



City of Blue Island
13051 Greenwood Avenue
Blue Island, IL 60406
www.blueisland.org

REVISED
AGENDA REGULAR MEETING
City Council of the City of Blue Island, Illinois
December 10, 2013

Office of the Mayor

p (708) 597 8602
f (708) 597 1221

City Clerk

p (708) 597 8603
f (708) 396 7062

City Treasurer

p (708) 396 7067
f (708) 597 1807

Building & Zoning

p (708) 597 8606
f (708) 396 2686

**Community
Development**

p (708) 396 7037
f (708) 597 1221

**Community
Relations**

p (708) 396 7035
f (708) 597 1221

Senior Citizens

p (708) 396 7085
f (708) 396 7062

Finance

p (708) 396 7067
f (708) 597 1807

Water & Sewer

p (708) 597 8605
f (708) 396 7062

Public Works

3153 Wireton Road
Blue Island, IL 60406
p (708) 597 8604
f (708) 597 4260

1. **Call to Order**

2. **Pledge of Allegiance**

3. **Roll Call**

4. **Presentation of Journal of Proceedings**

Motion to approve minutes from November 26, 2013

5. **Public Comment**

THE MAYOR AND CITY COUNCIL WELCOME YOU AS OBSERVERS TO THIS PUBLIC MEETING. YOU ARE REMINDED THIS MEETING IS FOR THE DELIBERATIONS OF THE MAYOR AND COUNCIL REGARDING CITY BUSINESS AND GOVERNANCE. IF YOU INTEND TO SPEAK, PLEASE LIMIT YOUR COMMENTS TO THIS EVENING'S BUSINESS. ONCE RECOGNIZED BY THE MAYOR, PLEASE APPROACH THE PODIUM, ANNOUNCE YOUR NAME & ADDRESS AND DIRECT YOUR COMMENTS TO THE MAYOR AND CITY COUNCIL MEMBERS. IF YOUR COMMENTS REQUIRE A RESPONSE, THEY MAY BE FORWARDED TO THE APPROPRIATE PERSON FOR FOLLOW-UP.

6. **Report of City Officials/Presentations/Resolutions**

Mayor: Proclamation – International Day of Persons with Disabilities

Bids:

City Clerk:

City Treasurer: November 30, 2013 Report

Approval of Financial Audit as presented by Selden Fox, LTD for the period covering May 1, 2012 – April 30, 2013

City Attorney: An Ordinance Authorizing the Issuance of Tax Anticipation Warrants of the City of Blue Island, Cook County Illinois, and Providing the Details of Such Warrants, and Related Matters.

A Resolution Authorizing Selection and Retention of a Part Time Independent Contractor to Perform Payroll Functions for the City of Blue Island, County of Cook, Illinois and Authorizing the Execution of a Contractual Agreement to Effectuate the Same.

A Resolution Authorizing Selection and Retention of a Human Resource Management Consultant to Perform Certain Functions for the City of Blue Island and Authorizing the Execution of a Contractual Agreement to Effectuate the Same.

A Resolution Authorizing the Execution of a Lease of Public Property Near 2403 West Vermont Street, City of Blue Island, County of Cook, Illinois.

A Memorandum of Understanding between the City of Blue Island Police Department and Police Department Commander.

An Ordinance Authorizing the Application of Certain Surplus Funds and Forgiving the Debt Owed to the Water Fund by the General Corporate Fund for the City of Blue Island, County of Cook, State of Illinois.

7. **Committee Reports**

- a. Community Development Committee
- b. Finance Committee
- c. Public Health and Safety
- d. Municipals Services Committee
- e. Judiciary Committee

8. **New Business**

- a. Committee Organization
- b. An Ordinance Regulating the Issuance of Business Licenses and Establishing the Procedures and Terms of Issuance

9. **Motions**

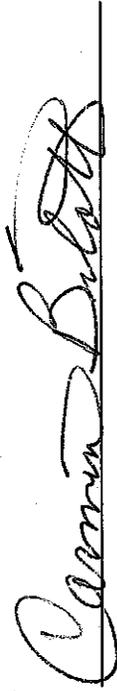
- a. Motion to Approve Consent Agenda
 1. Approval of Payroll – November 22, 2013 for \$371,243.19
 2. Approval of Accounts Payable – December 4, 2013 for \$455,468.79
 3. Committee Reports and Recommendations as presented.
 4. Approval of Ordinances Restricting a Portion of a Certain Street for Handicapped Parking Only within the City of Blue Island, County of Cook, State of Illinois, and providing Penalties for the Violation Thereof.
 5. An Ordinance Requiring Vehicular Traffic to Stop at Certain Locations within the City of Blue Island, County of Cook, State of Illinois and Providing Penalties for the Violation thereof

10. **Council Comments**

11. **Motion for Adjournment**

TO: BLUE ISLAND CITY COUNCIL

THE UNDERSIGNED, CARMINE BILOTTO,



TREASURER OF THE CITY OF BLUE ISLAND

IN COOK COUNTY, ILLINOIS, RESPECTFULLY SUBMITS THE FOLLOWING REPORT, SHOWING THE STATE OF THE TREASURY AT THE
CLOSE OF BUSINESS ON 11/30/13

