CITY OF PROSPECT HEIGHTS
REGULAR WORKSHOP MEETING AGENDA
OF THE CITY COUNCIL
MONDAY, JANUARY 12, 2015
6:30 PM
CITY HALL
8 NORTH ELMHURST ROAD
PROSPECT HEIGHTS, ILLINOIS

I CALL TO ORDER

II ROLL CALL

III PLEDGE OF ALLEGIANCE – Led by Treasurer Tibbits

IV SPECIAL PREENTATION

Welcome Representative David Harris and acknowledge his efforts in securing a $100,000 State grant for the construction of the Public Works addition. – presented by Mayor Helmer and Director of Public Works Cutaia

V. CLOSED SESSION

VI. STAFF AND ELECTED OFFICIAL REPORTS

City Administrator
Department Directors
Alderman
Treasurer's Report – Finance Director
City Clerk
Mayor

VII. ADOPTION OF THE CONSENT AGENDA

A. Resolution (R-15-01) to Approve the Destruction of Closed Session records
B. Approval of the December 8, 2014 City Council Workshop Minutes

C. Approval of the December 13, 2014 City Council Special Meeting Minutes

VIII. APPROVAL OF EXPENDITURES

D. Approval of Warrants

General Fund	$280,928.56
MFT Fund	$15,588.49
Palatine/Milwaukee TIF	$273,008.82
Tourism District	$3,327.31
Development Fund	$58.44
DEA Fund	50,033.13
Solid Waste Fund	$31,427.79
SS Area #1	$30.63
SS Area #2	$30.32
SS Area #3	$70.81
SS Area #4	$775.08
SS Area #5	$955.55
SS Area #8 – Levee Wall #37	$1,342.69
SS Area-Constr #6 (Water Main)	$0.00
SS Area- Debt #6	$60.63
Road Construction	$296,450.99
Road Construction Debt	$0.00
Water Fund	$12,356.04
Parking Fund	$2,624.29
Road/Building Bond Escrow	$500.00
TOTAL Expenditures	**$969,569.57**

12/12/2014 PAYROLL	**$123,959.38**
12/26/2014 PAYROLL	**$123,367.27**
DECEMBER 2014 IMRF	**$17,598.14**
POLICE PENSION TRANSFER	**$25,401.64**
TOTAL	**$1,259,896.00**

IX. UNFINISHED BUSINESS

E. Consider revised letter of engagement for 2015, 2016 professional engineering services for the City provided by GHA

X. OLD BUSINESS

F. Direction to Complete a Development Improvement Agreement (DIA) on Terms Proposed by the Developer for 1414 Rand Road.

G. Approve the Resolution (R-15-02) for Approval a Real Estate Contract for the Acquisition of Property located at 6 North Elmhurst Road

XI. NEW BUSINESS

H. Accept the Annual Audit as presented – distributed in hardcopy

I. Approve recommendation from DeKind for cloud based storage for municipal information.

J. Contract renewal for auditors

K. Ordinance (O-15-01) amending the FY 2014-2015 budget First Reading

XII. RESIDENT COMMENTS

XIII. WORKSHOP DISCUSSION ITEMS

L. E-Cigarette regulation discussion – (Please refer to documentation from December 8, 2014 City Council Workshop Agenda)

M. Lake Michigan Water project update - verbal report by Interim City Administrator Balling

N. Fire arms range development status - verbal report by Chief Dunne

XIV. ADJOURNMENT

POSTED: January 8, 2015; 5 PM, by Karen Schultheis, Deputy Clerk

This meeting will be televised on the following Prospect Heights Cable Channels: Comcast and WOW Channel 17and AT&T U-verse Channel 99

A

Resolution No. R-15-01

A Resolution Relating to the Semi-Annual Review of Closed Session Minutes

WHEREAS, the City of Prospect Heights City Council is required to make a semi-annual review of its closed session minutes in accord with the Open Meetings Act.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PROSPECT HEIGHTS, COOK COUNTY, ILLINOIS, pursuant to Section 2.06 of the Open Meetings Act:

SECTION 1. All closed session minutes through the date of December 8, 2014, which have not been previously approved are hereby approved. The City Council determines that the following sets of closed session minutes of the City Council no longer require confidential treatment and are available for public inspection:

None at this time.

