



AGENDA
REGULAR MEETING
City Council of the City of Blue Island, Illinois
2434 Vermont Street
October 13 – 7:00 P.M.

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

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 City Council Minutes from September 22, 2015
and Special Meeting Minutes from September 28, 2015
5. **Public Comment**
6. **Report of City Officials/Presentations/Resolutions**

Mayor:
 1. Presentation of the winners of the Fire Prevention Week Poster contest.
 2. Proclamation – 125th Anniversary of the Daughters of the American Revolution.
 3. Halloween Hours are 3:00 p.m. to 7:00 p.m. on Saturday, October 31st.
Bids:

City Clerk:
 1. Motion to approve a request from Park Lawn Association to have their annual Tag and Candy Day Fundraiser on Friday and Saturday, March 25th and 26th and April 15th and 16th, 2016 from 6:00 a.m. until 8:00 p.m. or dusk.

City Treasurer:
 1. Monthly Treasurer's Report
 2. Presentation by John Kasperek of John Kasperek Co., Inc. for Fiscal Year ending April 30, 2014 Audit.

City Attorney:
 7. **Committee Reports**
 - a. Community Development Committee

b. Finance Committee

1. A Resolution Approving and Authorizing Execution of Subrecipient Agreement Related to the City of Blue Island's Award of Funding from the Cook County Community Development Block Grant Program and Authorizing the Expenditure of Funds in Connection therewith.
2. A Resolution Authorizing the Execution of an Agreement with N. Harris Computer Corporation for the Provision of Business Software Products and Services.
3. A Resolution Authorizing the Execution of a Software License and Service Agreement with PassportParking, Inc. for the Provision of Software Products and Services.

c. Public Health and Safety Committee

d. Municipal Services Committee

e. Judiciary Committee

8. **Aldermanic Announcements/Comments.**

9. **Motion to Retire to Closed Session for consideration of:**

- a. Discussion of Pending Litigation

10. **Motion to Reconvene Regular Session**

11. **Motion for Adjournment**

**JOURNAL OF PROCEEDINGS OF THE MEETING
SEPTEMBER 22, 2015**

CALL TO ORDER

The regular meeting of the City Council of the City of Blue Island was called to order by Mayor Vargas at 7:00 p.m. on September 22, 2015.

PLEDGE OF ALLEGIANCE

ROLL CALL

Roll Call indicates the following:

Present: 13 Ald. Poulos, Vieyra, Bilotto, Rita, Donahue, Carr, Slattery, Ostling, Pittman, Frausto, Thompson, Johanson, Hawley

Absent: 1 Johnson

Present Also: Randy Heuser, City Clerk
ShawnTe Raines, City Attorney

JOURNAL OF PROCEEDING

Moved by Ald. Bilotto, second by Ald. Pittman the Journal of Proceedings of the Regular Meeting from September 8, 2015 is accepted as printed.

Ayes: 13 Poulos, Vieyra, Bilotto, Rita, Donahue, Carr, Slattery, Ostling, Pittman, Frausto, Thompson, Johanson, Hawley

Nays: 0

Absent: 1 Johnson

Abstain: 0

There being Thirteen (13) Affirmative Votes, the Mayor declared the motion carried.

Regular Meeting – September 22, 2015

CITIZENS WISHING TO ADDRESS THE COUNCIL REGARDING THIS EVENINGS BUSINESS

Annette Perry, 13201 Ashland Ave, spoke in reference to the petition regarding parking restrictions for the residents of the senior building by the Fay's Point Town House Association. She asked the Mayor and council to help the residents with this issue.

The Mayor state the city lawyer will review the petition and see what if anything the city can do.

Rachel Orozco, 11957 Longwood Ave, stated her concerns over an ordinance that came up at the Public Health and Safety meeting regarding annual safety inspections for alarm systems. Ms. Orozco was concerned about the added expense that would impose on citizens. Ms. Orozco also spoke about the traffic on Longwood due to both the city and Chicago working on their sewers.

Ald. Frausto stated that ordinance still needed to go to the Judiciary committee before going to council and that he would let Ms. Orozco know when that meeting was so she could attend.

The Mayor stated his office received a message stating that work should be completed by the end of the week.

Anthony Ruiz, 2202 121st Place, wanted to find out what was going on regarding a parking permit.

Ald. Frausto stated it is still in committee. The next meeting is scheduled for October 20.

Rita Brown, 12005 Longwood Drive, stated that when she attended prior meetings to alleviate the flooding issues she was under the impression that this would be something that would improve the city. Ms. Brown stated she has respiratory problems due to the construction.

Ester, 12150 Vincennes Ave, stated her concerns regarding the residence at 2136 122nd Street.

Ron Bloom, 2421 Walnut St, stated his concerns regarding decayed trees between Union and Walnut.

Jordan, 2208 121st St, stated her concerns regarding pit bulls at the neighbors across the street from her residence where she has a licensed daycare.

Allan Stevo, 2324 Union St, thanked the residents for their comments. He asked to be placed on the agenda for the Judiciary's October meeting. Mr. Stevo asked what happened with Blue Island's 180th birthday party.

The Mayor stated it was postponed due to lack of funds.

Mr. Stevo asked that accounts payable and payroll be made available before meetings. He also stated his concerns over the Calumet Township Tax Assessor, Ald. Bilotto, and how he takes away senior exemptions.

Regular Meeting – September 22, 2015

Greg Lochow, 12915 Elm St, gave a report on Cruise Night for the 2015 season; overall it was a very successful season.

REPORT OF CITY OFFICIALS

MAYOR:

The Mayor stated that on September 10, Crain Chicago Business made an announcement about Blue Island stating that home values went up at a minimum 23 percent. Also, the Green Infrastructure started phase I. There will be an announcement regarding the Jewel property shortly. July 1, 2016 is the target date for traffic to go across the Division Street bridge.

BIDS:

Motion by Ald. Bilotto, second by Ald. Vieyra to approve a Bid Recommendation for IDOT Grant: Street Resurfacing Program – Vine Street, Chicago Street and Hoyne Avenue.

Ayes:	13	Poulos, Vieyra, Bilotto, Rita, Donahue, Carr, Slattery, Ostling, Pittman, Frausto, Thompson, Johanson, Hawley
Nays:	0	
Absent:	1	Johnson
Abstain:	0	

There being Thirteen (13) Affirmative Votes, the Mayor declared the motion carried.

CITY CLERK:

Motion by Ald. Ostling, second by Ald. Hawley to approve a request from E.F. Kerr Middle School to participate in the Cook County School District 130 Bike Day on October 2, 2015 from 9:30 a.m. to 1:30 p.m.

Ayes:	13	Poulos, Vieyra, Bilotto, Rita, Donahue, Carr, Slattery, Ostling, Pittman, Frausto, Thompson, Johanson, Hawley
Nays:	0	
Absent:	1	Johnson
Abstain:	0	

There being Thirteen (13) Affirmative Votes, the Mayor declared the motion carried.

Regular Meeting – September 22, 2015

CITY TREASURER: No business.

CITY ATTORNEY: No business.

COMMITTEE REPORTS

Community Development– Ald. Hawley, Chairman

Next Meeting – Thursday, October 15, 2015, 7:00 – East Annex

Finance Committee – Ald. Rita, Chairman

Motion by Ald. Rita, second by Ald. Donahue to approve Payroll for August 28, 2015 for \$345,608.06 and September 11, 2015 for \$351,253.65.

Ayes: 13 Poulos, Vieyra, Bilotto, Rita, Donahue,
Carr, Slattery, Ostling, Pittman, Frausto,
Thompson, Johanson, Hawley

Nays: 0

Absent: 1 Johnson

Abstain: 0

There being Thirteen (13) Affirmative Votes, the Mayor declared the motion carried.

Motion by Ald. Rita, second by Ald. Bilotto to approve Accounts Payable for September 4, 2015 for \$524,331.64 and September 18, 2015 for \$116,838.48.

Ayes: 13 Poulos, Vieyra, Bilotto, Rita, Donahue,
Carr, Slattery, Ostling, Pittman, Frausto,
Thompson, Johanson, Hawley

Nays: 0

Absent: 1 Johnson

Abstain: 0

There being Thirteen (13) Affirmative Votes, the Mayor declared the motion carried.

Regular Meeting – September 22, 2015

Next Meeting – Thursday, October 15, 2015, 5:30 – East Annex

Public Health & Safety Committee – Ald. Carr, Chairman

Next Meeting – Tuesday, October 13, 2015, 6:00 – East Annex

Municipal Services Committee – Ald. Donahue, Chairman

Next Meeting – Thursday, October 8, 2015, 6:00 – East Annex

Judiciary Committee – Ald. Frausto, Chairman

Motion by Ald. Frausto, second by Ald. Hawley to approve Ordinances Restricting Portions of Certain Streets at or near 1804 High Street and 2853 Everett Street for Handicapped Parking Only within the City of Blue Island, County of Cook, State of Illinois and Providing for Penalties for the Violation Thereof.

Ayes:	13	Poulos, Vieyra, Bilotto, Rita, Donahue, Carr, Slattery, Ostling, Pittman, Frausto, Thompson, Johanson, Hawley
Nays:	0	
Absent:	1	Johnson
Abstain:	0	

There being Thirteen (13) Affirmative Votes, the Mayor declared the motion carried.

Motion by Ald. Carr, second by Ald. Vieyra to table An Ordinance Regarding Parking Restrictions at 2100 Vermont Street.

Ayes:	7	Poulos, Vieyra, Carr, Slattery, Ostling, Pittman, Thompson
Nays:	6	Bilotto, Rita, Donahue, Frausto, Johanson, Hawley

Regular Meeting – September 22, 2015

Absent: 1 Johnson

Abstain: 0

There being Seven (7) Affirmative Votes, the Mayor declared the motion carried.

Motion by Ald. Bilotto, second by Ald. Donahue to approve An Ordinance Amending the Residential Use Table.

Ayes: 13 Poulos, Vieyra, Bilotto, Rita, Donahue, Carr, Slattery, Ostling, Pittman, Frausto, Thompson, Johanson, Hawley

Nays: 0

Absent: 1 Johnson

Abstain: 0

There being Thirteen (13) Affirmative Votes, the Mayor declared the motion carried.