FUND NAME	ON HAND LAST REPORT	RECEIVED	PAID OUT	CHECKING BALANCE	SHORT TERM INVESTMENTS	LONG TERM INVESTMENTS	TOTAL FUND BALANCE
GENERAL	\$452,911.94	\$1,963,069.78	\$2,047,105.22	\$368,876.50	\$0.00	\$540.24	\$369,416.74
WATER	\$262,336.11	\$476,353.55	\$719,364.36	\$19,325.30	\$0.00	\$896.45	\$20,221.75
GOLF	\$122,074.63	\$31,991.54	\$76,083.67	\$77,982.50	\$0.00	\$1,963.04	\$79,945.54
GOLF CONCESSION	\$9,094.04	\$4,618.58	\$4,133.72	\$9,578.90	\$0.00	\$0.00	\$9,578.90
MFT	\$14,265.93	\$51,772.94	\$51,772.09	\$14,266.78	\$0.00	\$325,198.51	\$339,465.29
CDBG	\$90.01	\$150,013.16	\$150,000.00	\$103.17	\$0.00	\$0.00	\$103.17
TIF 2	\$397,270.76	\$15.73	\$1,810.00	\$395,476.49	\$0.00	\$1,541.80	\$397,018.29
TIF 3	\$774,214.00	\$28.24	\$460,000.00	\$314,242.24	\$0.00	\$0.00	\$314,242.24
TIF 4	\$39,960.01	\$1.32	\$12,487.83	\$27,473.50	\$0.00	\$0.00	\$27,473.50
TIF 5	\$109,553.73	\$3.01	\$44,368.75	\$65,187.99	\$0.00	\$0.00	\$65,187.99
TIF 6	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRANT (INT BEARING)	\$113,412.90	\$18.02	\$0.00	\$113,430.92	\$0.00	\$0.00	\$113,430.92
VERMONT PARKING LOT	\$6,044.80	\$4,367.04	\$0.00	\$10,411.84	\$0.00	\$0.00	\$10,411.84
PARKING TICKET COL ACCT	\$9,474.72	\$6,690.51	\$16,000.00	\$165.23	\$0.00	\$0.00	\$165.23
ALLIED A.S.O.	\$17,470.04	\$1,747.31	\$970.86	\$18,246.49	\$0.00	\$0.00	\$18,246.49
PAYROLL	\$60,576.57	\$791,099.00	\$846,261.70	\$5,413.87	\$0.00	\$0.00	\$5,413.87
GRANT(NON-INT BEARING)	\$312,216.65	\$24,351.18	\$24,351.18	\$312,216.65	\$0.00	\$0.00	\$312,216.65
FLEX 125 PLAN	\$5,186.90	\$853.86	\$1,747.31	\$4,293.45	\$0.00	\$0.00	\$4,293.45
BI SPECIAL EVENTS FUND	\$604.98	\$630.00	\$0.00	\$1,234.98	\$0.00	\$0.00	\$1,234.98
FUND TOTALS	\$2,706,758.72	\$3,507,624.77	\$4,456,456.69	\$1,757,926.80	\$0.00	\$330,140.04	\$2,088,066.84

**THE CITY OF BLUE ISLAND
COOK COUNTY, ILLINOIS**

**ORDINANCE
NUMBER 2013-264**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF TAX
ANTICIPATION WARRANTS OF THE CITY OF BLUE ISLAND,
COOK COUNTY, ILLINOIS AND PROVIDING THE DETAILS OF
SUCH WARRANTS, AND RELATED MATTERS**

**DOMINGO F. VARGAS, Mayor
Randy Heuser, City Clerk**

1st Ward	CHRISTINE BUCKNER-CHEATLE	TOM HAWLEY
2nd Ward	LETICIA VIEYRA	CHARISSA BILOTTO
3rd Ward	NANCY RITA	KEVIN DONAHUE
4th Ward	MARCIA STONE	CANDACE CARR
5th Ward	JANICE OSTLING	KENNETH PITTMAN
6th Ward	DEXTER JOHNSON	JAIRO FRAUSTO
7th Ward	NANCY THOMPSON	JAMES JOHANSON

Aldermen

ORDINANCE NO. 2013-264

AN ORDINANCE EVIDENCING THE INTENT OF THE CITY OF BLUE ISLAND TO ISSUE BONDS OR WARRANTS ON BEHALF OF THE CITY OF BLUE ISLAND IN AN AMOUNT NOT TO EXCEED ONE MILLION (\$1,000,000.00) DOLLARS

PREAMBLES

WHEREAS, the City of Blue Island (the "Municipality") is a duly organized unit of local government located in Cook County, Illinois; and

WHEREAS, the Municipality is created under the provisions of the laws of the State of Illinois and is now operating under the provisions of the Municipal Code ("Code") of the State of Illinois as supplemented and amended; and

WHEREAS, a significant portion of the revenue used to pay for the continuing operations and expenses of the Municipality comes from the collection of real estate taxes; and

WHEREAS, the collection of real estate taxes is completed by Cook County and then distributed to local taxing bodies such as the Municipality; and

WHEREAS, the distribution of the tax revenue to the Municipality to offset costs and pay down expenses has not yet occurred; and

WHEREAS, pursuant to the Constitution of the State of Illinois and the laws of the State of Illinois, including the Code, the Municipality is authorized to issue general obligation tax anticipation warrants ("Warrants") for various purposes; and

WHEREAS, based on the foregoing, it may be necessary, desirable and in the best interests of the residents of the Municipality to issue Warrants in the calendar year 2013; and

WHEREAS, it is anticipated that: (1) the Municipality would have Warrants in the aggregate amount of \$1,000,000.00; and (2) the proceeds from the Warrants will be used for, among other things, paying working capital needs of the Municipality, and to the extent lawfully permitted, costs incurred in connection with issuing the Warrants; and

NOW, THEREFORE, BE IT ORDAINED, by the City of Blue Island, Cook County, Illinois as follows:

Section 1. Incorporation of Preambles. The City Council hereby finds that all of the recitals hereinbefore stated as contained in the preambles to this Ordinance are full, true and correct and do hereby, by reference, incorporate and make them part of this Ordinance as legislative findings.