SECTION 2. The City Council determines that the need for confidentiality still exists as to all closed session minutes not listed in Section 1 above or previously released.

SECTION 3. Pursuant to Section 2.06(c) of the Open Meetings Act, the Clerk or deputy clerk shall destroy all verbatim records (audio tapes) of closed sessions from such meetings prior to **July 22, 2013**.

SECTION 4. That this Resolution shall take effect immediately upon its passage.

PASSED AND APPROVED this 12th day of January, 2015.

Nicholas J. Helmer, Mayor

ATTEST:

City Clerk

APPROVAL OF WARRANTS

D

01/12/2015-COUNCIL MEETING		
Checks		
General Fund	$ 280,928.56	
MFT Fund	15,588.49	
Palatine/Milwaukee TIF	273,008.82	
Tourism District	3,327.31	
Development Fund	58.44	
DEA Fund	50,033.13	
Solid Waste Fund	31,427.79	
S S Area #1	30.63	
S S Area #2	30.32	
S S Area #3	70.81	
S S Area #4	775.08	
S S Area #5	955.55	
S S Area #8 - Levee Wall #37	1,342.69	
S S Area-Constr#6(Water Main)		
S S Area-Debt#6	60.63	
Road Construction	296,450.99	
Road Construction Debt		
Water Fund	12,356.04	
Parking Fund	2,624.29	
Road/Building Bond Escrow	500.00	
TOTAL	$ 969,569.57	
Wire Payments		
12/12/2014 PAYROLL	123,959.38	
12/26/2014 PAYROLL	123,367.27	
DECEMBER 2014 IMRF	17,598.14	
POLICE PENSION TRANSFER	25,401.64	
Total Warrant	$ 1,259,896.00	

E

GHA GEWALT HAMILTON ASSOCIATES, INC.
CONSULTING ENGINEERS

625 Forest Edge Drive, Vernon Hills, IL 60061
TEL 847.478.9700 ■ FAX 847.478.9701
www.gha-engineers.com

November 25, 2014
Revised December 11, 2014

Mr. William Balling
City Administrator
City of Prospect Heights
8 N. Elmhurst Road
Prospect Heights, IL 60070

Re: Proposed Rate Adjustment for
Gewalt Hamilton Associates, Inc.
General Consulting Engineering Services

Dear Mr. Balling:

Per our discussion, Gewalt Hamilton Associates, Inc. is proposing to raise the hourly rates currently charged to the City of Prospect Heights as indicated in the chart below. This adjustment is based on increases in salaries, insurance, medical, benefits, and taxes. We propose the rate adjustment on the following page for City projects and any pass-through (development projects):

As you can see, the rates proposed for City projects, my office hours, residential plan reviews and similar projects continue to represent a substantial discount from our standard rates. The overall average increase to the City is approximately 7%. The increase may seem slightly higher than expected due to the timing of our initial contract with the City. Our initial contract was signed around November of 2013 and we committed to use our then current 2013 rates for all of 2014. The proposed 2015 rates match what we charge in other communities we represent on a contract basis. GHA has added three rate categories since our contract with the City was approved near the end of 2013.

We would like these rate increases to take effect as of January 1, 2015 and be reflected on the February invoice. We have genuinely enjoyed our relationship with the City for the past year and look forward to continuing to serve the City for many years. We have assumed that our primary contact will be the City Administrator.

