analyst involved with Escrow Agreement e. Habitat will develop checklist			x	
		3.A.9	Construction Management	Attend Pre-Construction Conference	a. Issue the Receiver's Requirements during construction b. Obtain the Notice to Proceed c. Conference is conducted by DCD, and attended by CHA and Habitat			x	DCD
		3.B	Construction Management	Construction Oversight				x	

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		3.B.1	Construction Management	Establish Weekly Inspections	a. More than weekly, as needed b. Issue periodic reports with photographs c. Monitor site safety and security (recommendations to the Developer) d. Monitor proper site conditions and neighborhood relations (recommendations to the Developer) e. Conduct pre-insulation and pre-dry wall inspections f. Utility monitoring g. Habitat maintains Field Reports (Status of each building, inspections, photos, field conditions, corrective matters, general QC, etc), which assist with making proper payments by showing progress of WIP			x	
		3.B.2	Construction Management	Weekly Construction Meetings	a. Schedule review and tracking (CHA and Habitat, CM and Construction Coordinator, Architect) b. Monthly Pencil Draw Meeting to determine the status of WIP and what should be billed (Contractor presents and Developer Representatives run the meetings) c. Architect must sign off and certify			x	
		3.B.3	Construction Management	Accessibility Inspections	a. Pre-dry wall b. 95% Inspection c. Final Inspection			x	
		3.B.4	Construction Management	Accept Public Housing Units for Occupancy	a. Maintain transfer schedule b. Conduct punch-list walk-thru c. Conduct Final Inspection d. Document and assign values to all incomplete work e. Obtain Due Diligence Documents (Architect's Certificate of Substantial Completion, Certificate of Occupancy, Warranty Documents and Manuals, As Built Drawings, Accessibility Acceptance from 3rd Party) f. Issue Certificate of Acceptance (CofA) g. Issue DOFA and EIOP	x			
		3.C	Construction Management	Environmental Remediation Management			x		

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		3.D	Construction Management	Construction Draw Administration	a. See 4.U			x	
		3.E	Construction Management	Public Housing Occupancy			x		
06.01.2010	2011	4	Financial Management	Financial Management Process					
		4.A	Financial Management	Moving Five-Year (5) Capital Plan	a. Submitted to HUD as part of the CHA Annual Plan		x		
		4.B	Financial Management	Identify Development Opportunity				x	
		4.C	Financial Management	Develop Preliminary Master Budget	a. Unit Mix, HUD's TDC	x			
		4.C.1	Financial Management	Develop Procurement Planning Budget		x			
		4.C.2	Financial Management	Develop Administrative and Planning Budget		x			
		4.C.3	Financial Management - HOPE VI	Develop Transmittal Letter detailing major expenses and basic budget	a. Follow ancillary work flow for HOPE VI Management b. What is a Note (Promissory Note)? c. How does one draw the Note? d. HUD approval required for Hope VI	x			
		4.D	Financial Management	Procure Development Team	a. Same action as 1.D, because Financial Management has intersection with all Management processes in the Receivership Transition Plan			x	
		4.E	Financial Management	Develop Master Budget				x	
		4.F	Financial Management	Obtain CHA Board Approval of Selected Master Developer and Authority to Enter in to Master Development Agreement (MDA)	a. Includes Master Budget		x		
		4.G	Financial Management	Obtain HUD Approval of Master Budget	a. Decision point b. If Pre-Development, follow 4.H thru 4.L c. If not Pre-Development, follow 4.M thru 4.Y	x			
		4.H	Financial Management - PRE	Develop Pre-Development Budget				x	
		4.H.1	Financial Management - PRE	Develop Master Planning Budget				x	
		4.H.2	Financial Management - PRE	Develop Phased Pre-Development Budget for Individual Phases				x	

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Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		4.I	Financial Management - PRE	Obtain CHA Board Approval to Execute the Pre-Development Loan Agreement (PIA)			x		
		4.J	Financial Management - PRE	Execute Pre-Development Loan Agreement				x	
		4.K	Financial Management - PRE	Approve and Fund Pre-Development Draws				x	
		4.L	Financial Management - PRE	Repay Pre-Development Loan	a. At closing			x	
		4.M	Financial Management - PS	Develop Phase-Specific Development Budget				x	
		4.M.1	Financial Management - PS	Submit F1 with Rental Term Sheet (RTS) to HUD for Preliminary Review and Approval				x	
		4.N	Financial Management - PS	Obtain CHA Board Approval to Submit Mixed Financial Proposal (MFP) with Evidentiaries			x		
		4.O	Financial Management - PS	Submit MFP/Evidentiaries for HUD Approval	a. Includes Construction Loan Escrow Agreement			x	
		4.P	Financial Management - PS	Obtain Conditional HUD Approval				x	
		4.Q	Financial Management - PS	Close				x	
		4.R	Financial Management - PS	Obtain Final HUD Approval of the F1 Budget	a. HUD funding available			x	
		4.S	Financial Management - PS	Developer Submit Draw Request				x	
		4.T	Financial Management - PS	Review and Approve Costs				x	