Section 2. Definitions. In addition to such other words and terms used and defined in this Warrants Ordinance, the following words and terms used in the Ordinance shall have the following meanings, unless, in either case, the context or use clearly indicates another or different meaning is intended:

"*Bank*" means _____, a _____ banking corporation.

"*Bank Rate*" means a rate of interest per annum (determined on the basis of a 365-day or 366-day year for the actual number of days elapsed) equal at all times to the rate publicly announced by the Bank as its corporate base rate, changing when and as such changes are announced, *provided* that subsequent to any breach or default of the Warrants or the Ordinance the "Bank Rate" shall be such rate plus 2%.

"*Credit Enhancers*" means the Credit Issuer and the Line Issuer and the term 11 Credit Enhancer11 means either of them.

"*Credit Facility*" has the meaning specified in the Indenture.

"*Credit Issuer*" has the meaning specified in the Indenture.

"*Floating Rate*" means a rate of interest per annum at all times equal to the Bank Rate; *provided however*, that at any time when the Warrants are owned by a Credit Enhancer other than the Bank, the Floating Rate shall be a rate of interest per annum (determined on the basis of a year of a 360-day year for the actual number of days elapsed) equal at all times to the rate publicly announced by such Credit Enhancer as its prime rate or equivalent rate from time to time, changing when and as such changes are announced, plus 1/2%.

"*Paying Agent*" means the Bank of _____, a bank having trust powers, or a successor thereto or a successor designated as paying agent hereunder.

"*Reamortization Event*" means any of the following occurrences: the expiration of the Credit Facility or the Line Agreement; if a Line Agreement has an original or extended term of more than 5 years, if at any time there are five or fewer years remaining until the scheduled termination of the Line Agreement; if at the time of extension of the scheduled termination date of the Line Agreement, the Line Issuer determines that the borrowing evidenced by the Warrants shall be repaid on the five year accelerated basis provided in Section 4 hereof;

"*Tax-exempt*" means, with respect to the Warrants, the status of interest paid and received thereon as not includible in the gross income of the owner thereof under the Code for federal income tax purposes except to the extent that such interest will be taken into account in

computing an adjustment used in determining the alternative minimum tax for certain corporations.

"*Warrants*" means the \$1,000,000 Tax Anticipation Warrants, Series 2013, authorized to be issued by the Ordinance, and any Warrants issued in exchange therefor pursuant to Sections 4 or 5 hereof.

"*Warrants Register*" means the books of the City kept by the Warrants Registrar to evidence the registration and transfer of the Warrants.

"*Bond Registrar*" means Bank of _____ or a successor thereto or a successor designated as Bond Registrar hereunder.

Section 3. Purpose and Authorization. The purpose of this Ordinance is to express the Municipality's intent to issue Warrants to authorize the Municipality and authorized third parties to enter into agreements necessary to issue Warrants to anticipate the revenues that would be paid to the Municipality and to take all steps necessary to carry out the terms of this Ordinance.

In the event that the Municipality issues Warrants, the Municipality may reimburse itself and authorized third parties for costs incurred in connection with issuing the Warrants in accordance with the provisions of the Code or any other applicable laws, provided that such reimbursements are lawfully permitted and practically available. The City Council hereby authorizes and directs the Mayor (the "Mayor") or the Mayor's designee to take all steps necessary to carry out the intent of this Ordinance. The City Council further authorizes the Mayor or the Mayor's designee to enter into and approve any applicable documentation necessary to carry out the intent of this Ordinance. The Clerk or Deputy Clerk is hereby authorized and directed to attest to and countersign such documentation as may be necessary to carry out and effectuate the purpose of this Ordinance. The Clerk or Deputy Clerk is also authorized and directed to affix the Seal of the Municipality to any such documentation as is deemed necessary.

Section 4. Warrants Details. The Warrants shall be dated the date of initial delivery (the "Dated Date") or as set forth in the hereinafter described Notification of Sale and Order, and shall also bear the date of authentication thereof. The Warrants shall be in fully registered form, shall be numbered in such fashion as shall be determined by the Warrant Registrar, the principal amount thereof shall become due and payable, and the Warrants shall contain such other terms as

further detailed in the Notification of Sale and Order executed by the Mayor (the "Warrants Order"). The Mayor is hereby given full authority to execute and deliver a Warrants Order for and on behalf of the City as herein provided. The Warrants Order shall be made a part of the transcript of the proceedings related to the issuance of the Warrants.

The unpaid principal amount of the Warrants shall bear interest from time to time from the later of their Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the full principal amount of such Warrants are paid or duly provided for, such interest (computed upon the basis of a 365 or 366-day year based on actual days elapsed) being payable on the 30th day of each month, commencing January 30, 2014, at a rate equal from time to time to the Base Rate; *provided*, that if the Warrants are owned by any Credit Enhancer pursuant to the Indenture, the Warrants shall bear interest at the applicable Floating Rate or as otherwise provided pursuant to the Warrants Order. The principal of and interest on the Warrants are payable in lawful money of the United States of America at the principal corporate trust office of the Paying Agent; *provided* that payment of interest on the Warrants shall be made to the owner thereof by check or draft mailed by the Paying Agent to such owner at the address of such owner as it appears on the Warrant Register or at such other address as is furnished to the Paying Agent in writing by such owner. At the option of the owner of the Warrants, the principal of and interest on the Warrants may be transferred by electronic transfer of immediately available funds to such owner pursuant to a written agreement between the owner and the Paying Agent.