We propose Steve's general office hours be:

- Tuesday's – 7:00am to 11:30am
- Thursday's – 7:00am to 11:30am
- Additional time as needed would be agreed to on a weekly basis

Some of the anticipated engineering services of the City Engineer will be:

- Transportation planning and engineering
- Utility infrastructure improvements
- Water supply, treatment, and storage analysis and design
- Stormwater management and water resources
- Sanitary sewer collection system analysis and design
- Acquisition of project permits and coordination with other jurisdictional agencies
- Construction observation
- Environmental and hazardous waste cleanup review (possibly a subconsultant to GHA)
- Street, sidewalk and bike path planning and design

Gewalt Hamilton Associates, Inc. 2015 & 2016 Hourly Rates

Category	2013 to 2014 Discounted City Rates (per hour)	2015 Discounted City Rates (per hour)	2016 Discounted City Rates (per hour)	2015 Standard Rates for Private Developments (per hour)
Principal Engineer	$150.00	$156.00	$158.00	$194.00
* Senior Engineer (Steve Berecz)	$124.00	$132.00	$134.00	$164.00
Senior Environmental Consultant	n/a	$132.00	$134.00	$164.00
Professional Engineer	$104.00	$114.00	$116.00	$136.00
Professional Land Surveyor	n/a	$110.00	$112.00	$118.00
Staff Engineer	$96.00	$104.00	$106.00	$118.00
GIS Professional	$104.00	$108.00	$110.00	$114.00
Environmental Consultant	n/a	$104.00	$106.00	$112.00
Senior Engineering Technician	$98.00	$104.00	$106.00	$110.00
Engineering Technician II	$84.00	$90.00	$92.00	$96.00
Engineering Technician I	$60.00	$66.00	$68.00	$70.00
Administrative	$48.00	$54.00	$56.00	$58.00

* Steven Berecz is in Senior Engineer rate category

Accepted By:

____________________________ Title:________________________

City of Prospect Heights

Date:________________________

Rates indicated shall be effective January 1, 2015 and reflected on the February invoice.
Rates for 2016 shall be reflected on the February 2016 invoice.

included the installation of three new concrete landscape medians on Touhy Avenue, curb and gutter, new street and pedestrian lighting, re-establishment of a 5' public sidewalk, reconstruction of the landscaped parkway, complete street resurfacing and associated work.

Northeast Parkway, Lincolnwood
After several years of planning and coordination, GHA assisted the Village of Lincolnwood with design and construction of a new, one-mile long roadway through a TIF industrial district in the Village. This was a very complex project, involving numerous land acquisitions, two traffic signals on IDOT routes and a new at-grade railroad crossing. The major goal of this project was to revitalize this industrial area and to redevelop the remaining underdeveloped tracts in the Village. GHA was involved with the project from inception and planning stages, to design and permit acquisition, to construction observation and close out. The construction for the entire roadway and both traffic signals was completed on time and within budget of $3.6 million.

City of Des Plaines
Mr. Berecz has provided design and management services for several projects for the City of Des Plaines, including roadway widening, storm sewer, water main, traffic signal, and street lighting improvements along Lee Street and Perry Street, and installation of more than 120 light poles in Downtown Des Plaines.

F

Sales Tax Replacement Proposal
for
1414 North Rand Road

We propose to initiate the SAME sales tax the City would receive from a non-restaurant retail business at our location.
We believe the site is not conducive to a restaurant or food preparation business due to the lack of a municipal water source.
We propose the City receives the same portion of the sales tax currently assessed on retail sales in Prospect Heights: **1.50%**
We propose the fee to be collected monthly, via direct payment to the city, and based on the prior month rental income.
We propose the fee to be applied specifically to rental income and exclude fees: late fees, administration fees, access fees, clean-up fees.
We propose the fee to begin with the August 2016 rent roll. With the first payment to the City by 09/15/2016.
We propose the rate to always be equal with the sales tax imposed on other non-restaurant retail establishments in the City.

Estimated Yearly City Revenue

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
$ 5,336	$ 14,806	$ 19,321	$ 20,058	$ 20,652	$ 21,272	$ 21,910	$ 22,567	$ 23,244	$ 23,942	$ 24,660	$ 25,400

G

01/08/2014

RESOLUTION NO. R-15-02

A RESOLUTION APPROVING A REAL ESTATE CONTRACT FOR THE ACQUISITION OF PROPERTY LOCATED AT 6 NORTH ELMHURST ROAD

WHEREAS, the City of Prospect Heights, Cook County (the "City") is an Illinois Municipal Corporation pursuant to the Illinois Constitution of 1970 and the Statutes of the State of Illinois; and

WHEREAS, the City finds that the acquisition of the real property commonly known as 6 NORTH ELMHURST, Prospect Heights ("Property") is necessary, convenient and in the interest of the City of Prospect Heights; and

WHEREAS, pursuant to Section 5/2-2-12 of the Illinois Municipal Code (65 ILCS 5/2-2-12) the City may acquire and hold real property for corporate purposes; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PROSPECT HEIGHTS, COOK COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: The above recitals are hereby incorporated into this Resolution as if set forth verbatim.