Next Meeting – Tuesday, October 20, 2015, 7:00 – East Annex

ALDERMANIC ANNOUNCEMENTS/COMMENTS: Ald. Thompson thanked her community and the 7th ward for showing up and encouraged them to continue doing so. Ald. Frausto stated he will always be in favor and support his colleagues with any improvements to infrastructure which is at no cost to the city. Ald. Johanson invited everyone to attend the events that will be taking place at the Park District on Friday and Saturday. Ald. Rita invited everyone to attend St. Walters October Fest on Saturday, September 26. Tickets are \$10 now and \$15 at the door and must be over 21 to attend.

ADJOURNMENT

Motion by Ald. Pittman, second by Ald. Rita to adjourn the meeting.

Upon a vote, the Mayor declared the motion carried.

The meeting was adjourned at 7:56 p.m.

The next regular meeting of the City Council is scheduled for

Regular Meeting – September 22, 2015

October 13, 2015 at 7:00 p.m.

Randy Heuser, City Clerk

**APPROVED BY ME THIS
13TH DAY OF OCTOBER, 2015.**

Domingo F. Vargas, Mayor

**JOURNAL OF PROCEEDINGS OF THE SPECIAL MEETING
SEPTEMBER 28, 2015**

CALL TO ORDER

The special meeting of the City Council of the City of Blue Island was called to order by Mayor Vargas at 7:00 p.m. on September 28, 2015.

PLEDGE OF ALLEGIANCE

ROLL CALL

Roll Call indicates the following:

Present: 11 Ald. Vieyra, Bilotto, Rita, Donahue, Carr,
 Ostling, Pittman, Frausto, Thompson,
 Johanson, Hawley (7:02)

Absent: 3 Slattery, Johnson, Poulos

Present Also: Randy Heuser, City Clerk
 Carmine Bilotto, Treasurer
 ShawnTe Raines, City Attorney

CITIZENS WISHING TO ADDRESS THE COUNCIL REGARDING THIS EVENINGS BUSINESS

Allan Stevo asked what the proceeds from the bonds would be used for. The Mayor explained that the proceeds would be used for an Ambulance, Public Works vehicles, leachate system at the Golf Course and sewer improvements in the seventh ward. He also asked who was issuing the bond Ald. Rita answered the Illinois Finance Authority

Kathy Kuehner asked what the revenue stream would be to pay back the bond. It was explained that it would be paid back from a combination of the water fund as well as sales tax.

MAYOR

Motion by Ald. Bilotto, seconded by Ald. Rita to approve an Ordinance calling a Public Hearing Concerning the Intent of the City Council of the City of Blue Island, Cook County, Illinois, to sell not to exceed \$1,300,000 General Obligation Alternate Revenue Bonds.

Ayes: 11 Vieyra, Bilotto, Rita, Donahue, Carr,
Ostling, Pittman, Frausto, Thompson,
Johanson, Hawley

Nays: 0

Absent: 3 Slattery, Johnson, Poulos

There being Eleven (11) Affirmative Votes, the Mayor declared
the motion carried.

ADJOURNMENT

**Motion by Ald. Johanson, second by Ald. Rita to adjourn the
meeting.**

Upon a vote, the Mayor declared the motion carried.

The meeting was adjourned at 7:08 p.m.

Randy Heuser, City Clerk

**APPROVED BY ME THIS
13TH DAY OF OCTOBER, 2015.**

Domingo F. Vargas, Mayor

PROCLAMATION

NATIONAL SOCIETY DAUGHTERS OF THE AMERICAN REVOLUTION CELEBRATING 125 YEARS OF SERVICE TO AMERICA

WHEREAS, October 11, 2015, marks the 125th anniversary of the founding of the National Society Daughters of the American Revolution to honor the memory and the spirit of the men and women who achieved American independence;

WHEREAS, Nearly 1 million members have since fulfilled this vibrant service organization's mission to promote historic preservation, education and patriotism;

WHEREAS, Daughters are currently celebrating both their founding and their future by providing 10 million hours of service to America;

WHEREAS, The Swallow Cliff Chapter of the DAR was founded in October in the year 1981 to complete this important service work on the local level;

WHEREAS, It is fitting and proper to accord official recognition to this vital organization and its memorable anniversary,

NOW THEREFORE I, Domingo Vargas by virtue of the authority vested in me as Mayor of the City of Blue Island do hereby honor:

THE DAUGHTERS OF THE AMERICAN REVOLUTION'S 125 YEARS OF SERVICE TO AMERICA

AND ask our citizens to reaffirm the ideals of our nation's founders and to honor and respect the freedoms guaranteed to us through the Declaration of Independence and the United States Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Blue Island to be affixed this thirteenth day of October of the year of our Lord two thousand fifteen.

Domingo F. Vargas, Mayor
City of Blue Island



Administrative Office
Business Office
10833 S. LaPorte
Oak Lawn, IL 60453
Phone: (708) 425-3344
Fax: (708) 425-3530

October, 2015

Ms. Pam Frasor
City of Blue Island
13051 Greenwood Ave
Blue Island IL 60406-2331

Dear Ms. Frasor:

As you know, Park Lawn is a non-profit agency that provides programs for individuals with intellectual and developmental disabilities. Our facilities are throughout the South Suburbs of Chicago and include an adult training center, workshop, supported employment, residential centers and community living. Although our facilities are local, Park Lawn's outreach is beyond the Southwest Suburbs, assisting families locally and throughout Illinois.

Park Lawn is gearing up for its annual Tag and Candy Day Fundraiser: This major event is scheduled for **Friday & Saturday, March 25/26 and April 15/16, 2016**. Community volunteers will be soliciting for donations on street corners and by storefronts from 6:00 a.m. until 8:00 p.m. or dusk. We provide them with a bright orange safety vest with Park Lawn's logo, a bucket with Park Lawn's logo and a tag with information about Park Lawn.

We are asking for your permission to solicit donations for Park Lawn. **Please fax the signed form to me at 708-229-9325** or scan and email it to csanmiguel@parklawn.com. If faxing is not available, please call me at (708) 425-6867 or mail it to Park Lawn, 10833 S. LaPorte Ave. Oak Lawn, IL 60453.

Once again, thank you for your continued support.

Sincerely,

Cynthia San Miguel

Cynthia San Miguel
Marketing Manager

Please check the most appropriate date for your schedule. Permission is granted to Park Lawn to tag within the City of Blue Island on the following dates:

March 25th _____ March 26th _____ April 15th _____ April 16th _____

Authorized Signature: _____ Date: _____

Name in Print: _____ Title: _____

Adult Developmental
Training
10833 S. LaPorte
Oak Lawn, IL 60453
(708) 425-3344
Fax: (708) 425-3530

Vocational Services
CILA and SEP
6040 W. 111th St.
Oak Lawn, IL 60453
(708) 425-7377
Fax: (708) 425-7899

Residential Services
Park Lawn Center
5831 W. 115th St.
Alsip, IL 60803
(708) 396-1117
Fax: (708) 396-1186

Residential Services
Park Lawn Homes
12615 S. Kostner
Alsip, IL 60803
(708) 385-1982
Fax: (708) 385-8145

Park Lawn Association
Development Office
10833 S. LaPorte
Oak Lawn, IL 60453
(708) 425-8867
Fax: (708) 229-9325

A NON-PROFIT ORGANIZATION SERVING INDIVIDUALS WITH INTELLECTUAL DEVELOPMENTAL DISABILITIES SINCE 1955

Donations are deductible to the extent allowed by the IRS Codes.

www.parklawn.com



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 9/30/15

Account Name	Checking		Paid Out	Checking Balance	Short Term Investments	Long Term Investments	Total Fund Balance
	Balance Last Report	Received					
General	\$1,042,061.93	\$1,940,730.66	\$2,771,415.16	\$211,377.43	\$0.00	\$746,607.45	\$957,984.88
Water	\$796,094.44	\$577,972.47	\$290,871.92	\$1,083,194.99	\$0.00	\$896.66	\$1,084,091.65
Golf	\$55,357.46	\$129,973.87	\$145,153.05	\$40,178.28	\$0.00	\$1,963.67	\$42,141.95
Golf Concessions	\$5,605.58	\$26,715.43	\$24,380.31	\$7,940.70	\$0.00	\$0.00	\$7,940.70
MFT	\$513.39	\$39,354.03	\$39,351.85	\$515.57	\$0.00	\$97,503.86	\$98,019.43
CDBG	\$108.81	\$0.00	\$0.00	\$108.81	\$0.00	\$0.00	\$108.81
TIF 2	\$1,408,191.04	\$2,351.28	\$0.00	\$1,410,542.32	\$0.00	\$1,542.27	\$1,412,084.59
TIF 3	\$662,733.23	\$20,009.27	\$0.00	\$682,742.50	\$0.00	\$0.00	\$682,742.50
TIF 4	\$35,473.43	\$1,219.74	\$812.50	\$35,880.67	\$0.00	\$0.00	\$35,880.67
TIF 5	\$1,145,861.31	\$89,853.97	\$0.00	\$1,235,715.28	\$0.00	\$0.00	\$1,235,715.28
TIF 6	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grant Interest Bearing	\$130,023.29	\$32.06	\$0.00	\$130,055.35	\$0.00	\$0.00	\$130,055.35
Vermont Parking Lots	\$14,831.65	\$4,114.08	\$0.00	\$18,945.73	\$0.00	\$0.00	\$18,945.73
Parking Ticket Collections	\$18,358.58	\$12,899.02	\$0.00	\$31,257.60	\$0.00	\$0.00	\$31,257.60
Allied A.S.O	\$17,466.89	\$0.00	\$0.00	\$17,466.89	\$0.00	\$0.00	\$17,466.89
Payroll	\$55,723.20	\$762,889.95	\$806,008.53	\$12,604.62	\$0.00	\$0.00	\$12,604.62
Grant Non-Interest Bearing	\$1,230,715.35	\$1,799.09	\$15,984.09	\$1,216,530.35	\$0.00	\$0.00	\$1,216,530.35
Meadows Video Gaming	\$15,380.20	\$3,441.39	\$0.00	\$18,821.59	\$0.00	\$0.00	\$18,821.59
BI Special Events Fund	\$3,269.10	\$200.00	\$0.00	\$3,469.10	\$0.00	\$0.00	\$3,469.10
911 Fund	\$22,980.31	3.78	0	\$22,984.09	\$0.00	\$0.00	\$22,984.09
Police Grant	\$10,101.10	\$0.00	\$3,412.70	\$6,688.40	\$0.00	\$0.00	\$6,688.40
Fund Totals	\$6,670,850.29	\$3,613,560.09	\$4,097,390.11	\$6,187,020.27	\$0.00	\$848,513.91	\$7,035,534.18

Good evening Mayor, City Council members and residents of the City of Blue Island.