Section 5. Registration of Warrants; Persons Treated as Owners. The City shall cause the Warrants Register to be kept at the principal corporate trust office of the Warrant Registrar, which is hereby constituted and appointed the registrar of the City for this issue. The City is authorized to prepare, and the Warrants Registrar shall keep custody of, multiple Warrants blanks executed by the City for use in the transfer and exchange of the Warrants. The Warrants may be transferred or exchanged in the manner and subject to the limitations as set forth in the Ordinance. The Warrants may be transferred to any Credit Enhancer and in addition may be transferred to any other transferee if there is delivered to the City contemporaneously with such transfer an opinion of counsel experienced in securities laws matters to the effect that the Warrants may be transferred to the intended transferee without registration under the

Securities Act of 1933, as amended, or any applicable state laws and regulations or that the Warrants have been registered thereunder.

Upon surrender for transfer of the Warrants at the principal corporate trust office of the Warrant Registrar, duly endorsed by, or accompanied by a written instrument or Warrants of transfer in form satisfactory to the Warrant Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the City shall execute and the Warrant Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Warrant of like tenor, of the same maturity, bearing the same interest rate, of the authorized denomination, for a like aggregate principal amount. The maturity date of the Warrants shall not exceed _____.

The execution by the City of any fully registered Warrants shall constitute full and due authorization of such Warrants and the Warrant Registrar shall thereby be authorized to authenticate, date and deliver such Warrants, *provided, however*, that the principal amount of the Warrants authenticated by the Warrant Registrar shall not at any one time exceed the authorized principal amount of Warrants less the principal amount of the Warrants which has been paid. The person in whose name the Warrants shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on the Warrants shall be made only to or upon the order of, the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Warrants to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of the Warrants, but the City or the Warrant Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Warrants except in the case of the issuance of Warrants for the unredeemed portion of the Warrants surrendered for redemption.

Section 6. Form of Warrants. The Warrants shall be prepared in substantially the following form:

Registered
Number R-1

Registered
\$1,000,000.00

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
CITY OF BLUE ISLAND
2013 CORPORATE PURPOSE
TAX ANTICIPATION WARRANTS**

Interest Rate

Maturity Date

Dated Date

Xxxxx

xxxxxx

xxxxxx

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Blue Island, a City of the State of Illinois (the "City"), hereby acknowledges itself to owe and for value received, promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 365-day or 366-day year for the actual number of days elapsed), only out of the taxes against which this Warrants are drawn, to said Registered Owner or registered assigns on such Principal Amount from the Dated Date hereof at the Interest Rate per annum set forth above on the Maturity Date hereof, and until said Principal Amount is paid. The principal of and interest on this Warrants are payable upon presentation in lawful money of the United States of America at the office of the County Treasurer, Illinois, as Warrant Registrar and paying agent (the "Warrant Registrar") on the Maturity Date or any earlier date at the option of the County.

Payment is subject to reamortization by virtue of a Reamortization Event, all as set forth in an ordinance entitled "An Ordinance Evidencing the Intent of the City of Blue Island to Issue Bonds or Warrants on Behalf of the City of Blue Island in an amount not to exceed one million dollars (\$1,000,000.00) ("the "Ordinance"). The City further promises to pay interest on the outstanding Principal Amount hereof from time to time on the 30th day of each month, commencing January 30, 2014, at the Base Rate (as defined in the Ordinance) or, at any time this Warrants are owned by a Credit Enhancer (as defined in the Ordinance) at the Floating Rate (as defined in the Ordinance), and subject to such other terms and variance in rate or rates payable as also set forth in the Ordinance. The principal of and interest on this Warrants are payable in lawful money of the United States of America at the principal corporate trust office of the Bank

of _____ (the "*Paying Agent*"), - *provided* that payment of interest on this Warrants shall be made to the Registered Owner hereof by check or draft mailed by the Paying Agent to such Registered Owner at the address of such Registered Owner as it appears on the registration books of the City kept by the Bank _____ (the "*Warrant Registrar*") or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. At the option of the Registered Owner of this Warrants, the principal of and interest hereon may be transferred by electronic transfer of immediately available funds to such Registered Owner pursuant to a written agreement between the Registered Owner and the Paying Agent. For the prompt payment of the Warrants, both principal and interest at maturity and any additional amounts payable under the Ordinance as indemnification, the full faith, credit and resources of the City are hereby irrevocably pledged.

The Warrants are issued pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Act*"), to provide funds for the payment of necessary expenses of the City for operations and maintenance purposes, and is authorized by an Ordinance duly adopted by the County, and now in full force and effect. The Warrants are payable in the numerical order of its issuance solely from the tax against which it is issued and shall be received by any collector of taxes in payment of the tax against which it is issued.