SECTION 2: The Contract attached hereto as Exhibit A is hereby approved by the City, substantially in the form attached, subject to approval and modification by the City Attorney. The Mayor is authorized to modify the tax proration provisions of the agreement prior to signing same.

SECTION 3: The Mayor, interim City Administrator and City Attorney are authorized to take all necessary actions and execute any and all documents which are necessary for the closing of the transaction at or prior to the closing of this transaction. Such actions may include but are not limited to attaching an accurate legal description of the property to the contract.

<u>SECTION 4</u>: The interim City Administrator is authorized to direct the transfer of all funds necessary for the contract and closing of the transaction.

<u>SECTION 5</u>: This Resolution shall be in full force and effect from and after its passage and approval as required by law.

PASSED AND APPROVED this ________ day of __________________, 2014.

____
NICHOLAS J. HELMER, MAYOR

ATTEST:

____
STACEY ADAMSON, CITY CLERK

AYES:

NAYS:

ABSENT:

Exhibit A

Real Estate Contact

AGREEMENT FOR PURCHASE AND SALE OF REAL ESTATE

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL ESTATE (this "Agreement"), is entered into as of ______________, 2015, by and between ________________(the "Seller"), and CITY OF PROSPECT HEIGHTS, ILLINOIS, a municipal corporation ("Purchaser").

WITNESSETH:

WHEREAS, Seller is the owner of the Property (as defined below); and

WHEREAS, Purchaser desires to purchase from Seller and Seller desires to sell to Purchaser all of the Property on the terms and conditions set forth below.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1
AGREEMENT TO PURCHASE AND SELL

Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, upon the terms and conditions set forth in this Agreement, all of Seller's right, title and interest in and to the property legally described on Exhibit A attached hereto and made a part hereof consisting of approximately .5 acres of property located at 6 North Elmhurst Road, Prospect Heights, Illinois, together with all improvements thereon and privileges, rights, easements, hereditaments, and appurtenances belonging to the property (the "Property").

ARTICLE 2
PURCHASE PRICE

2.1. Purchase Price. The purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be $515,000.00 (the "Purchase Price").

2.2 Earnest Money. Within five (5) Business Days (as defined below) after the date on which this Agreement is executed and delivered by the last party to do so (the "Effective Date"), Purchaser shall pay into a strict joint order escrow (the "Escrow") with Seller at Chicago Title and Trust Company (the "Escrowee") the sum of $5,000.00 as earnest money (the "Earnest Money"). The Earnest Money may be invested by the Escrowee as Purchaser directs. Seller and Purchaser shall share equally the cost of the Escrow, but Purchaser shall bear the cost of any investment fee charged by the Escrowee. The Earnest Money shall be paid to Seller and applied to the Purchase Price at the Closing (as defined below), or if the Closing does not occur, the Earnest money shall be paid to Seller or Purchaser as provided in this Agreement.

2.3 Closing Costs. Seller shall pay the cost of: (a) the owner's Title Policy (as defined below), including the cost of extended coverage over the standard printed exceptions, but excluding the cost of the Title Endorsements (as defined below); (b) the Survey (as defined below); (c) any stamp or transfer taxes imposed by state or county real estate transfer taxes; and (d) obtaining and recording any releases of any mortgages, liens or other encumbrances which are not Permitted Exceptions (as defined below); and any costs typically paid by the seller in a commercial real estate transaction in Cook County, Illinois.