Timeframe		Workflow Number	Workflow	Activity Description	Considerations	Current Process Custodian(s)			
Start Date	End Date					H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		4.U	Financial Management - PS	Process the Draw	a. Has been moved from former 3.D (Construction Management) b. Obtain Construction Draw Schedule c. Review, approve, and track Construction Draws d. Review, approve, and track Change Orders e. Review and approve contract compliance (Davis-Bacon, Section 3, M/W/DBE, etc) f. Disburse Funds to Title Company (Per Escrow Agreement)			x	
		4.V	Financial Management - PS	Review and Request Funds for LOCCS or CHA Capital Funds				x	
		4.W	Financial Management - PS	Receive Funds				x	
		4.X	Financial Management - PS	Disburse Funds to Title Company				x	
		4.Y	Financial Management - PS	Title Company Disburses Funds in Accordance with the Construction Loan Escrow Agreement					Title Company
06.01.2010	12.30.2011	5	Acquisition Management	Receive or Identify an Opportunity					
		5.A	Acquisition Management	Identify Property Specifics	a. Includes "Housing for Chicagoans Everywhere" Program b. If property is viable, move to 5B c. If property is <i>not</i> viable, process ends	x			
		5.B	Acquisition Management	Confer with City Officials & BPI	a. If City officials approve, move to 5C b. If City officials do <i>not</i> approve, process ends			x	
		5.C	Acquisition Management	Inspect Property and Perform Due Diligence	a. Determine whether property is PII (rehab) b. If PII, move to 5D c. If not PII and the property is to be condemned, move to 5E			x	
		5.D	Acquisition Management	Determine Rehab Scope and Cost	a. From this step, move to 5G			x	
		5.E	Acquisition Management	Execute Condemnation Management	a. From this step, move to 5K			x	
		5.F	Acquisition Management	Develop Preliminary Plans and Design				x	
		5.G	Acquisition Management	Negotiate Real Estate Agreement		x			