It is hereby certified and recited that all conditions, acts, and things required by law to exist or to be done precedent to and in the issuance of the Warrants, did exist, have happened, been done and performed in regular and due form and time as required by law; that the total principal amount of such Warrants and all tax anticipation notes issued for the payment of expenses for operations and maintenance purposes and based upon said tax levy does not exceed eighty-five percent (85%) of the tax levy made therefor; and that the total amount of state aid anticipation certificates, general obligation notes and tax anticipation warrants of any kind of the City, issued under any of the laws of the State of Illinois applicable thereto, including the Act, outstanding for the fiscal year in which this Warrants are issued does not exceed 85% of the taxes levied for the year 2012.

The Warrants shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Warrant Registrar.

[1] Reference is hereby made to the further provisions of the Warrants set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[2] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of the Warrants did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the Warrants, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

[3] The Warrants shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Warrant Registrar.

IN WITNESS WHEREOF, said City of Blue Island, Illinois, by its City Council, has caused this Warrant to be executed by the Mayor and Clerk/Deputy Clerk of said City and to be registered, numbered, and countersigned by the Treasurer who receives the taxes of the City, all as of the Dated Date identified above.

City Mayor

City Clerk/Deputy Clerk

(SEAL)

Registered, Numbered, and Countersigned: _____ Date of Authentication: _____, 2013	Warrant Registrar and Paying Agent:
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CERTIFICATE OF AUTHENTICATION

The Warrant is one of the Warrants described in the within mentioned Ordinance and is one of the 2013 Tax Anticipation Warrants of the City of Blue Island, Cook County, Illinois.

_____ Bank as Warrant Registrar

By: _____
Authorized Officer

ASSIGNMENT

For Value Received, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Warrants and does hereby irrevocably constitute and appoint

as attorney to transfer the said Warrants on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Warrants in every particular, without alteration or enlargement or any change whatever.

Section 7. Use of Proceeds; Property Tax Extension Limitation Law. The proceeds of the Warrants shall be used to provide funds for the payment of necessary expenses incurred for Corporate purposes, and it is hereby certified that the Warrants constitute the only series of warrants or notes issued to provide funds for the payment of necessary expenses for such purposes for the year 2013 by the County pursuant to the provisions of the Act. The City acknowledges that it is subject to the requirements of the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Tax Limitation Law*") If the County Clerk of the County of Cook, Illinois, is required to reduce the County's aggregate extension (as defined in the Tax Limitation Law) for the year 2013 in accordance with the Tax Limitation Law, the City agrees that, in accordance with the Tax Limitation Law, it will direct said County Clerk to not reduce the 2013 extension for the corporate funds below the amount necessary to pay the principal of and interest on the Warrants.

Section 8. Tax Intercept Agreement. The City has entered into a Tax Intercept Agreement among the county collector of the County of Cook, Illinois (the "Collector"), the City, and the Trustee (the "Tax Intercept Agreement") attached as an exhibit to the Warrants Order, for the purpose of providing the funds required to pay the principal of and interest on the Warrants when and as the same falls due at maturity, the ad valorem taxes levied against all of the taxable property of the City as collected by the Collector shall not be distributed to the Treasurer but rather shall be paid by the Collector via ACH deposit to the Trustee for deposition an amount equal to the amount of principal and interest on the Warrants, the remainder distributed to the City.

Section 9. Filing of Ordinance. The City Clerk of the City is hereby directed to file a certified copy of the Ordinance with the County Clerk of Cook County.

Section 10. General Covenants. The City covenants and agrees with the registered owner of the Warrants that, so long as the Warrants remains outstanding and unpaid:

- a. The City will punctually pay or cause to be paid the principal of, interest on the Warrants and any amounts payable under this Ordinance in strict conformity with the terms of the Warrants and the Ordinance and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

- b. The City will levy, to the extent the levy in Section 8 hereof is insufficient to pay principal of or interest on the Warrants in a given year and any other amounts payable under this Ordinance, an additional amount sufficient to pay such principal and interest and other amounts payable under this Ordinance as the same becomes due and payable; *provided*, that upon the occurrence of a Reamortization Event the City shall levy an amount sufficient to pay principal of and interest on the Warrants and any amounts payable this Ordinance, in each of the years after the occurrence of the Reamortization Event.
- c. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Project.
- d. The City will furnish a copy of complete audited financial statements to the Line Issuer promptly upon receiving the same, but in no event later than 10 days after such financial statements become available. In addition the City will promptly furnish to the Line Issuer such additional financial information as the Line Issuer reasonably requests.
- e. The City will furnish the Line Issuer a copy of the City's annual budget within 30 days after approval of such budget by the Corporate Authorities.
- f. Whenever the City is required to deliver financial statements under paragraph (d) of this Section 11, the City will furnish to the Line Issuer a statement to the effect that it is in compliance (the "*Compliance Certificate*") with all of the terms and conditions of the Ordinance or, if that is not the case, stating the nature of the City's noncompliance and the measures taken by the City to remedy the same.
- g. The City will certify in its annual Compliance Certificate that no event has altered its home rule status.
- h. The City shall promptly give written notice to the Line Issuer of any failure of the tax collection rate (determined as described below) to exceed 90% in any year.
- i. The property tax collection rate, defined as the amount of the levy collected in one year divided by the total levy in that year, shall exceed 90% in each year.
- j. The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, Warrants and assurances as may be reasonably necessary

or proper to carry out the intention of, or to facilitate the performance of, the Ordinance and for the better assuring and confirming unto the holder of the Warrants of the rights and benefits provided in the Ordinance.

- k. The amount of principal and interest on the Warrants and related costs of issuance do not exceed 85% of the taxes levied, for a specific fund, for 2012. No other tax anticipation warrants outstanding against the tax levied for 2012 exist.