My name is John Kasperek, Jr. and I am the President of John Kasperek Co., Inc, Certified Public Accountants. We were the auditors for the completed audit of the City of Blue Island for the year ended April 30, 2014 that also included the audits of the City's Police and Fire Pension Funds and the City of Blue Island's Public Library.

I am here today to go over the April 30, 2014 audit and to answer questions that the City Council may have related to the audit.

The audit report is 100 pages long so I will summarize the key items of the audit. As noted above, this audit includes all the funds controlled by the city along with the police and fire pension funds and the Public Library. The audits of all four entities are in this one audit.

The item that is often considered most important is the type of opinion the auditors gave related to the financial statements. There are four types of opinions that auditors could give. They are unqualified, qualified, disclaimer and adverse. The first opinion is "unqualified" which means that the financial statements are fairly stated and comply with all reporting requirements that are applicable to the auditee. The second opinion is a "qualified" opinion. This opinion is issued when one or more reporting or disclosure issues are not being reported upon as required by the standard setting bodies for governmental financial statements. The third opinion is a "disclaimer" which is rarely issued by auditing firms. With a disclaimer opinion the auditors are not issuing an opinion which in my opinion would have no value to the auditee. The fourth opinion which is "Adverse" means that the financial statements cannot be relied upon. The opinion in the City's audited financial statements is a "Qualified" opinion. The reason for being qualified is because Governmental Accounting Standards Bulletin #45 requires financial reporting and disclosures for postemployment benefits other than pensions. While the City does properly disclose their pension funds and obligations, the City also offers health insurance to certain retirees of the city. The opinion of the regulating bodies for governmental financial statements is that retiree health insurance funding should have the same disclosures as pension reporting. The city has the option to adopt GASB #45 and if it does not, that requires an automatic qualified opinion since the financial information related to retirement health care costs are not disclosed. I would like to point out at this time, that many municipalities have not adapted GASB #45 and therefore accept the qualified opinion. So your qualified opinion says "In our opinion, except for the effects of the matter described above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Blue Island, Illinois as of April 30, 2014, and the respective changes in financial position and, the statement of cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America". What this opinion means is that financial institutions, bond rating agencies and any other entities or individuals reviewing these financial statements can feel that the financial statements represent financial information they can rely on. In addition to the opinion, the report also discusses auditor's judgement. What that means is that as auditors we do not audit 100% of the transactions of the municipality. Judgment which includes assessment of risks is involved. The full auditors report can be found on pages 1 and 2.

Pages 3 thru 13 are what are known as Management Discussion and Analysis. This is required information that is to accompany the audited financial information. This is an overview of the financial statements and is a representation by management. It follows a recommended format by the Governmental Accounting Standards Board, but again it is management's overall observation of the financial statements and we as auditors do not give an opinion on such.

Municipalities have two types of financial statements that opinions are issued on. The first one is the Government Wide financial statements (found on pages 14 and 15) which basically combines all the individual fund financial statements into one amount. This financial statement includes fixed assets, net of depreciation and long term debt which Fund financial statements do not disclose. The idea behind this type of financial statement format is to have a one set of municipal financial statements look more like for-profit businesses or commercial businesses. The second set of financial statements is found on pages 16 and 18. These are the traditional Fund financial statement presentation which accounts for financial information by fund, such as the General Fund, Special Revenue Funds (which include your Motor Fuel Tax Fund, the TIF Funds, State and Federal Seizure Funds and Police and Fire Pension Funds which these two funds account for the employer contributions made to the Police and Fire Pension Funds themselves), Debt Service Funds which are funds set up to pay off long term debt such as bonds and finally the Capital Project Funds which currently is just the CDBG fund.

Pages 17 and 19 reconcile to two sets of financial statements mentioned above. The reconciliations report the differences of financial activity for these financial statements.

On Page 16, which is the balance sheet of all Funds, the General Fund is the main operating fund of the City. Basically, this fund covers the majority of the operations of the City including but limited to administration, police and fire services, public works including refuse collections, general liability insurance, workman's compensation insurance and health, dental and life insurance costs for city employees, The balance sheet reflects over \$8.4M in assets for the General Fund. The liabilities reflect over \$18.0M (which includes deferred property taxes). When you look at the Fund Balance of the General Fund you will see that this Fund has a DEFICIT of over \$9.6M. Most of the other governmental funds have positive fund balances and none are near the financial condition of the General Fund. When you look at page 18, which is the Statement of Revenues, Expenditures and Changes in Fund Balances the General Fund showed a slight operating surplus of \$101,958. This is a marked improvement over the April 30, 2013 audited financial statements which reflect the General Fund having an operating deficit of over \$1.2M. So in a one year's time, the financial condition of the General Fund has improved by \$1.3M. The reverses a long standing trend of over expending in the General Fund. Over expending in the prior years was accomplished by borrowing from other solvent funds to continue to pay the bills of the General Fund. With respect to the General Fund showing a slight surplus the administration was forced to make major cuts, layoffs and various user fee increases in an attempt to balance the budget. I might also point out that the reason the General Fund has a

negative Fund balance is because over the prior years, instead of addressing the growing disparity of revenues not keeping up with expenditures, interfund borrowing was done from the Water Fund and the TIF Funds. This interfund borrowing from these funds over the years has grown to about \$15M. The ability for the General Fund to repay these internal borrowings is very problematic as this would require surplus revenue of the General Fund to repay these funds.

Pages 20 to 24 cover the Proprietary Funds of the City which are the Water Fund and the Golf Course. On page 23 you will note that the Water Fund had approximately a \$280,000 operating surplus and the Golf Course had a deficit of about \$154,000. The Water Fund has been hit hard with water rate increases from the City of Chicago. This year's water purchases from the City of Chicago were over \$400,000 more than the prior year which is about a 20% increase. The City of Chicago raised water rates again on January 1, 2015. The Golf Course continues to lose money. In addition a bond was issued on behalf of the Golf Course with the proceeds being invested in the Gold Course. The Bond is being repaid by the General Fund as the Golf Course does not earn enough revenue to the annual principal and interest payments.

Pages 25 and 26 cover the Fiduciary Funds which are the police and fire pension funds. The information reflects both funds. Pages 96 and 97 reflect the financial statements of each of the two pension funds.

Pages 27 and 67 are called the footnotes to the financial statements. Footnotes attempt to explain the financial statements in more detail and give added insight to the numbers included in the two sets of financial statements of the city's funds, the propriety funds and the fiduciary funds.

Pages 68 through 82 take the major funds of the city and show budgets to actual for the revenues and expenses. Page 83 talks about the budgetary process of creating and adopting the annual appropriation ordinance.

Pages 84 and 85 reflect the funding progress of the Illinois Municipal Retirement Fund and the Police and Fire Pension Funds of the City.

Pages 86 through 91 breakdown the non-major funds and reflect a balance sheet and a statement of Revenues, Expenditures and Changes in in Fund Balance for each fund.

Pages 92 to 95 depict the City's Public Library's financial statements.

Finally the last three pages of the report show tax levy information, amortization schedule of the city's bond indebtedness and the legal debt margin for borrowing.

That is a quick overview of the audited financial statements.

I want to get into more specifics of items we encountered in the audit that required more time from our firm that was originally anticipated.

I am sure the Board is aware of the additional time we spent during this year's audit. When we were first retained by this new administration, we were asked to present any issues that we found during the course of the audit to the finance team and Mayor, so that a corrective action might be taken. During the course of our audit, we noted numerous items that were not recorded on the books or the prior audit reports did not have the entire financial information provided.

For example the following items were noted that we worked with the administration to correct or adjust:

The old accounting software did not maintain a balance sheet for any of the funds. While the prior auditors worked with the administration to create a balance sheet, we felt that we should not be involved in the creation of the balance sheets for all funds and suggested that the City hire an outside consultant/accountant to assist in preparing the required journal entries to have a complete set of books. This delayed the audit for months while the information was being compiled.

In addition to the above, we as auditors were informed that the city also wanted us involved in doing the audits for their two municipal pension funds. This resulted in additional time needed to determine if these funds had been audited in the past, since the Fiduciary Funds were not included in the audited financial statements of years past. As it turned out, the Fire Pension Fund had not been audited for a number of years and the in 2013 the Police Pension Fund did several audits to get caught up on the years not audited. While not an undaunting task, this took additional time to include the auditing of the pension funds with the Fire Pension requiring more time as we need to do extra work to determine if opening numbers of the financial reports were reasonable. I will also point out that the actual audits were billed to the pension funds, but that still add more work to the financial statement presentation of the city's audit.

When we actually started the field work of the City, we were under the impression that the financial statements where in balance. As we found out, there were numerous adjustments that needed to be made. In all, there were 122 adjusting journal entries required to be made to the books. These adjustments impacted all funds of the city, and in many cases required what are called "prior period adjustments" because they were not properly reflected in the prior year(s) reports. Since these types of adjustments do not impact current year operations but prior years, hence they are called Prior Period Adjustments and are recorded as adjustments to opening fund balances. The other adjusting journal entries were recorded to the current year audit. Again for

information and to put things in perspective, the Firemen's Pension Fund audit required only six adjustments and the Police Pension Fund audit required only two.