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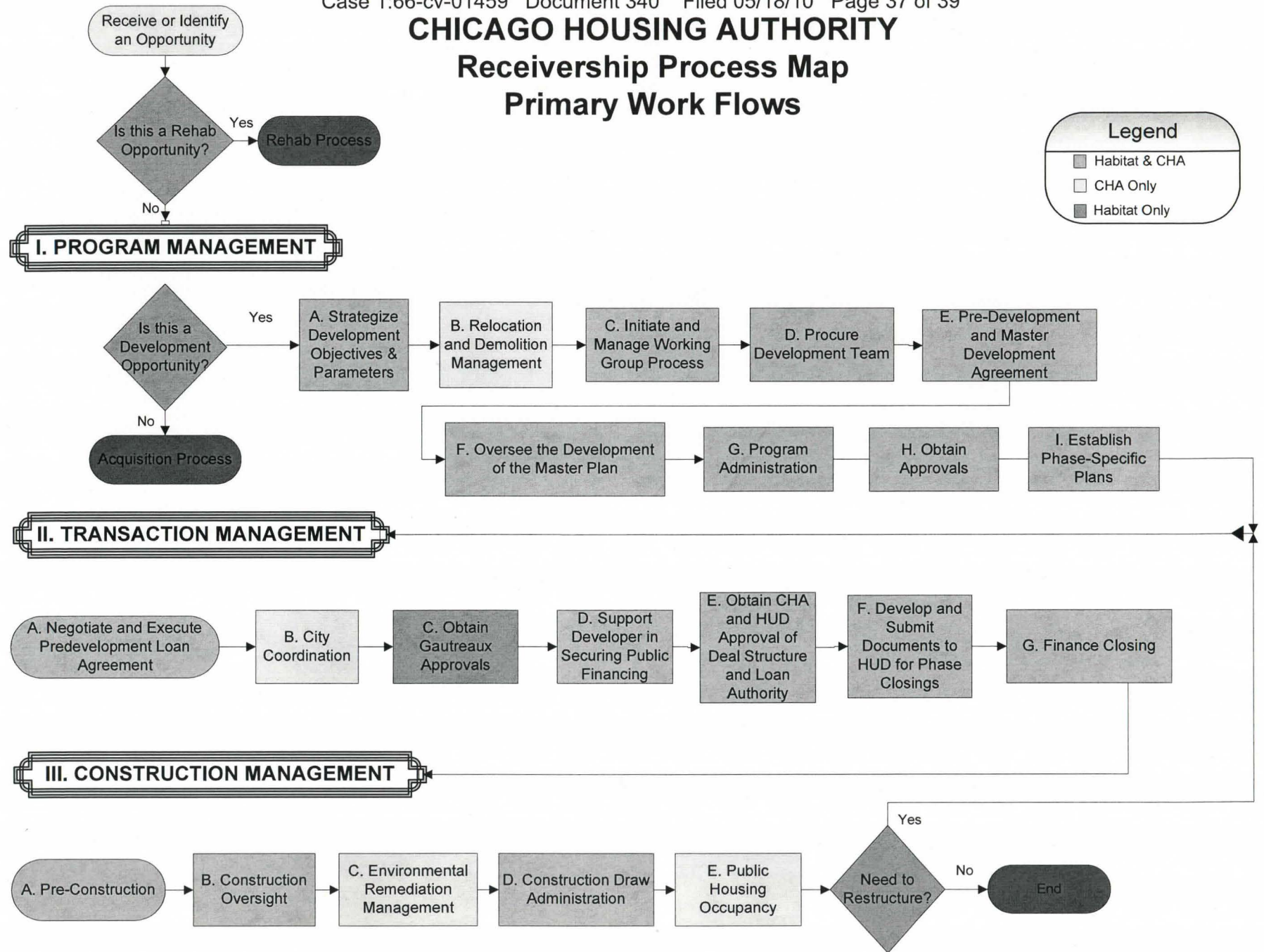
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Timeframe						Current Process Custodian(s)			
Start Date	End Date	Workflow Number	Workflow	Activity Description	Considerations	H (Habitat Only)	C (CHA Only)	B (Both)	Other (Specify)
		5.H	Acquisition Management	Submit Application and Secure HUD Approval	a. If property is PII, move to 5I b. If property is not PII, move to 5J	x			
		5.I	Acquisition Management	Inspect Property Prior to Closing		x			
		5.J	Acquisition Management	Complete Planning and Development				x	
		5.K	Acquisition Management	Purchase Property				x	
		5.L	Acquisition Management	File for Real Estate Tax Exemption	a. If property is to be demolished, move to 5M b. If property is <i>not</i> to be demolished and is PII, move to 5N c. If property is <i>not</i> to be demolished and is <i>not</i> PII, move to 5O	x			
		5.M	Acquisition Management	Execute Demolition Management	a. If property is PII, move to 5N b. If property is <i>not</i> PII, move to 5O		x		
		5.N	Acquisition Management	Close Redevelopment Transaction				x	
		5.O	Acquisition Management	Construction Oversight		x			
		5.P	Acquisition Management	Relocation Management			x		
		5.Q	Acquisition Management	Accept Unit for Occupancy			x		