Section 11. General Arbitrage Covenants. The City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Warrants) if taking, permitting or omitting to take such action would cause the Warrants to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Warrants to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Warrants, under present rules, the City is treated as the "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

The City also agrees and covenants with the purchasers and holders of the Warrants from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Warrants and affects the tax-exempt status of the Warrants.

The Corporate Authorities hereby authorize the officials of the City responsible for issuing the Warrants, the same being the Mayor, Clerk and Treasurer of the City, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Warrants to be arbitrage bonds and to assure that the interest on the Warrants will be exempt from federal income taxation. In connection therewith, the City and the Board further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Warrants and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage

profits relating to the Warrants; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 12. Registered Form. The City recognizes that Section 149 of the Code requires the Warrants to be issued and to remain in fully registered form in order to be and remain Tax-exempt. In this connection, the City agrees that it will not take any action to permit the Warrants to be issued in, or converted into, bearer or coupon form.

Section 13. List of Warrant holders. The Warrant Registrar shall maintain a list of the names and addresses of the registered owner of the Warrants and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

Section 14. Duties of Warrant Registrar. If requested by the Warrant Registrar, the Mayor and City Clerk of the City are authorized to execute the Warrant Registrar's standard form of agreement between the City and the Warrant Registrar with respect to the obligations and duties of the Warrant Registrar hereunder which may include the following:

- a. to act as Warrant Registrar, authenticating agent, paying agent and transfer agent as provided herein;
- b. to maintain a list of the registered owner of the Warrants as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential;
- c. to give notice of redemption of the Warrants as provided herein;
- d. to cancel and/or destroy a Warrants which has been paid at maturity or upon earlier redemption or submitted for exchange or transfer;
- e. to furnish the City at least annually a certificate with respect to Warrants cancelled and/or destroyed; and
- f. to furnish the City at least annually an audit confirmation of the principal installments of the Warrants paid, the principal installments of the Warrants outstanding and payments made with respect to interest on the Warrants.

Section 15. Indemnification. To the extent permitted by law, at any time that the Warrants are owned by any Credit Enhancer the City agrees to indemnify and hold such Credit Enhancer harmless from and against, and to pay on demand, any and all claims, damages, losses,

liabilities, costs and expenses whatsoever (including without limitation any costs relating to subpoenas, discovery or other matters related to litigation arising in connection with the transactions contemplated by the Ordinance, the Warrants insofar as the same relates to the Warrants and the Ordinance) which such Credit Enhancer may incur or suffer by reason of or in connection with the Warrants, the Ordinance (insofar as the same relates to the Warrants or the Ordinance), including, without limitation, the reasonable fees and expenses of counsel for such Credit Enhancer with respect thereto and with respect to advising such Credit Enhancer as to its rights and responsibilities with respect thereto and all reasonable fees and expenses, if any, in connection with the enforcement or defense of the rights of such Credit Enhancer in connection therewith or the collection of any monies due under the Warrants or the Ordinance; except, only if, and to the extent that any such claim, damage, loss, liability, cost or expense shall be caused by the willful misconduct or gross negligence of such Credit Enhancer; *provided, however*, that with respect to any of the foregoing relating to the liability of the City under this Section shall be limited to the City's Participant's Allocable Share (determined immediately before giving effect to the transfer of the Warrants to any Credit Enhancer pursuant to the Indenture) thereof. The City, upon demand by any Credit Enhancer at any time, shall reimburse such Credit Enhancer for any legal or other expenses incurred in connection with investigating or defending against any of the foregoing. The obligations of the City under this Section shall survive payment of any funds due under the Warrants or under the Ordinance.

Section 16. Headings. The headings of the articles, sections, paragraphs and subparagraphs of this Ordinance are inserted solely for the convenience of reference and form no substantive part of this Ordinance nor should they be used in any interpretation or construction of any substantive provision of this Ordinance.

Section 17. Severability. The provisions of this Ordinance are hereby declared to be severable and should any provision of this Ordinance be determined to be in conflict with any law, statute or regulation by a court of competent jurisdiction, said provision shall be excluded and deemed inoperative, unenforceable and as though not provided for herein and all other provisions shall remain unaffected, unimpaired, valid and in full force and effect.

Section 18. Superseder. All code provisions, ordinances, resolutions, rules and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded.

Section 19. Publication and Effective Date. This ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby repealed. A full, true and complete copy of this ordinance shall be published in pamphlet form, by authority of the City Council as Corporate Authorities.

PASSED this 10th day of December, 2013

VOTING AYE:

VOTING NAY:

ABSENT:

ABSTAIN:

APPROVED: this 10th day of December, 2013.

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

CERTIFICATE

I, Randy Heuser , certify that I am the duly elected and acting municipal clerk of the City of Blue Island of Cook County, Illinois.

I further certify that on December 10, 2013 the Corporate City entitled: AN ORDINANCE EVIDENCING THE INTENT OF THE CITY OF BLUE ISLAND TO ISSUE BONDS OR WARRANTS ON BEHALF OF THE CITY OF BLUE ISLAND. Which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. _____ including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance posted in the municipal building commencing on December 11, 2013 and continuing for at least ten days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the municipal clerk.

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

CERTIFICATE

I, Randy Heuser, certify that I am the duly elected and acting municipal clerk of the City of Blue Island of Cook County, Illinois.