Let me focus on the prior period adjustments first. For the statement of activities (page 15), we reduced the net pension obligations from the police and fire pension funds by \$3,502,690. The adjustments were needed to tie into the respective actuarial reports done for the Police and Fire Pension Funds. Prior year financial reports did not tie into the actuarial reports that were approved and accepted by the respective pension boards. In addition to that adjustment mentioned above, another \$1,023,000+ of prior period adjustments was reflected on page 15 as well. Page 66 and 67 of the footnotes explain the various reasons for these adjustments. However, I will briefly recap them here. The Federal and State Seizure Accounts were reclassified as Special Revenue Funds versus including them in the General Fund of the City as they were recorded. Certain telephone excise taxes and gaming tax revenues should have been included in the General Fund in the prior year but were recorded in the current year. The Water Fund did not include the \$570,000 JAWA bonds that the city owes nor was interest accrued on these bonds from August 2012 through April 30, 2013 which should have been included in the prior year financial statements. We also found over \$94,000 of water bills due to the City of Chicago at April 30, 2013 that we not included in last year's financial statements as well. TIF District #1 was closed several years ago but was still reflected on the financial statements and therefore we worked with the administration to eliminate this Fund from future financial reports. There were also adjustments made to TIF Districts 2, 3 and 5 that were needed to report the correct financial position of each of these funds. The last prior period adjustment was needed to reflect Personal Property Replacement Taxes were due to the Police Pension Fund for April 30, 2013 that was not recorded. The money was ultimately remitted to the Police Pension Fund. These types of errors are only found through in-depth analysis of these funds which is a time consuming task. There was nothing given to us as auditors that said look for these items.

Let me go back to my comment two paragraphs before, when we needed to make 122 journal entries to the books of the City, which also include the prior period adjustments mentioned above. Because we found so many items either not recorded or recorded incorrectly, we as auditors found ourselves doing more detailed analysis of the financial information included in the financial statements because so many items needed adjusting. After all, in the auditor's opinion to the financial statements we write "that the financial statements are fairly stated in all material respects" meaning you can rely on these financial statement numbers to be reasonable. Would those numbers been reasonable without those adjustments? No they wouldn't. One last point for everyone, as auditors we do not test 100% of all activity recorded on the books of the clients that are audited. That is why the opinion will always read, fairly stated in all material respects.

During this audit period, the City changed accounting software. All of the transactions that were recorded on the old software were recorded on the new software so that the new fiscal year
City of Blue Island

beginning May 1, 2014 would be using the new software. Typically, any time business changes software, there will always be problems with working with the new software. As it turned out, not all funds were balanced properly and the cash accounts balances were not tied out into the books. We worked with the finance department to get the funds balanced and the cash balanced by fund. This was probably the hardest task, as the cash accounts have all the activity going through them. But in the end, we were able to tie out the balances in each Fund. Since the audit, we have been working with the Finance Department to “fine tune” the reporting of transactions on the software.

In addition to auditing the financial statements of the City of Blue Island, because the city expended \$690,000+ dollars of federal funds, this required that the audit of Blue Island come under the Single Audit as required by the Office of Management & Budget (OMB) since the city was expending federal funds. There were several items noted as material weaknesses in the city's internal control. We issued a separate report on the single audit, but included in that report were findings related to the “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 “City does not have formal written internal control policies and procedures” (I might point out that numerous governmental entities do not have written formal internal control policies but follow word of mouth from prior employees to current employees. While that maybe some comfort, this is something the City needs to work on in the future). Auditing standards require some type of written fraud assessment program to be in place and to be monitored on an ongoing basis. The city currently does not have a fraud assessment policy. Other finding in the single audit report was the city does not reflect the future cost of health and prescription coverage for future retirees. This also is what qualified the opinion of the financial statements if you recall. Other findings included, 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. This process does not ensure all transactions have been recorded on the books. The City does not have a current repayment schedule that allows for the interfund balances to be repaid over time. We have been working with the administration to correct some of these items. I would point out, that some of the findings we had been carry over findings from prior years.

As you can see from the information provided above, we encountered numerous issues with the financial statements as presented to us to audit. We could not have known of all of these issues with just a simply review of the audited financial statements.

Does anyone from the City Council have any questions related to what I just discussed?

City of Blue Island

I want to thank the City Council for hiring my auditing firm to perform all of the audits. Notwithstanding the issues of the audit, from my perspective, the financial condition is improving in the General Fund which is the main operating fund of the City.

We have been working with the Finance Department currently to get the books and records ready for the December 31, 2014 audit. We are not recording transactions but reviewing the work so that we do not have all of the issues we encountered in the April 30, 2014 audit.

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

**RESOLUTION
NUMBER 2015-030**

**A RESOLUTION APPROVING AND AUTHORIZING EXECUTION
OF SUBRECIPIENT AGREEMENT RELATED TO THE CITY OF
BLUE ISLAND'S AWARD OF FUNDING FROM THE COOK
COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT
PROGRAM AND AUTHORIZING THE EXPENDITURE OF FUNDS
IN CONNECTION THEREWITH.**

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

1st Ward	TOM HAWLEY	GEORGE POULOS
2nd Ward	LETICIA VIEYRA	FRED BILOTTO
3rd Ward	NANCY RITA	KEVIN DONAHUE
4th Ward	CANDACE CARR	ALECIA SLATTERY
5th Ward	JANICE OSTLING	KENNETH PITTMAN
6th Ward	DEXTER JOHNSON	JAIRO FRAUSTO
7th Ward	NANCY THOMPSON	JAMES JOHANSON

Aldermen

RESOLUTION NO. 2015-030

**A RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF
SUBRECIPIENT AGREEMENT RELATED TO THE CITY OF BLUE ISLAND'S
AWARD OF FUNDING FROM THE COOK COUNTY COMMUNITY DEVELOPMENT
BLOCK GRANT PROGRAM AND AUTHORIZING THE EXPENDITURE OF FUNDS
IN CONNECTION THEREWITH.**

WHEREAS, the Mayor and City Council of the City of Blue Island have heretofore established a continuing Community Development Program to promote the welfare of the City of Blue Island; and

WHEREAS, it is the policy of the City of Blue Island that existing for vehicular traffic be maintained and, where necessary, be rehabilitated to enhance the value of all properties and means of ingress and egress within the City of Blue Island; and

WHEREAS, in furtherance of said policy the Mayor and City Council of the City of Blue Island deem it appropriate to accept funding from the Cook County Community Development Block Grant Program for the 2015 Program Year for the purpose of improving the general living environment of the City of Blue Island;

WHEREAS, the City has been awarded funds for PROJECT 1506-002 for street resurfacing totaling \$200,000.00;

Whereas, an intergovernmental agreement is required by the county and is attached hereto and entitled "Blue Island CDBG PY 2015 Subrecipient Agreement."

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Blue Island, County of Cook and State of Illinois:

That the Mayor and the City Clerk of the City of Blue Island are hereby directed and authorized to submit the Subrecipient Agreement, all understandings and assurances and to execute all necessary additional documents, including the 2015 Community Development Block Grant Program 2015 Agreements with the County of Cook, Illinois for Project Number 1506-002 , a

copy of which is on file with the City Clerk, and is further directed and authorized to make all required submissions, and complete all necessary steps to effectuate the purpose of this resolution.

ADOPTED this 13th day of October, 2015, pursuant to a roll call as follows:

	YES	NO	ABSENT	PRESENT	ABSTAIN
Alderman HAWLEY					
Alderman POULOS					
Alderman VIEYRA					
Alderman BILOTTO					
Alderman RITA					
Alderman DONAHUE					
Alderman CARR					
Alderman SLATTERY					
Alderman OSTLING					
Alderman PITTMAN					
Alderman JOHNSON					
Alderman FRAUSTO					
Alderman THOMPSON					
Alderman JOHANSON					
Mayor DOMINGO F. VARGAS					
TOTAL					

APPROVED: this 13th day of October, 2015.

DOMINGO F. VARGAS
MAYOR OF THE CITY OF BLUE ISLAND,
COUNTY OF COOK AND STATE OF ILLINOIS

ATTESTED and Filed in my office this
13th day of October, 2015.

RANDY HEUSER
CITY CLERK

**COMMUNITY DEVELOPMENT BLOCK GRANT
PROGRAM
PROGRAM YEAR 2015
October 1, 2015 through September 30, 2016**



BLUE ISLAND

**CDBG PY 2015
SUBRECIPIENT AGREEMENT**

**PROJECT NUMBER:
1506-002**

**AWARD:
\$200,000**

**AWARDED TITLE:
Capital Improvement: Street Resurfacing**



Smart Fusion Business License Module

- I. **Introduction/Purpose** – Smart Fusion has offered the Business License Module free for 24 months because of the problems we have encountered implementing the Utility Billing Module.

- II. **Discussion/Highlights** – Several Departments need access to Business License information, these include Clerk, Building, Planning, Legal & Water. Currently all Business License data is stored locally on Linda Podgorak’s computer using a Microsoft Works Data Base. If she is off, information cannot be obtained until she returns. Additionally, as a new business application is being processed anyone will be able to see the status of the pending application.

Some of the other benefits such as demographics (types of businesses), history, invoicing, contact information, notes, mailing labels, business applications, listing of Business District businesses will be available to all Departments.

- III. **Conclusion/Recommendation** – Approval of the agreement pending attorney review.

- IV. **Impact and/or Cost to the City** – For the next 24 months there will be no financial impact. After that there will be a charge of \$200 per month (current rate).

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

**RESOLUTION
NUMBER 2015-031**

**A RESOLUTION AUTHORIZING THE EXECUTION OF AN
AGREEMENT WITH N. HARRIS COMPUTER CORPORATION
FOR THE PROVISION OF BUSINESS SOFTWARE
PRODUCTS AND SERVICES**

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

**1st Ward TOM HAWLEY
2nd Ward LETICIA VIEYRA
3rd Ward NANCY RITA
4th Ward CANDACE CARR
5th Ward JANICE OSTLING
6th Ward DEXTER JOHNSON
7th Ward NANCY THOMPSON**

**GEORGE POULOS
FRED BILOTTO
KEVIN DONAHUE
ALECIA SLATTERY
KENNETH PITTMAN
JAIRO FRAUSTO
JAMES JOHANSON**

Aldermen

RESOLUTION NO. 2015-031

**RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH
N. HARRIS COMPUTER CORPORATION FOR THE PROVISION OF BUSINESS
SOFTWARE PRODUCTS AND SERVICES**

Whereas, the City of Blue Island is a non-home rule municipality and has the authority to enter into contractual agreements;

Whereas, the City desires to obtain software and services to aid in the efficient processing of and record keeping of business licenses;

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

SECTION 1: AGREEMENT FORM AND TERMS AUTHORIZED

The terms and conditions as shown in the Agreement attached as Exhibit A to this Resolution are hereby approved.

