COS/CFF COMMUNITY CENTER PROJECT

 NONBINDING PRINCIPAL FINANCIAL LEASE TERMS

1. Introduction. In July 2012 COS created a 501(c)(3) organization, originally named 530 Fullerton Foundation and now named Care for Friends. Since then, COS and CFF have worked together to sponsor a soup kitchen ministry (Food for Friends), as well as other ministries to help the area’s vulnerable - like Health Care for Friends, Clothing for Friends, Toiletries for Friends and other initiatives.

One long-term goal of both COS and CFF is to replace the aging parish hall with a new community center at the same location. The new center would have the same footprint as the parish hall, but would have greatly expanded space (due to the addition of an additional floor) and much more modern facilities and equipment. The parties have worked to plan for the financing of the new community center, as well as how the Parties would plan for their respective uses of the center. This term sheet outlines the principal terms of the parties’ respective contributions and roles with respect to the new community center.

 2. Overall. COS is to be the owner of the community center. As outlined below, (i) CFF is to have a long-term lease for the use of the lower level of the community center, and (ii) COS is to have the use of the second and third floor of the center

3. CFF Contribution. CFF would pay $3 million towards the project, as an up-front Construction Advance (which shall be in lieu of ongoing lease payments but not in lieu of payments for ongoing operating and maintenance costs as set forth below). The timing and conditions of such Construction Advance (which may be made in parts at different times) is TBD. The CFF $3 million payment is to be used solely to construct the community center.

4. Community center construction. COS is to be responsible to pay for all other construction costs. The overall initial structural plans for the building and improvements have been agreed upon [assumes a review of the plans by CFF and agreement with the plans]; CFF shall have the right to seek changes to the lower level and to approve changes for the lower level; and major changes to the timetable (i.e., extensions beyond 18 months) and major changes to the guaranteed maximum cost (i.e., , increases more than 10% over $7,500,000) are also to be agreed upon by both parties.

5. Lease Term. The term of the lease would originally be 20 years, subject to renewal by CFF thereafter on the same terms every five years for the next 30 years, and further **s**ubject to early termination as set forth below. If no action is taken by CFF to non-renew within specified periods, the lease will renew automatically. No additional amounts are to be payable due to the lapse of the 20 year period or any renewal period. After 50 years, the parties will negotiate to determine how to move forward.

6. Early termination. The lease could be terminated by either party at its discretion after 20 years or at any time thereafter. The timing of advance notice of any such termination is TBD. No termination shall occur in the first 20 years of the lease. If COS desires to sell the community center during the first 20 years, any such sale would be subject to the terms of the lease unless the buyer and CFF reach mutually agreeable terms on the termination of the lease.

7. Early termination payments. Upon any such early termination by COS during years 21-50 of the lease, COS shall pay CFF an amount equal to (i) the product of (x) the ratio determined by dividing $3 million (plus capital costs later paid by CFF) by the total construction cost of the community center (including initial construction costs plus capital costs later paid by COS or CFF), times (y) the then appraised fair market value of the community center (as determined pursuant to the terms of the lease). CFF shall receive no termination payment if it terminates or non renews the lease.

8. Ongoing payments. Given its separate use of the lower level, CFF will be responsible to make the payments described in Part A of the attached Payment Schedule. To help COS offset certain common ongoing operating and maintenance costs (e.g., garbage, some utilities, insurance, and the other costs described in Part B of the attached Payment Schedule), CFF will pay to COS each year a percentage (estimated now to be around 30-33%) of the estimated annual costs for such items (with any excess or under payments for such items to be trued up at the end of the year). Such payment is not to go to pay COS staff. The current annual payment of $40,000 will cease. COS is to be responsible for pay for its share of the expenses described in Part B of the attached Payment Schedule and for the expenses described in Part C of the attached Payment Schedule and all other ongoing operating and maintenance costs (using the CFF annual payment and its own funds).

9. Reimbursement of payments. If COS receives payments from outside sources for the use of all or part of the lower level (e.g., weddings, funerals), it will provide to CFF a credit against the annual CFF payment in the amount of \_\_ % of such outside payment.

10.Space usage. CFF is to have exclusive use of the lower gathering level, with COS to have the option to use it at agreed upon times and upon meeting agreed upon protocols . As to the kitchen, (1) each party is to be able to continue to use the kitchen to support its existing programs, and (2) while each party intends to use the new community center to support its expanded programs, the kitchen should be able to support such expanded use through (x) careful planning over the years, which possibly may entail breaking the use of the kitchen into time chunks on days where use is crowded, (y) possible addition of one additional range and sinks , and (z) possible use of an electric stove or warming oven at times. Both parties recognize that the use of the kitchen for CFF meals is a priority. In light of the changed circumstances, the lease arrangement should be more along the lines of a commercial lease and not the current agreement. COS is to have the exclusive use of the other levels, with CFF to have the option to use them at agreed upon times and upon meeting agreed upon protocols.

11.Other terms. Other terms of the lease arrangement are TBD. Arrangements re CFF use of office space in the rectory and of the undercroft are to remain the same (upon terms to be set forth in the lease, for a term of \_ years unless extended by mutual agreement).

12. Approvals. This term sheet has been approved by the CFF Board and the COS Vestry (but is still subject to approval by the COS congregation and the Diocese)

 Nothing is this Term Sheet constitutes any kind of commitment by any party. No obligations shall arise unless and until Definitive Agreements have been prepared and are approved and signed by each party.

CHIRCH OF OUR SAVIOR OF CHICAGO, ILLINOIS



By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CARE FOR Friends

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 PAYMENT SCHEDULE

1. Payments by CFF
* Peace officer
* Cleaning on the lower level
* Paper plates, utensils, napkins, table linens
* Food
* Washing/ drying linens
* Electricity/ gas for the lower level gathering space
* Heating/ cooling for the lower level gathering space
* Expenses for the CFF part of the kitchen (e.g., the CFF refrigerator)
* Cost of set up and tear down
* Repairs for damage to CFF spaces/ equipment/ fixtures caused solely by CFF operations

B Payments to be shared by both COS and CFF (with the CFF payments to be made in a single annual payment as describe in section 8 of the Term Sheet)

* Garbage
* Insurance
* Water
* Pest control
* Sewage
* Security
* Expenses of the shared part of the kitchen (e.g., utilities, oven and counter repair)
* Agreed upon reserve for annual maintenance / repair of CFF spaces/ equipment/ fixtures.

C Payments by COS

* Cleaning for the 2 and 3 levels
* Electricity for the 2 and 3 levels
* Heating/ cooling for the 2 and 3 levels
* Repair / maintenance of the building and equipment therein (with help from CFF as set forth in A and B above)
* Exterior maintenance
* Expenses for the COS part of the kitchen (e..g., the COS refrigerator)
* All costs associated with ownership – e.g., capital improvements, debt, taxes, environmental
* All development/ construction costs
* All other operating/ maintenance costs