I further certify that on December 10, 2013 the Corporate Authorities of such municipality passed and approved Ordinance No. _____ entitled AN ORDINANCE EVIDENCING THE INTENT OF THE CITY OF BLUE ISLAND TO ISSUE BONDS OR WARRANTS ON BEHALF OF THE CITY OF BLUE ISLAND. Which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. _____ including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance posted in the municipal building commencing on December 11, 2013 and continuing for at least ten days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the municipal clerk.

DATED at Blue Island, Illinois, this 10th day of December 2013.

City Clerk/Deputy Clerk

(SEAL)

Selden Fox, LTD.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
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Oak Brook, Illinois 60523-8835

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email@seldenfox.com
www.seldenfox.com

December xx, 2013

Honorable Mayor and
Members of the City Council
City of Blue Island
Blue Island, Illinois

In planning and performing our audit of the financial statements of the **City of Blue Island, Illinois** as of and for the year ended April 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Blue Island, Illinois' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Blue Island, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Blue Island, Illinois' internal control.

DRAFT SUBJECT TO CHANGE
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in internal control to be material weaknesses.

Year End Financial Reporting Process

Generally accepted auditing standards, "*Communicating Internal Control Related Matters Identified in an Audit*," defines the terms *significant deficiencies* and *material weaknesses* in internal control over financial reporting.

Among others, lack of controls over the period end financial reporting process is considered a deficiency in internal control which could result in the financial statements being misstated or not in accordance with generally accepted accounting principles. The standard emphasizes that the external auditor cannot be part of an entity's internal control process over financial reporting. Accordingly, we require evidence and documentation from management to support our evaluation about the effectiveness of internal controls over financial reporting.

12/06/2013

Year End Financial Reporting Process (cont'd)

Selden Fox, Ltd. in conjunction with management has prepared the drafts of the financial statements of the City, including note disclosures, as part of the audit process for the year ended April 30, 2013. In addition, we have performed the required evaluation under the guidelines of this audit standard as to whether management, other employees, or those charged with corporate governance have the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the City's transactions or in preparing its financial statements, including note disclosures.

The results of this evaluation have indicated that the City currently does not have someone in-house with the relevant qualifications and/or training to prepare financial statements, including note disclosures, in accordance with GAAP. We were required to make a number of adjustments to the books and records of the City to present them in conformity with generally accepted accounting principles.

Actuarial Valuations

The City contributes to the three separate pension plans, the Illinois Municipal Retirement Fund, and separate pension plans for both the police and firefighters. A liability is recognized in the government-wide financial statements for the net pension obligation for these plans.

The City is also currently providing other post-employment benefits ("OPEB") consisting of health and prescription coverage for certain groups of workers in the same health plan as active employees. For those retirees that qualify, the City pays the single premium with the retiree contributing the additional amount for family or spouse coverage. Because the retirees are included in the same health insurance plan as current employees, the premiums paid by or on behalf of these retirees may be lower than they would have been if the retirees were insured separately. The difference is an employer contribution toward the cost of providing coverage to retirees referred to as an implicit rate subsidy. According to the Governmental Accounting Standards Board ("GASB"), an implicit rate subsidy is to be included in the calculation of OPEB costs and obligations along with any actual outlays made on behalf of the retired employees by the City.

The City did not have an actuarial valuation performed to determine the OPEB liability at April 30, 2013, and the report opinion was qualified for the omission of this liability from the government-wide statement of net assets.

The City has had actuarial valuations performed for the pension plans for the last two years. We recommend the City continue to engage the services of an actuary to perform valuation annually for the police and firefighters' pension plans. We also recommend the City engage the services of an actuary to perform valuation annually for the OPEB plan. It is more critical that these actuarial valuations are completed annually because the information is also now required as part of the Cook County Debt Disclosure Ordinance.

In addition, GASB has issued a new standard related to the financial reporting of pension and OPEB plans that is effective in fiscal year ending April 30, 2016. This new standard expands disclosure requirements for pensions and changes the calculation of the liability that is to be reported in the government-wide financial statements. Actuarial valuations performed on an annual basis will be necessary to comply with this latest GASB standard.

12/06/2013

Narcotic Asset Seizure Accounts

The narcotic asset seizure bank accounts record cash obtained as a result of seizures from drug and other criminal arrests. A percentage of this property is required by statute to be remitted to the state; however, the Police Department is allowed to keep a portion of these funds. Historically, these funds are not turned over to the City's Finance Department and, as such, are not processed through the City's cash receipt system. An audit journal entry was made to record approximately \$39,000 in receipts and \$169,000 in expenditures for the year. Proper internal controls dictate these funds should be processed through the City's cash receipts and cash disbursement systems, so they can be properly accounted for and reported.

We recommend the Police Department forward copies of bank statements and supporting documentation for all receipts and disbursements from the asset seizure accounts to the Finance Department, to allow for reconciling and recording of account activity. Not running this activity through the Finance Department could result in the financial statements being misstated or not in accordance with generally accepted accounting principles

Bank Reconciliations

The Finance Department bank reconciliation process consists of determining the adjusted bank balance for all accounts on a monthly basis by identifying outstanding checks and deposits in transit.

To further strengthen the controls over cash and improve internal financial reporting, we recommend the Finance Department work with their software consultant to better utilize the balance sheet portion of the accounting software by ensuring all prior year audit adjusting journal entries have been properly posted, and reversed in the next fiscal year as necessary. This will better allow for the reconciliation of the ending balance in the general ledger for the cash accounts to the adjusted bank balance. Receipts posted in the general ledger as debits to cash should be agreed to deposits on the bank statement, with any discrepancies investigated and resolved on a timely basis.