Purchaser shall pay the cost of: (x) the Title Endorsements (except for extended coverage); (y) recording the deed; and (z) any costs typically paid by the purchaser in a commercial real estate transaction in Cook County, Illinois.

Purchaser and Seller shall share equally the escrow fees for the Closing. Any local transfer tax shall be paid by the party designated by such local ordinance. All other closing costs shall be apportioned according to prevailing local custom. Each party shall pay its own legal fees.

2.4 Closing Prorations and Adjustments. All items of income or expense other than Taxes (as defined below) shall be prorated according to prevailing local custom. The Seller represents that there are no unpaid real estate taxes, current installments of regular assessments, special assessments, sewer charges, and any similar taxes and charges (collectively, "Taxes").

Real estate taxes (based on 105 % of most recent ascertainable taxes); assignable insurance policies, if requested by Purchaser, rents, if any; water charges, sewer charges, taxes and other proratable items including flood hazard insurance shall be prorated to date of possession. Security deposits shall be credited to the Purchaser in full at closing in such amounts as required by any leases.

Each party's rights and obligations under this Section 2.4 shall survive the Closing.

2.5 Payment of Purchase Price. The Purchase Price, less the Earnest Money, and plus or minus any adjustments, credits or prorations provided for herein, shall be paid at the Closing by wire transfer of current funds or by cashier's or certified check.

ARTICLE 3
PURCHASER'S CONDITIONS

3.1 Due Diligence. For the time period which is Forty Five (45) days immediately following the Effective Date (the "Due Diligence Review Period"). Purchaser and its agents and contractors shall have the right to conduct due diligence investigations relating to the Property and Purchaser's intended use of the Property. In connection with such due diligence investigations, between the Effective Date and the Closing Date as provided in Section 8.1 hereof, Purchaser and its agents and contractors shall have the right to enter upon the Property and conduct such tests and investigations as Purchaser may deem necessary to determine whether the Property is suitable for Purchaser's intended use. Purchaser's tests and due diligence investigations may include, but shall not necessarily be limited to: (a) soils and environmental studies: (b) studies to determine whether there are any wetlands on the Property or whether the Property or any portion thereof is located in a flood plain; and (c) investigations to determine the availability and sufficiency of utilities to serve the Property.

Within seven (7) days after the Effective Date, Seller shall deliver to Purchaser true and complete copies of any leases, studies, reports, surveys, audits, plans, drawings, investigations and any other due diligence materials in Seller's or its consultant(s) actual possession and relating to the Property or any portion thereof (collectively, the "Seller's Due Diligence Materials"), including, without limitation: (i) topographic surveys; (ii) ALTA, boundary or Property title surveys; (iii) flood plain or wetlands studies or reports; (iv) environmental audits or reports; (v) title policies or commitments; and (vi) recorded and unrecorded easements and/or declarations, if any.

If Purchaser notifies Seller, in writing, at any time before the end of the Due Diligence Review Period, that Purchaser elects not to proceed with the transaction contemplated by this Agreement for any reason whatsoever or no reason and that Purchaser elects to terminate this Agreement, then promptly after the delivery of any such notice by Purchaser, the Earnest Money shall be paid to Purchaser, and except as expressly provided in Section 10.2 hereof, this Agreement shall be null, void and of no further force or effect and neither party shall have any further rights or obligations under this Agreement. If Purchaser fails to give Seller notice of termination prior to the end of the Due Diligence Review Period, Purchaser's right to terminate this Agreement pursuant to this Section 3.1 will be deemed waived.

Upon completing any individual due diligence study or investigation, Purchaser shall, or cause its agents, representatives, contractors or sub-contractors performing any such due diligence study, to repair any property damage caused thereby and to return the Property to its original condition prior to undertaking such study or investigation. Furthermore, except to the extent caused by Seller's negligence or willful misconduct, Purchaser shall indemnify, defend and hold Seller harmless for any property damage or injury resulting from Purchaser exercising its right of investigation and due diligence hereunder including such property damage or injury resulting from the actions or inactions of Purchaser, its agents, representatives, contractors or subcontractors connected with such study or investigation and shall present to Seller evidence of the same in the form of an insurance certificate naming Seller as an additional insured and a loss payee reasonably acceptable to Seller.