SECTION 2: AUTHORIZATION

The City Council further authorizes the Mayor or his designee to execute any and all documentation that may be necessary to carry out the intent of this Resolution. The officers, employees, and/or agents of the City shall take all action necessary or reasonably required by the City to carry out, give effect to, and consummate the intent of this Resolution.

SECTION 3: EFFECTIVE DATE

This resolution shall be in full force and effect upon its passage and approval as required by law.

ADOPTED this 13th day of October, 2015, pursuant to a roll call as follows:

	YES	NO	ABSENT	PRESENT	ABSTAIN
Alderman HAWLEY					
Alderman POULOS					
Alderman VIEYRA					
Alderman BILOTTO					
Alderman RITA					
Alderman DONAHUE					
Alderman CARR					
Alderman SLATTERY					
Alderman OSTLING					
Alderman PITTMAN					
Alderman JOHNSON					
Alderman FRAUSTO					
Alderman THOMPSON					
Alderman JOHANSON					
Mayor DOMINGO F. VARGAS					
TOTAL					

APPROVED: this 13th day of October, 2015.

**MAYOR OF THE CITY OF BLUE ISLAND,
COUNTY OF COOK AND STATE OF ILLINOIS**

ATTESTED and Filed in my office this
13th day of October, 2015.

CITY CLERK



Purchase Agreement

Date: 9/24/2015
 Contract#: REP-K3Z4C2
 Effective To: 10/30/2015
 Prepared By: Rich Plese

This understanding between **Blue Island, City of** at 13051 Greenwood Ave., Blue Island IL 60406-2331 ("Purchaser") and **N. Harris Computer Corporation** at 2429 Military Road Suite 300, Niagara Falls, NY 14304 ("Harris") confirms the purchase of the following licensed software products and/or services:

Qty	Item	Price	Ext Amount
HOSTING SERVICES:			
1	Business License - SF - SaaS First twenty-four (24) months of hosting fee for SmartFusion Business Licenses is waived. Start date is November 1, 2015. End date is October 31, 2017. After free twenty-four month period monthly hosting fee is \$200.	\$0.00	\$0.00
Total HOSTING SERVICES:			\$0.00
PROFESSIONAL SERVICES:			
Infrastructure			
1	Installation of SmartFusion Software on Existing Desktop Solution - SF Installation of SmartFusion Business Licenses Remote installation No charge	\$0.00	\$0.00
Subtotal			\$0.00
Total PROFESSIONAL SERVICES:			\$0.00
TOTAL:			\$0.00

Immediately thereafter the 1st Years Annual Maintenance Fee Period, subsequent Annual Maintenance Fees will be calculated at the then current Harris rate.

All charges are exclusive of out-of-pocket expenses for services performed. Charges for actual and reasonable out-of-pocket expenses, including but not limited to travel and lodging expenses, will be billed monthly as accrued.

Quote does not include applicable sales tax. If the Purchaser is Tax Exempt, a Tax Exemption Certificate (or other documentation) must be provided with this signed Contract. Otherwise, applicable sales tax will be applied at the time of billing.

AGREEMENT TERMS AND CONDITIONS:

1. Definition

a. Software Applications "Software Applications" are the computer programs explicitly listed above in the section titled "Software Products" and those indicated using initials by the Purchaser in the section titled "Software Options."

2. Payment Terms

Order will be processed with the return of signed contract and an initial payment of 50% of the total software, professional services, hardware, and customizations as outlined above. Orders will not be processed until both of these two requirements are satisfied.

The remaining fees for the Software Applications shall be invoiced after delivery (CD-ROM or Electronic Transfer) to Purchaser and due thirty (30) days from the date of invoice.

License Transfer Fees, if applicable, shall be invoiced at the start of the project and due in thirty (30) days.

Professional Services and any applicable travel and lodging expenses, shall be billed monthly as the work is performed.

State Taxes are applicable on prices listed. If the Purchaser is Tax Exempt, a Tax Exemption Certificate must be provided with this signed Contract.

3. Delivery Media Type: CD-ROM or Electronic Transfer

4. Delivery Schedule

The parties will agree upon an appropriate training, project, and delivery schedule based on, among other things, the modules in respect of which training is required and the skills and availability of both the Purchaser and Harris staff members.

5. Data Conversion

The success of a data conversion is based on the format and quality of the input data. Unless otherwise indicated, conversion is strictly limited to non-dollar amounts. A typical utility billing conversion includes information such as names, addresses, phone numbers, and services. Only information explicitly listed in this document will be converted. Initial cost estimates for conversion are included in system pricing proposals but these are only estimates until inspections or sample data can be examined to verify data formats and data integrity. Only then can an accurate conversion cost can be established. Any costs associated with obtaining the data from the existing vendor are the responsibility of the Purchaser. Sample data shall be provided in standard fixed length format with ASCII display characters only. Data must be on a media formats readable by Harris. File layouts must include: record size, field length, field starting and ending points, field name, field type, data field description.

Where ever possible, the data extraction shall be done twice. The first extraction is to test and create the conversion tools. The second extraction is done when the implementation is ready to go live.

In the event a data re-conversion is required, for whatever reason, Purchaser will be billed at the original rate quoted above in the Conversion section of the Agreement.

6. Maintenance and Support Fees

Maintenance and Support fees ("MSF") include all program updates, enhancements and general releases that Harris makes available to the Purchaser as part of its regular software maintenance program. MSF does not include fees for any third party licenses or Harris services that may be necessary to perform a third party license upgrade. MSF also includes access to the Harris support hot line.

The initial maintenance amount will be billed and due the earlier of sixty (60) days from the date of signing of the Agreement or the date which represents the Completion of Services. Harris reserves the right to change maintenance and support fees from time to time.

Subsequent years' MSF shall be rendered at the beginning of each year in which services are to be furnished. Lapses in annual MSF will be monitored and will lead to denial of support, upgrade privileges and termination of Licenses. In the event of a lapse, Purchaser will be subject to reactivation fees not to exceed 40% of the current annual MSF applied to each year of the lapse including partial year lapses plus the amount representing "the lapsed" MSF. The specific services provided by the technical support staff are outlined in the Harris Software Support Agreement Standard Guidelines.

7. Additional Customization(s)

The Purchaser and Harris have jointly reviewed the Software Applications and have determined that all items are adequate except as noted in the CUSTOMIZATIONS section. Additional customization(s) or report modifications not identified in this Agreement will be quoted as requested and billed at the hourly rate of \$150.00. Customizations and/or report modifications requested one year or more from the date of this agreement will be billed at the then current Harris hourly rate. No additional customizations will be undertaken without prior agreement by both parties on cost, scope of functionality, and the impact on the project schedule.

Ten percent of any fees associated with any customization services will automatically be added to the Purchaser's MSF.

8. Forms

Purchaser agrees to use standard forms unless otherwise indicated. If purchaser does not order forms from Harris, forms must be approved by Harris Project Manager (named below in Section 15) before ordering. A Change Order may be issued to purchaser by Harris for any report modifications, which will be billed at a rate of one hundred-fifty dollars (\$150) per hour.

9. Professional Services

Additional professional services are available on-site or via the telephone. Telephone work is billed at \$150.00 per hour. On-site work is billed at \$1050.00 per day plus travel, lodging and per diem expenses. Work performed one year or more from the date of this agreement will be billed at the then current Harris rates. Help line support does not include training. New employees must be trained by Purchaser or by making arrangements with Harris.

In the event, Purchaser wishes to schedule any professional services on a Saturday; there is a \$250 surcharge. Application consulting and setup services may include but are not limited to: software installation, configuration, data validation, system setup, system balancing, interface setup, interface testing, process training, application training and business requirements gathering.

10. Travel and Lodging Expenses

Travel and lodging expenses will be billed in conjunction with any services work performed at the Purchaser's offices by Harris personnel. Lodging expenses will include hotel expenses and will only be charged if an employee is required to spend the evening. Travel expenses may include airfare if the employee is required to travel by air to reach the Purchaser's offices. Travel may include the cost of a rental car. If an employee uses his/her personal vehicle, mileage will be charged at the currently published IRS reimbursement rate. When an employee is at or traveling to the Purchaser's offices, fifty-five dollars (\$55) per day will be charged to cover meals and incidentals. If an employee must travel on Saturday, Sunday, or a holiday, or is at the purchaser's office on a holiday, one hundred-ten dollars (\$110) per day will be charged to cover meals and incidentals.

Harris will use its best efforts to minimize all travel and lodging expenses. Only actual travel and lodging expenses will be billed to the Purchaser.

11. Grant of License

Harris hereby grants Purchaser a nontransferable, nonexclusive, nonrefundable license under the terms of this Agreement to use the Software Applications on its equipment subject to the following:

- a. The Purchaser may not sublicense, rent, lease or assign the Software Applications.
- b. No license is given to Purchaser for the source code to the Software Applications. The Purchaser is expressly prohibited from reverse engineering, decompiling, or disassembling the Software Applications or from creating a derivative or modified copy of the Software Applications.
- c. Initial delivery of the Software Application shall be COTS ("Commercial off the shelf"). Purchaser is not relying upon any future product availability or functionality upon entering into the payment obligations under this Agreement

12. Performance by Customer

- a. Co-operation by Purchaser The Purchaser acknowledges that the success and timeliness of the implementation process shall require the active participation and collaboration of the Purchaser and its staff and agrees to act reasonably and co-operate fully with the Consultant to achieve the Completion of Services.
- b. Required Programs The Purchaser acknowledges that if the use of the Software requires that the Purchaser obtain and install additional software programs, then the Purchaser agrees that the acquisition of the additional software programs shall be at its sole cost and that the cost thereof is not included in the fees herein. The Purchaser further acknowledges that the operation of the Software requires the Purchaser's hardware to be of sufficient quality, condition and repair, and the Purchaser agrees to maintain its hardware in the appropriate quality, condition and repair at its sole cost and expense, in order to facilitate the achievement of Completion of Services.
- c. Project Manager The Purchaser shall appoint a project manager who shall work closely with Harris Staff to facilitate the successful completion of the implementation process and who shall be responsible for supervising the staff of the Purchaser and their co-operation with and participation in such process.