EXHIBIT 3

CHICAGO HOUSING AUTHORITY

Receivership Process Map Primary Work Flows

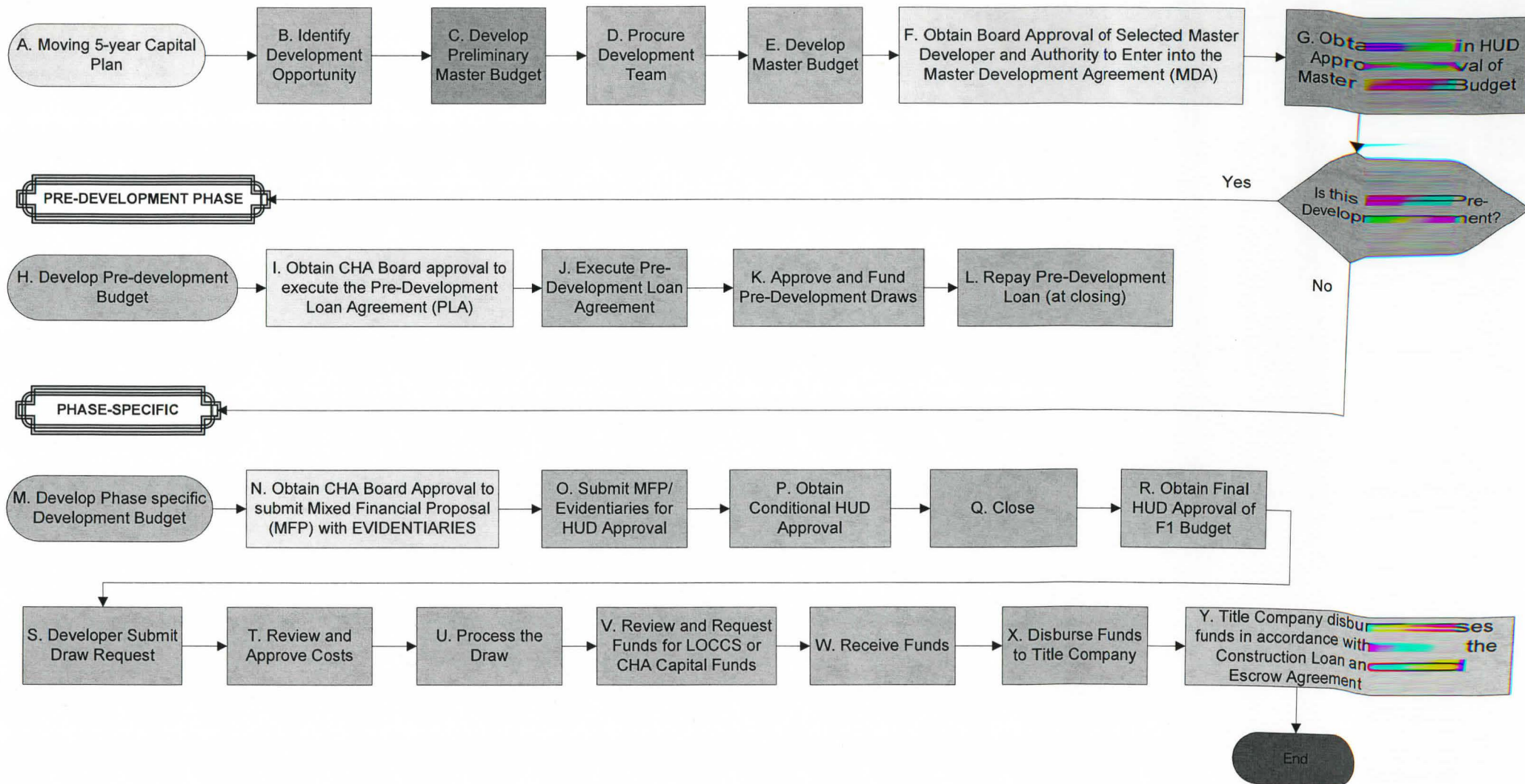
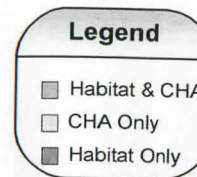


CHICAGO HOUSING AUTHORITY

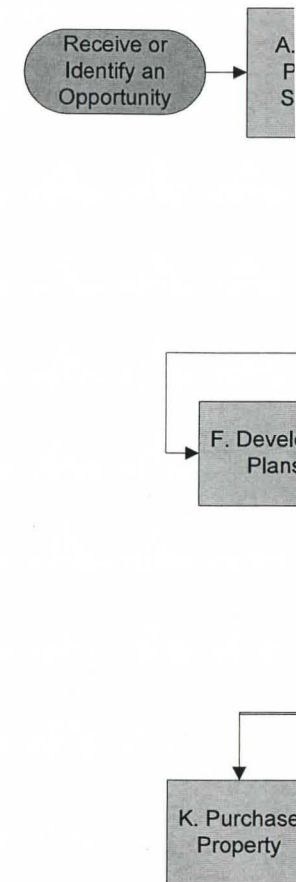
Receivership Process Map

Primary Work Flow

IV. FINANCIAL MANAGEMENT



V. ACQUISITION



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

DOROTHY GAUTREAUX, at al.,)	
)	
Plaintiffs,)	
)	No. 66 C 1459
v.)	
)	Hon. Marvin E. Aspen
CHICAGO HOUSING AUTHORITY, et al.)	
)	
Defendants.)	

NOTICE OF MOTION

TO: *Counsel of Record*

PLEASE TAKE NOTICE that on **Thursday, May 20, 2010 at 10:30 a.m.**, or as soon thereafter as counsel may be heard, we shall appear before the Honorable Marvin E. Aspen or any judge sitting in his stead, in Room 2568 of the U.S. District Court, 219 S. Dearborn Street, Chicago, Illinois and present the **Motion to Enter Receiver Transition Order**, a copy of has been served upon you.

Dated: May 18, 2010

Respectfully submitted,

MILLER SHAKMAN & BEEM LLP

By: /s/Edward W. Feldman
Edward W. Feldman

Michael L. Shakman
Edward W. Feldman
MILLER SHAKMAN & BEEM LLP
180 N. LaSalle St., Suite 3600
Chicago, Illinois 60601
(312) 263-3700

CERTIFICATE OF SERVICE

I hereby certify that on May 18, 2010 service of the foregoing Notice of Motion, was accomplished pursuant to Electronic Case Filing (ECF) as to Filing User(s). There are no non-Filing Users.

Dated: May 18, 2010

/s/Edward W. Feldman

Edward W. Feldman