Upon completing any individual due diligence study or investigation, Purchaser shall promptly provide copies to Seller of any and all reports generated pursuant to said study or investigation.

3.2 Purchaser's Conditions. The rights and conditions set forth in this Article 3 are solely for Purchaser's benefit and may be waived by Purchaser in writing. However, except as expressly set forth in this Article 3 to the contrary, Purchaser shall not be deemed to have waived any such right or condition, unless such waiver is set forth in a written document signed by Purchased, and then only to the extent expressly set forth in such writing.

ARTICLE 4
TITLE INSURANCE AND SURVEY

4.1 Title Commitment. Within fifteen (15) days after the Effective Date, Seller shall deliver to Purchaser: (a) a survey of the Property (the "Survey") made in compliance with ALTA/ACSM Property Survey Standards and prepared by an Illinois licensed surveyor selected by Purchaser (the "Surveyor"); and (b) a commitment (the "Title Commitment") for an ALTA owner's title insurance policy issued by Chicago Title Insurance Company (the "Title Insurer"), including legible copies of all documents of record. The Survey shall indicate the number of square feet comprising the Property. If the legal description for the Property or any portion thereof as shown on the Survey is different from the legal description attached hereto as Exhibit A, then promptly after the Survey is delivered, Seller and Purchaser shall amend Exhibit A to this Agreement, as necessary, to conform said exhibit to the legal description set forth on the Survey. The Survey, which shall contain the Net Saleable Square Feet, will be dated as of a date not more than three months prior to the Effective Date, and certified to Purchaser, Purchaser's lender (if any), Seller and the Title Insurer. The Survey will contain Table A items 1, 2, 3, 4 (acres), 6, 7(a), (b)(1), 8, 9, 10 and 11 to comply with any requirements imposed by the Title Insurer as a condition to the removal of the survey exception from the standard printed exceptions in Schedule B of the Title Commitment.

4.2 Title and Survey Objections. Within ten (10) days after Purchaser receives the last of the Title Commitment, the Title Documents, and the Survey, Purchaser shall deliver to Seller: (a) a list of any objections to title and survey matters with respect to the Property (the "Title Objections"); and the manner in which such Title Objections may be cured to Purchaser's satisfaction: and (b) a list of those endorsements that Purchaser requires be included as part of the Title Policy (the "Title Endorsements").

Within ten (10) days after Seller receives the Title Objections, Seller shall notify Purchaser in writing of any Title Objections which Seller either refuses to cure or is unable to cure in the manner specified in Purchaser's notice, provided that Seller shall be obligated to cure the Title Objections described in the immediately preceding sentence.

Purchaser shall have the right by giving notice to Seller within ten (10) Business Days after Purchaser is notified by Seller of its refusal or inability to cure any one or more of the Title Objections in the manner specified in Purchaser's notice, to: (i) terminate this Agreement, or (ii) elect to proceed pursuant to this Agreement, thereby waiving its objection to such Title Objections described in Seller's notice, but with the right to deduct from the Purchase Price any liens or encumbrances of a definite or ascertainable amount. For purposes of this Agreement, the term "Permitted Exceptions" means (i) title matters that are disclosed by the Title Commitment and are not identified by Purchaser as Title Objections, (ii) any Title Objections waived by Purchaser as provided above, and (iii) any matters physically observable on the Property during the Due Diligence Review Period not identified by Purchaser as Title Objections, provided such matter(s) shall not be identified as a Permitted Exception(s) on the Deed to be delivered by Seller to Purchaser at Closing. If Purchaser terminates this Agreement pursuant to this Section 4.2, then the Earnest Money shall be promptly paid to Purchaser, and neither party shall have any further rights or obligations under this Agreement, except for those rights and obligations that expressly survive a termination of this Agreement. If Purchaser terminates this Agreement pursuant to this Section 4.2, Seller shall promptly direct the Escrowee to pay the Earnest Money to or as directed by Purchaser and such obligation to direct the Escrowee shall survive the termination of this Agreement.