13. Warranty Disclaimer

Harris does not make, and hereby disclaims, any and all express and/or implied warranties regarding the services or any material provided by Harris to Purchaser pursuant to this agreement, including, but not limited to, warranties of merchantability, fitness for a particular purpose, and non-infringement, and warranties arising from a course of dealing, usage or trade practice. Further, Harris does not warrant that the Software Licenses will meet any exact user requirements, and that the software will operate error free or uninterrupted. In the event an error is discovered in one of the Software Applications currently covered by MSF, and the error is confirmed, Harris will make reasonable efforts to provide Purchaser with a correction.

It is acknowledged by the parties hereto that the Hardware provided by Harris to Customer pursuant to this Agreement was manufactured and delivered to Customer by a third party manufacturer and Harris is reselling it to Customer. As such, Harris makes no warranties, express or implied, with respect to the Hardware, including, without limitation, their merchantability or fitness for a particular purpose. Any warranty Customer has with respect to the Hardware shall be solely provided by the manufacturer(s)."

14. Limitations on Liability

Purchaser agrees that Harris' liability hereunder for damages, regardless of the form of action, shall be limited to actual direct damages and shall not exceed the charges hereunder paid by Purchaser to Harris. Purchaser further agrees that Harris will not be liable for any other damages including consequential, incidental, special, exemplary damages, lost profits, failure to realize anticipated savings, data loss, loss of goodwill, business opportunities or reputation, economic loss or for any claim or demand by any third party, except a claim for patent or copyright infringement with respect to Licensed Software.

15. Change Order Process

With respect to any proposed changes to the Services defined by this Agreement, the parties will cooperate in good faith to execute Change Orders in respect thereof, and will not unreasonably withhold approval of such proposed changes. If either party causes or requests a change in the allocation of the resources of Harris applied to a task, changes in completion schedules for individual tasks or for overall implementation, and changes in staffing that require Harris to provide additional work hours, Harris may propose a change to cover the additional work effort required of it. Approval of any such proposed changes will not be unreasonably withheld (it being acknowledged that any such material changes may require modifications to the consideration paid, and timelines governing, the Services), and any disputes regarding changes shall be handled initially by discussions between the parties which will be convened in good faith by the parties to resolve any such matters in dispute.

The following individuals are authorized to sign off on change orders on the Purchaser's behalf:

Name: _____ Title: _____

Name: _____ Title: _____

The following individuals are authorized to sign off on change orders on Harris's behalf:

Natossha Baird	Professional Services Manager
Kimberly Bishop	Professional Services Manager
Scott Thomas	VP of Professional Services
Lorie Allen	VP of Support Services
Ruth Niermeyer	VP of Sales & Marketing

16. Cancellation Policy

In the event of cancellation of the Agreement by either party for any reason, Purchaser agrees to pay for all Software Applications delivered, any Professional Services rendered and T&L expenses incurred prior to the cancellation. Initial down payment of deposit is non-refundable. Purchaser must provide written notification to Harris if it wishes to cancel the Agreement.

Cancellation of any on-site Services by Purchaser is allowed for any reason if done in writing more than fourteen (14) days in advance of such Services. Cancellation by Purchaser with fourteen (14) days or less of scheduled on-site Services will be billed at fifty percent (50%) of the on-site fee, plus any non-recoverable costs incurred by Harris due to advance scheduling of travel. Additionally, Purchaser hereby acknowledges that cancellation of on-site Services means that such on-site Services will be rescheduled as Harris' then current schedule permits. Harris is not responsible for any delay in Purchaser's project resulting from Purchaser's cancellation of consulting. If additional services are required because the Purchaser was not adequately prepared for the on-site services, Harris will provide a Change Order to the Purchaser for the additional services.

17. Governing Law; Venue

This Agreement shall be governed by the substantive and procedural laws of the State of ~~New York~~ ^{Illinois}. Purchaser hereby agrees to submit to the exclusive jurisdiction of, and venue in, the courts in the State of ~~New York~~ ^{Illinois} in any dispute arising out of or related to this agreement.

18. Entire Agreement

This Agreement shall constitute the entire agreement between the parties hereto with respect to the matters covered herein. Any modification or waiver of this Agreement is effective only if it is in writing signed by an authorized representative of the party to be charged. Provisions of a Customer purchase order or similar document are not applicable if they conflict with or add to the terms of this Agreement.

Purchaser: **Blue Island, City of (IL)**

By: _____ Date: _____

Title: _____

Purchaser's Project Leader:
Contact Name: _____
Contact Title: _____
E-mail address: _____
Phone #: _____

Purchaser's Accounts Payable Dept Information:
Billing Address: _____
Accounts Payable Contact: _____
Email Address: _____
Phone & Fax #: _____
Alternate Contact: _____

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

**RESOLUTION
NUMBER 2015-032**

**A RESOLUTION AUTHORIZING THE EXECUTION OF A
SOFTWARE LICENSE AND SERVICE AGREEMENT WITH
PASSPORT PARKING, INC. FOR THE PROVISION OF
SOFTWARE PRODUCTS AND SERVICES**

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

1st Ward	TOM HAWLEY	GEORGE POULOS
2nd Ward	LETICIA VIEYRA	FRED BILOTTO
3rd Ward	NANCY RITA	KEVIN DONAHUE
4th Ward	CANDACE CARR	ALECIA SLATTERY
5th Ward	JANICE OSTLING	KENNETH PITTMAN
6th Ward	DEXTER JOHNSON	JAIRO FRAUSTO
7th Ward	NANCY THOMPSON	JAMES JOHANSON

Aldermen

RESOLUTION NO. 2015-032

**A RESOLUTION AUTHORIZING THE EXECUTION OF A SOFTWARE LICENSE
AND SERVICE AGREEMENT WITH PASSPORT PARKING INC. FOR THE
PROVISION OF SOFTWARE PRODUCTS AND SERVICES**

Whereas, the City of Blue Island is a non-home rule municipality and has the authority to enter into contractual agreements;

Whereas, the City desires to obtain software and services to aid in the efficient processing of and record keeping related to parking and associated fees within the City;

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

SECTION 1: AGREEMENT FORM AND TERMS AUTHORIZED

The terms and conditions as shown in the Agreement attached as Exhibit A to this Resolution are hereby approved.

SECTION 2: AUTHORIZATION

The City Council further authorizes the Mayor or his designee to execute any and all documentation that may be necessary to carry out the intent of this Resolution. The officers, employees, and/or agents of the City shall take all action necessary or reasonably required by the City to carry out, give effect to, and consummate the intent of this Resolution.

SECTION 3: EFFECTIVE DATE

This resolution shall be in full force and effect upon its passage and approval as required by law.

ADOPTED this 13th day of October, 2015, pursuant to a roll call as follows:

	YES	NO	ABSENT	PRESENT	ABSTAIN
Alderman HAWLEY					
Alderman POULOS					
Alderman VIEYRA					
Alderman BILOTTO					
Alderman RITA					
Alderman DONAHUE					
Alderman CARR					
Alderman SLATTERY					
Alderman OSTLING					
Alderman PITTMAN					
Alderman JOHNSON					
Alderman FRAUSTO					
Alderman THOMPSON					
Alderman JOHANSON					
Mayor DOMINGO F. VARGAS					
TOTAL					

APPROVED: this 13th day of October, 2015.

**MAYOR OF THE CITY OF BLUE ISLAND,
COUNTY OF COOK AND STATE OF ILLINOIS**

ATTESTED and **Filed** in my office this
13th day of October, 2015.

CITY CLERK

SOFTWARE LICENSE AND SERVICE AGREEMENT

The following terms, including the terms and conditions found in Exhibit A, (the "Agreement"), represent the full understanding of PassportParking, Inc. ("Passport") and the Party named below ("Provider" and with Passport, the "parties" and each individually a "Party"). In exchange for the mutual covenants herein and other good and valuable consideration, the Parties agree and intend to be bound as follows:

Provider Legal Name:		Contact:	
Email:		Phone	
Provider Contact Address		Provider Billing Contact Address	
Effective Date:			
Launch Delays: If Provider fails to launch the MPP and/or CMP, as applicable, within ninety (90) days after the Effective Date above, Provider will pay a monthly platform fee to Passport equal to the lesser of \$1,500.00 or any applicable monthly fee per platform (MPP or CMP) for which the launch has been delayed beyond ninety (90) days from the Effective Date.			
Services: Passport will provide services (the "Services") and license all software, including all web and mobile applications and related documentation, (the "Software") necessary for Provider to operate: <ul style="list-style-type: none"> a mobile payment for parking program ("MPP") which allows all parking customers in any and all parking facilities owned or managed by Provider (the "Premises") the ability to pay for parking using a smartphone application or mobile web application; a citation management program ("CMP") which allows Provider's parking enforcement officers to issue parking citations and allows Provider to accept payment for parking citations and perform citation adjudication tasks; a digital permits for parking system ("DPP") as described in Exhibit E 			
Governing State Law:			
Merchant Processing Costs: Provider will be responsible for paying all merchant processing costs, including, without limitation, settlement fees, payment gateway fees, and interchange reimbursement fees.			
Merchant of Record for Transactions:		X	Passport
			Provider
Passport Merchant Processing Rate Per Transaction:		2.9%+ \$0.30	
Payment Gateway Provider:		X	Passport
			Other
Passport Gateway Fee Per Transaction:		Included in the Merchant Processing Rate	
Termination: This Agreement will continue for a Term of three (3) years from the date of launch, and may be only terminated by either Party for a breach that remains uncured for forty five (45) days after the non-breaching Party provides notice to the breaching Party.			