Enterprise Fund Debt Transactions

The City maintains two enterprise funds, the Water Fund and the Golf Course Fund. Enterprise funds are accounted for using the full accrual method, and the issuance of long-term debt is not considered revenue but rather recorded as a liability on the Statement of Net Position, and subsequent payments of principal are not expenses but rather a reduction of that liability. During the year, the City entered into a loan agreement with the Illinois Environmental Protection Agency Water Supply Loan Program and recorded the proceeds as miscellaneous revenue in the Water Fund. In addition, the principal payment on the Series 2006 Water Bonds was recorded as an expense in the Water Fund.

We recommend that the debt activity in the enterprise funds be accounted for as transactions on the statement of net position and not within the statement of activities, so that the internal financial statements are properly reported. We were required to make two adjustments to properly record the proceeds from the IEPA loan and the bond principal payment, which combined had a net effect of reducing the change in net assets within the Water Fund by \$656,469.

Our consideration of internal control was for the limited purpose described in the first section of this letter and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in City's internal control to be significant deficiencies.

Motor Fuel Tax Fund Reimbursements

Throughout the year, the City's General Fund is reimbursed for certain allowable expenditures out of the Motor Fuel Tax Fund. These reimbursements are based on actual time spent by City employees. The disbursements out of the Motor Fuel Tax Fund checking account are being recognized as expenses in the Motor Fuel Tax Fund. However, no corresponding revenue is being recorded in the General Fund when the funds are deposited into the General Fund checking account. An audit adjustment was made to record this receipt in the General Fund.

We recommend a revenue account be established in the General Fund to account for Motor Fuel Tax Fund reimbursements, so that the transaction is reported at the gross amount in both funds on the general ledger.

Interfund Balances

DRAFT SUBJECT TO CHANGE

Many of the interfund balances at April 30, 2013 have been outstanding for over one year. These balances, classified in the audit report as "Due from other funds" or "Due to other funds," are intended to be short-term advances between funds. Borrowings between funds that are not intended to be short-term in nature should have an established repayment schedule and the schedule should be adhered to so that liabilities due funds are repaid.

We recommend interfund activity be reviewed, and a repayment schedule established for interfund receivable/payable balances expected to be outstanding in excess of one year. If repayment is not likely, alternative means of reducing or eliminating interfund balances should be considered.

Compliance Deposits

The City requires companies bidding for or doing construction work within the City to pay certain deposits in accordance with City ordinances. These deposits are made to the City's Building Department, which keeps a record of these deposits. Over time, as bids are accepted and work completed, these deposits are either fully refunded or some portion is retained by the City as revenue. Deposits are credited to a liability account on the general ledger. Amounts refunded are charged against this liability account when refunds are issued. However, the Finance Department does not receive the records from the Building Department, and is not aware of any amounts to be taken into income, thus potentially understating income.

We recommend the Building Department provide the Finance Department, on a monthly basis, a report of all compliance deposit activity. This report should include deposits received by type, deposits refunded, and deposits taken into income. On an annual basis at April 30, the Building Department should prepare a detail of all deposits outstanding.

We also noted the following operational or administrative matters we believe to be of potential benefit to you.

Future Accounting and Auditing Pronouncements

The City adopted Governmental Accounting Standards Board (GASB) Statement 63 (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*) and Statement 65 (*Items Previously Reported as Assets and Liabilities*), which changed the name of the statement of net assets to the statement of net position, and modified the presentation of certain items on the statement of net position/balance sheet. GASB has issued a number of other pronouncements that become effective in future years that may impact the City.

GASB Statement 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as part of the primary government. Statement No. 61 is applicable for the year ending April 30, 2014.

GASB Statement 66, *Technical Corrections 2012, an Amendment of GASB Statements No. 10 and No. 62*, is intended to resolve conflicting guidance as it relates to the fund type classification for an entity's risk financing activities. Statement No. 66 is applicable for the year ending April 30, 2014.

GASB Statement 67, *Financial Reporting for Pension Plans, an Amendment of GASB Statement No. 25*, replaces the requirements of GASB Statement No. 25 and Statement No. 50 as they relate to pension plans administered through trusts. The statement requires pension plans within its scope to provide enhanced note disclosures and required supplementary information. Statement No. 67 is applicable for the year ending April 30, 2015.

GASB Statement 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*, replaces the requirements of GASB Statement No. 27 and Statement No. 50 as they relate to pensions that are provided through pension plans administered through trusts. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This statement will require recognition in the statement of net position of the net pension liability, which will approximate the unfunded actuarial accrued liability currently being reported as required supplementary information only (\$3,718,983 combined for IMRF and SLEP at December 31, 2013). Statement No. 68 is applicable for the year ending April 30, 2016.

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Statement No. 69 is applicable for the year ending April 30, 2015.

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires governments that extend financial guarantees for obligations of another entity to recognize a liability when certain factors indicate it is more likely than not the government will be required to make a future payment. The Statement also specifies the required disclosures of such an arrangement. Statement No. 70 is applicable for the year ending April 30, 2015.

12/06/2013

This report is intended solely for the information and use of the management, Mayor and Aldermen, and is not intended and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation to you and to the City's staff for the courtesy and cooperation extended to our staff during the course of the audit.

Should you wish to discuss further any of the matters referred to, or if we can be of assistance in implementing any of the suggestions, we will be pleased to do so at your convenience.

DRAFT SUBJECT TO CHANGE