ARTICLE 5
ADDITIONAL COVENANTS

5.1 <u>No Conveyances or Further Liens</u>. From and after the Effective Date, Seller shall not: (i) cause, suffer or permit any act which results in any additional exceptions to title affecting the Property or any portion thereof, (ii) sell, transfer, alienate, lease or encumber any part of the Property or any interest therein to or in favor of any person or entity other than Purchaser or its nominees or designees, or (iii) take any action that would alter any of the matters depicted, or create additional matters not depicted, on the Survey.

5.2 <u>Inconsistent Actions</u>. Excepting Seller's enforcement of its ordinances and its approval of the Development as defined below, Seller shall not take any actions that are inconsistent with its obligations under this Agreement, or that may delay or interfere with the consummation of the transactions contemplated by this Agreement. Prior to Closing, Seller shall comply with all federal, state, municipal and other governmental laws, ordinance, requirements, rules, regulations, notices and orders, and all agreements, covenants, conditions, easements and restrictions relating to the Property.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 <u>Seller's Representations and Warranties</u>. Seller represents and warrants to Purchaser as follows:

6.1.1 <u>Agreements</u>. Neither the execution and delivery of this Agreement by Seller nor the consummation of the transactions contemplated hereby will result in any breach or violation of or default under any judgment, decree, order, law, mortgage, lease, agreement, indenture or other instrument to which Seller is a party or by which the Property or Seller is bound.

6.1.3 <u>Litigation</u>. There is no litigation, proceeding, claim or investigation, including, without limitation, any condemnation proceeding, pending or, to the best of Seller's knowledge, threatened, which affects or could reasonably be expected to affect Seller, the Property, the transactions contemplated by this Agreement, or the Purchaser's intended use of the Property.

6.1.4 Authority. Seller's holds fee simple title to the Property. Seller has full power and authority to sell, convey and transfer the Property as provided for in this Agreement and to otherwise perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Seller has been duly authorized and approved by any and all necessary action, and this Agreement is binding and enforceable against Seller in accordance with its terms. Seller has obtained all consents and approvals (if any) required from third parties, for the execution, delivery and performance of this Agreement by Seller.

6.1.5 Surviving Agreements. There are no unrecorded leases, contracts, agreements or other documents affecting the Property that will survive the Closing and be binding upon Purchaser or the Property, except for the following leases: ______________________
____.

6.1.6 Utilities. To the best of Seller's knowledge, all utilities (including, without limitation, electricity, natural gas, sanitary and storm sewer, water and telephone) have been installed in public rights-of-way adjacent to the Property.

6.1.7 Signatory. The person(s) signing this agreement on behalf of Seller hereby warrants and represents that he/she/they have full power and authority to execute this document and bind the Seller.

6.2 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller as follows:

6.2.1 Agreements. Neither the execution and delivery of this Agreement by Purchaser nor the consummation of the transactions contemplated hereby will result in any breach or violation of or default under any judgment, decree, order, mortgage, lease, agreement, indenture or other instrument to which Purchaser is a party.

6.2.2 Authority. Purchaser has full power and authority to execute this Agreement and purchase the Property as provided for in this Agreement, and this Agreement is binding and enforceable against Purchaser.

6.2.3 Signatory. The person(s) signing this agreement on behalf of Purchaser hereby warrant and represent that he/she/they have full power and authority to execute this document and bind the Purchaser.

6.3 Breach of Representations and Warranties. Each party warrants that each of the foregoing representations and warranties made by it in this Article 6 is true as of the date of this Agreement and will also be true as of the Closing. In the case of any breach of any of the foregoing representations or warranties by Seller or Purchaser, the parties may exercise any of their respective remedies under Article 9.

ARTICLE 7--RESERVED

ARTICLE 8
THE CLOSING

8.1 Definition: Time and Place. The consummation of the transfer of title to the Property by Seller to Purchaser or its nominee or designee pursuant to this Agreement is referred to herein as the "Closing". The date of the Closing (the "Closing Date") shall be the date which is fourteen (14) days after the expiration of the Due Diligence Review Period. The Closing shall take place at the Arlington Heights office of the Title Insurer.