Per Transaction MPP Service and License Fee:		\$0.35
Per Transaction MPP Service and License Fee where Provider Passes through No Convenience Fee to Parking Customers:		\$0.25
Per Transaction MPP Service and License Fee where Provider Elects to License the CMP in addition to the MPP:		\$0.25
Maximum Convenience Fee Passed through to Parking Customers:		\$0.35
Monthly Fixed MPP Maintenance Fee (If Provider Does not Elect to License the CMP in addition to the MPP):		\$750.00
Monthly DPP Service and License Fee During the First Year of the Term of this Agreement:		\$1,500.00
Equipment Provided by Passport:	Initial Signs: 10	Initial Decals: 0
Installation: Provider will be solely responsible for installing all signs and decals in the Premises. This obligation includes the responsibility to provide all hardware necessary to affix and display signs and decals, including without limitation, all hooks, poles, posts, brackets, screws, bolts, and nuts		
Marketing Services: Passport will provide the marketing services described in Exhibit C for the fees listed therein.		
Other Fees: <ul style="list-style-type: none"> a) Zone setup fees of three dollars (\$3.00) per space have been <i>WAIVED</i> b) Initial Signage and Sticker fees have been waived up to unit prices of twenty dollars (\$20.00) per sign and three dollars (\$3.00) per decal c) Provider will pay a ten dollar (\$10.00) administrative fee over sign and shipping costs per sign for any replacement signs purchased through Passport d) Provider will pay a one dollar (\$1.00) administrative fee over decal and shipping costs per decal for any replacement decals purchased through Passport e) Passport will provide a design file to allow Provider to print replacement signs and decals f) Provider will reimburse Passport for any and all reasonable travel, lodging, and food expenses incurred by Passport employees while traveling at Provider's request. g) Provider will pay a custom design fee of one thousand five hundred dollars (\$1,500.00) for changes to the design of Passport's signs and decals. h) All other fees and charges contained in all Exhibits i) There will be no license fees charged to Provider for the DPP after the first twelve (12) months. 		
Merchant Validation Program: Passport will provide the option for local merchants to validate parking in the Premises. Each merchant that wishes to issue validation codes to parking customers in the Premises will be required to create a prepaid account out of which validation payments will be made. Passport will be the merchant of record for these accounts, and any parking fees (excluding Passport per transaction fees) paid through validation by local merchants will be transferred to Provider in the form of bill credits each month		

CMP License Fee Before First Citation Amount Escalation:	\$3.00
CMP License Fee Before First Citation Amount Escalation where Provider Passes Through No Fees to Parking Violator:	\$2.00
CMP License Fee Before First Citation Amount Escalation where Provider Elects to License the MPP in Addition to the CMP	\$2.00
License Fee After First Citation Amount Escalation:	50%
(If Provider Does not Elect to License the MPP in addition to the CMP):	\$750.00

Equipment:

- a) Provider must purchase a sufficient number of Android-based handheld devices for each parking enforcement officer to have access to one device while conducting parking enforcement activities
- b) Passport will provide custom setup for Android devices, including installing and configuring the Software and pairing the device with a Bluetooth-enabled printer for an additional fee of \$300.00
- c) Provider must purchase one wireless data plan for each Android device
- d) Provider must purchase one Bluetooth-enabled printer per Android device described above
- e) If Provider chooses to purchase Bluetooth-enabled printers through Passport, the prices are as follows:
 - i) DataMax O’neill OC 3: \$890.00 with charge | \$965.00 with case
 - ii) ZebraIMZ320: \$600.00 with charger
- f) In addition to the unit costs per Bluetooth-enabled printer above, Provider will be responsible for paying all shipping costs
- g) The DataMax printer requires thermal paper, which costs \$134.00 per case + Shipping costs
- h) If Provider orders custom printer paper through Passport, Provider will be responsible for paying the costs of creating, printing, and shipping such custom paper plus a 12% service fee to Passport. Passport is unable to provide estimated costs until specific details of Provider’s order have been confirmed due to the variable costs of its 3rd party.

Collections Support:

- a) Passport will provide an online payment portal through which parking violators may pay outstanding parking citations
- b) After ____ days, parking citations issued by Provider will escalate in price and Passport will automatically generate and send a letter to each parking citation owner for which Passport has necessary state licensure authorization to perform a driver record lookup informing such parking violator that they have an outstanding parking citation and that the citation amount has increased.
- c) If authorized by the relevant driver licensure bureau, where a citation remains unpaid after a mutually agreed number of days after Passport has sent the letter described in subsection b) above, Passport will submit the relevant information to Provider’s chosen collection agency. Once this information has been submitted for a parking citation, Passport will receive no fees related to that parking citation and will bear no responsibility for any fees or other costs charged by the collection agency.

State Licensure Authorizations:

Passport will provide a list of states in which Passport has the authority to do driver record lookups upon request by Provider

This Software License and Service Agreement ("Agreement") is entered into, as of the Effective Date first written above, between PassportParking, Inc. and the Provider named above. This Agreement includes and incorporates the terms and conditions found in this document, the Standard Terms and Conditions found in Exhibit A, and the terms and conditions found in Exhibit B. There shall be no force or effect to any different terms of any related purchase order or similar form even if signed by the parties after the date hereof.

PassportParking, Inc:

Provider:

By:

By:

Name:

Name:

Title:

Title:

EXHIBIT A

STANDARD TERMS AND CONDITIONS ATTACHMENT

Service Levels

Passport will provide hosting for the Software in accordance with all local laws and regulations. Passport's sole and exclusive obligation in the event of an error or interruption of the Software is to use Passport's best efforts to restore or repair the Software as quickly as practicable.

System Uptime

Passport will provide the Software with uptime of at least ninety-nine percent (99%) calculated over a rolling six-month period ("Uptime Guarantee"). For any month during which system uptime drops below the Uptime Guarantee, Passport will provide a billing credit in an amount equal to: the percentage difference between a) the lowest uptime reached at any point during the month (calculated on a rolling six month period) and b) the Uptime Guarantee multiplied by the total fees payable to Passport for such month. For example, if during a given month the Software uptime fell as low as ninety-five percent (95%) and during that month, the fees payable to Passport were one hundred dollars (\$100.00), Passport would issue a billing credit of four dollars (\$4.00). For the purposes of this Agreement, Uptime is defined as any period of time during which end users of the Software can use the Software to pay for parking, pay for mobile tickets, or issue parking citations, as applicable.

Data Ownership

Passport hereby acquires a perpetual license, subject to revocation by end users, to store, display, transmit, and use all data provided by parking customers and all data stored, created, or transmitted by Passport as a result of any end user's use of any component of the Software, strictly in accordance with Passport's Privacy Policy, which Passport will provide upon Provider's request and which Passport reserves the right to update or modify from time to time. Passport hereby acquires a non-revocable perpetual license to store and use and use any data created as a result of the Provider's use of the Software for its internal business purposes. Upon the expiration or termination of this Agreement, Passport will provide a copy of all data associated with end users and their associated transactions in the Premises to Provider in a mutually agreed machine-readable format within thirty (30) days after receipt of a written request for such data from Provider. Information or user data which is subject to the Illinois Freedom of Information Act shall be provided in accordance with the provisions of the same.

Intellectual Property

- (a) Provider hereby acquires a revocable, non-exclusive, non-assignable, non-transferrable, and non-subleaseable right and license to use and access the Software for its internal business purposes. All intellectual property rights including, without limitation, trade names, source code, trademarks, copyrights, patents, and trade secrets, not explicitly granted to Provider in this Agreement are reserved to Passport.
- (b) Provider will not, directly, indirectly, alone, or with another party, (i) copy, disassemble, reverse engineer, or decompile the Software or any subpart thereof; (ii) modify, create derivative works based upon, or translate the Software or source code; (iii) transfer or otherwise grant any rights in the Software or source code in any form to any other party; (iv) attempt to do any of the foregoing or cause or permit any third party to do or attempt to do any of the foregoing, except as expressly permitted hereunder.

Technical Support

Passport will field all technical support questions from Provider related to the mobile pay program.

Custom Design Revision Fees

For any custom design or content alteration services requested by Provider, including without limitation, customized signage, customized decals, customized logos, customized website content, customized notification letter language, customized parking citation language, or any custom design within the Software platform. Passport will provide a proof of concept design. For no additional fee, Passport will also provide one revised version of that initial proof of concept based on Provider's input. Provider will pay a one thousand dollar (\$1,000.00) fee per proof of concept revision for each requested revision thereafter. After Provider's acceptance of the proof of concept, Passport will create a final design draft. For no additional fee, Passport will also provide one revised version of that final design draft based on Provider's input. Provider will pay a one thousand dollar (\$1,000.00) fee per final design

revision thereafter. The fees in this section will not negate the applicability of any other fee payable for custom design services, including any private label fees or custom signage fees.

Translation Services

If Provider requests that Passport provide a version of any mobile application or mobile web application included in the Software in any language other than English, Provider will pay a one thousand five hundred dollar fee (\$1,500.00) for Passport to perform or subcontract the necessary translation services. Passport will provide an initial version of all translated text. For no additional fee, Passport will also provide one revised version of such translation based on Provider's input. Provider will pay a one thousand dollar (\$1,000.00) fee per revision for each requested revision thereafter.

Wallet Services

Provider may elect to provide parking customers with a virtual wallet (a "Wallet Program"). With a Wallet Program, parking customers would be required to prepay funds into a wallet account for the payment of future parking fees and/or transit ticket fares.

Marketing Services

The marketing and public relations services and materials, if any, provided by Passport and any optional marketing services, including associated fees, can be found in Exhibit C of this Agreement. The marketing services to be performed by Provider at Provider's sole cost, if any, can be found in Exhibit D.

Public Relations Cooperation

The Parties hereby agree that each Party will have the right to discuss and display qualitative information regarding the Parties' relationship. The Parties further agree that prior to any disclosure of any quantitative information regarding the Parties' relationship, the utilization of the Software, or any other element of the Parties' relationship, the disclosing Party must obtain the written permission of the non-disclosing Party.

Payment Gateway

Provider must supply a payment gateway for the payment of all fees by end users, and Provider will bear all costs associated with providing such payment gateway, including all per transaction costs. Passport can provide such gateway services to Provider. Exhibit B contains a list of payment gateways supported by Passport. For all other payment gateways, Passport will charge a two hundred and fifty dollar (\$250.00) per development hour necessary to perform necessary integrations.

Refunds and Discounts

Passport agrees to forego or return, as applicable, its per transaction fees for any refund granted by Provider. Provider will be responsible for reimbursing Passport for all merchant processing fees, including without limitation payment gateway fees, settlement fees, and interchange reimbursement fees, if any, incurred by Passport for all transactions, including refunded transactions.

Invoicing

Passport will send monthly invoices to Provider by the tenth day of each month for all fees payable to Passport that accrued during the preceding month. If Provider fails to remit payment according to such invoices within thirty (30) days after the date on the invoice, Passport will have the right to suspend Provider's access to the Software.

Scheduled Maintenance

If Passport plans to perform any scheduled maintenance during business hours, Passport will provide notice to Provider at least twenty-four (24) hours in advance of the commencement of such scheduled maintenance. For the purpose of this section, "business hours" means Monday through Friday between 9 AM Eastern Time and 5 PM Eastern Time.

Product Updates

Any system-wide improvements or modifications made by Passport to the Software platform will be promptly provided to Provider and will automatically be subject to the terms of this Agreement. The City may request new features or functionality to be built into the system, and, to the extent that Passport plans to incorporate such requested new features or functionality into the Software, Passport will develop such features and functionality at no cost to the City. If the City desires to expedite such development, Passport may, at its sole discretion, charge Provider an expedite fee of two hundred dollars (\$200.00) per development hour necessary to develop the requested features or functionality. If the City's requested features or functionality are created for the City's use and not incorporated into the Software, Passport may, at its sole discretion, charge Provider custom development fee of two hundred and fifty dollars (\$250.00) per hour for the development of such features or functionality and a monthly maintenance fee that will be mutually agreed between the Parties and reduced to a written addendum to this Agreement that the Parties must execute.

Piggyback Procurements

Provider will allow any public agency located in the United States to purchase, and Passport to offer to those public agencies, a substantially similar mobile pay program at the same price and under the same

conditions agreed upon in this Agreement between the Parties, without any further competitive bidding, to the extent permitted by law. Each public agency will execute its own contract with Passport for its requirements, funding such service out of its own funding sources. Provider shall not incur any financial responsibility in connection with Passport's contracting with such other public agencies for such services.

Capacity

Provider represents and warrants that it has obtained or will obtain all licenses and authorizations necessary to license the Software. Provider further represents and warrants that the signer of this document has the authority to bind Provider to the terms herein.

Confidentiality.

Provider and Passport agree to treat all information furnished, or to be furnished, by or on behalf of the other party and information analyses, summaries and other work product derived from such information (collectively, the "Information") in accordance with the provisions of this section and to take, or abstain from taking, all actions set forth herein. The Information will be used solely in connection with the consummation of this Agreement between Passport and Provider and Provider's use and operation of the Software, and will be kept confidential by the Provider and Passport and each party's officers, directors, employees, representatives, agents and advisors; provided, however, that

- (a) any of such Information may be disclosed to officers, directors, employees, representatives, agents and advisors who need to know such information to execute this Agreement and/or effectively use the Software (so long as such persons only use or disclose such Information in the manner permitted in this section), and
- (b) such information may be disclosed to the extent required by law, including any open records law, open meetings law, or any other local public disclosure law applicable to Provider, and
- (c) upon the request of Provider or Passport, the other party will destroy or return to Passport all material containing or reflecting the Information, to the extent permitted by law.

Force Majeure

Neither Passport nor Provider will be held liable for any delay or omission in performance of their duties under this Agreement caused by causes beyond their reasonable control, including without

limitation, acts of God, acts of the public enemy, fires, natural disasters, wars, or riots (each a "Force Majeure Event").

Disclaimer

The Software is provided to Provider by Passport "as is" and with all faults. Provider acknowledges and agrees that Passport bears no liability for any error, omission, defect, deficiency, or nonconformity within the Software except as explicitly provided in this Agreement. Other than as specifically set forth herein, neither of the Parties makes any representations, warranties, or guarantees, express or implied, directly or indirectly, including, without limitation, any warranty of condition, merchantability, or fitness for a particular purpose or use, with respect to, arising out of, or in connection with the Software and related services to be performed pursuant to this Agreement.

Severability.

Whenever possible, each provision of this Agreement will be interpreted and construed to be valid under applicable law, but if any provision of the Agreement is found to violate applicable law, the violating provision will be ineffective only to the extent that it violates the law, without invalidating the remainder of the section containing the violating provision or any other provisions or sections of this Agreement.

Assignment

This Agreement and all of its provisions will be binding upon and inure to the benefit of the Parties and their respective successors and assignees. Neither Passport nor Provider may assign any rights, interests, or obligations hereunder without prior written consent of the other party, provided, however, that Passport may, without such written consent, assign this Agreement and its rights and delegate its obligations hereunder in connection with the transfer or sale of all or substantially all of its assets or business related to this Agreement, or in the event of its merger, consolidation, change in control or similar transaction. Any permitted assignee shall assume all assigned obligations of its assignor under this Agreement. Any purported assignment in violation of this section shall be void and of no effect.

Contractual Silence

If the Agreement fails to address a condition, obligation, benefit, or other term necessary to sufficiently define the relationship between the Parties or resolve a disagreement or conflict regarding the interpretation or construction of this Agreement, the Parties agree to reasonably cooperate to draft a mutually agreeable Amendment

that clarifies the duties, rights, and obligations of the parties under this Agreement.

Amendments

The Parties may not amend or modify this Agreement except by a written instrument executed by the Parties (an "Amendment").

Cooperate

If either Provider or Passport has a claim, dispute, or other matter in question for breach of duty, obligations, services rendered or any warranty that arises under this Agreement, the Parties Agree to cooperate to achieve a mutually beneficial resolution of such matter. If after sixty (60) days the dispute remains unresolved, the parties may pursue other remedies.

Independent Contractor

Passport is an independent contractor and not an agent or employee of Provider. No agency, partnership, franchise, joint venture, or employment relationship exists between Passport and Provider. Passport's employees and agents will not be employees or agents of Provider. Passport shall be fully and solely responsible for the supervision, control, performance, compensation, benefits (including, without limitation, all forms of insurance) withholdings, health and safety of all of its employees and agents. Provider will not be responsible or liable for any withholding taxes or contributions to state worker's compensation, unemployment or other funds or programs.

Limitation of Liability

In no event will Passport be liable to Provider for any lost profits, lost savings, or incidental, indirect, special, or consequential damages arising out of Provider use or inability to use the product or the breach of this Agreement, even if Passport has been advised of the possibility of such damages.

Notices

All notices, consents, and communications required hereunder shall be given in writing and delivered via electronic mail or mail, shall be deemed to be given upon receipt thereof, and shall be sent to the addresses below:

Passport
1300 S. Mint Street
Suite 200
Charlotte, NC 28203

Email: ben.winokur@gopassport.com

Blue Island City Clerk's Office
13501 Greenwood Ave
Blue Island, IL 60406

Email: rheuser@cityofblueisland.org

Entire Agreement

This Agreement represents the full and complete understanding of the Parties and supersedes any and all prior agreements.

EXHIBIT B

SUPPORTED PAYMENT GATEWAYS

1. Authorize.net
2. Converge
 - Elavon Gateway Product
3. FirstData Direct Connect
4. Internet Secure
5. Moneris
6. Point and Play

EXHIBIT C

MARKETING SERVICES PROVIDED BY PASSPORT

- **Custom Website**
 - Splash Page Free
 - *or verbiage on existing page*
 - 2-5 Pages \$2,000
 - 5-10 Pages \$5,000
 - 10+ Pages TBD

- **Signage and Decals**
 - Logo Addition on Standard Free (must provide hi-res logo file)
 - Custom design/colors \$1,500

For quantities, see "Equipment Provided by Passport" section.

- **Promotional Materials**
handouts, coasters, validation cards, direct mail
 - Passport w/ logo addition Free
 - Custom color / design \$1,500
 - Orders over 4 pieces per space cost (including shipping)
 - Specialty items Quote upon request
 - *shirts, hats, etc*

- **Print Ads**
for Provider's use in local newspapers and magazines
 - Passport Ad Library Free
 - Customized \$1,000

- **Digital Ads**
for Provider's use in display, mobile, social (Facebook, Twitter)
 - - Passport Ad Library Free
 - Customized \$2,000

- **Media Relations**
 - Launch Press Release (local) Free
 - Milestone Press Releases Free

■ Extended PR (national)

\$300

EXHIBIT D

MARKETING SERVICES PROVIDED BY PROVIDER

- Distribute promotional materials, which may include parking fee discount codes
- Distribute information handouts that speak to the flow of the application for the first thirty (30) days after launch.
- Incorporate Passport information on Provider's website, specifically in any section that concerns parking.
- Add information around the system to all internal and external Provider newsletters or publications.
- Inform all Provider staff about the application so that they can field questions on the program and spread awareness.

EXHIBIT E

DPP SCOPE OF SERVICES

- The permit system will support a *fully digital* permitting solution that encompasses the creation, sale, management and enforcement of parking permits.
- The permit system will allow for any number of highly customized permit types and associated permit cycles for the customer.
- The permit system will allow for any number of zones or lots to be utilized.
- The permit system will include a public facing, mobile friendly website to allow for customers to purchase permits online. This website is customized to the specific needs and business rules of the client as well as matching their existing style, copy and branding.
- The permit system will be able to be integrated into the Client's website and provide flexibility to link the end user to specific permits and zones.
- The permit system will allow for modifications of permit information including valid dates, associated LPN and customer information on our backend system.
- The permit system will have the ability to send emails to customers for purchases, renewals/billing, waitlist sign up and waitlist approval.
- The permit system will generate PDF receipts of each order online available to the customer and client thru the backend system.
- The permit system will limit the number of permits that can be purchased per zone/lot or by permit type/zone and provide waitlisting functionality if the limit has been reached. The backend will provide access to view the waitlist and manage the queue.
- The permit system will include access to OpsMan Mobile, the Android enforcement platform, which will allow for monitoring of the zone/lots with real time permit data.
- The permit system will have the ability to send reminder emails to the customers as their permit is about to expire to allow them to repurchase the permit for the next month
- The permit system will include access to permit and purchase reports which allow them to filter on date, zone/lot, permit type and permit cycle, LPN and permit number.

The following additional features are in development:

- Recurring payments - The permit system will allow for optional recurring billing and automatically charge and email customers when their permits need to be renewed.
- Account based - The permit system will allow permit holders to manage their account including valid license plates, billing information, and other related information on their permit(s)