8.2 Possession. Possession of the Property shall be delivered at Closing.

8.3 Escrow. The purchase and sale shall be closed through the Escrowee's "New York Style" deed and money escrow, the terms of which shall be established through a written escrow agreement entered into by Seller, Purchaser, through their respective attorneys and Escrowee (the "Escrow Agreement"). This Agreement shall not be merged into the Escrow Agreement, but the Escrow Agreement shall be deemed auxiliary to this Agreement and, as between the parties hereto, the provisions of this Agreement shall govern and control. If there is any conflict between the Escrow Agreement and this Agreement, this Agreement shall control.

8.4 Documents To Be Delivered By Seller At Closing. At the Closing, Seller shall deliver or cause to be delivered to Purchaser directly or, if either party elects, through the Closing Escrow, the following, each of which shall be in a form reasonably satisfactory to Purchaser and (if applicable) the Title Insurer:

(a) A duly executed and acknowledged Special Warranty deed conveying the Property, subject only to the Permitted Exceptions;

(b) an ALTA Owner's Title Insurance Policy from the Title Insurer ("Title Policy") which in either cases shall; (i) be effective as of the date and time of the recording of the deed; (ii) name Purchaser or its nominee or designee as the insured; (iii) have a liability amount equal to the Purchase Price; (iv) show Purchaser or its nominee or designee as the owner of the Property in fee simple subject to no exceptions other than the Permitted Exceptions; and (v) include extended coverage over the standard printed exceptions and the Title Endorsements;

(d) a Bill of Sale duly executed and acknowledge by Seller, conveying the Personal Property to Purchaser or its designee;

(g) Such certificates, affidavits and other documents as may be reasonably required by the Title Insurer in order to issue extended coverage over the standard printed exceptions in the Title Policy;

(h) Duly executed assignments of all leases and both contracts which are assignable pursuant to this agreement;

(i) All other documents (if any) required pursuant to other provisions of this Agreement or to the Escrow Agreement, to be executed and delivered by Seller, including, but not limited to, a so-called personal "gap undertaking" to be delivered to the Title Insurer; and

(j) Such other instruments and documents as may be reasonably required by the Title Insurer or Purchaser in order to carry out the purposes of this Agreement.

8.5 Documents To Be Delivered By Purchaser at Closing. At the Closing, Purchaser shall deliver or cause to be delivered to Seller directly, or if either party elects through the Closing Escrow, the following, each of which shall be in form reasonably satisfactory to Seller and (if applicable) the Title Insurer;

(a) The Purchase Price, plus or minus adjustments, credits and prorations provided for herein;

(b) All other documents required pursuant to other provisions of this Agreement or the Escrow Agreement to be executed and delivered by Purchaser; and

(c) Such other instruments and documents as may be reasonably required by the Title Insurer or Seller in order to carry out the purposes of this Agreement.

8.6 Documents to be Jointly Delivered by Seller and Purchaser at Closing. At the Closing, Seller and Purchaser shall each execute and deliver, directly, or if either party elects, through the Closing Escrow, the following, each of which shall be in form reasonably satisfactory to both parties and (if applicable) the Title Insurer;

(a) Applicable transfer tax declarations for the State of Illinois, Cook County and any necessary municipal transfer declarations;

(b) A Closing Statement (in triplicate);

(c) ALTA Statements as required by the Title Insurer;

(e) Such other instruments and documents as may be reasonably required in order to carry out the purposes of this Agreement.

ARTICLE 9
DEFAULTS; REMEDIES

9.1 Purchaser's Default. If the transaction contemplated hereby does not close by reason of a default by Purchaser in any of the terms hereof, and such default is not cured within five (5) days after written notice of such default is given by Seller to Purchaser, then Seller may, as its sole and exclusive remedy, terminate this Agreement and receive all of the Earnest Money (to the extent previously deposited) as liquidated damages and as Seller's sole and exclusive remedy. The parties acknowledge that Seller's actual damages in the event of a default by Purchaser under this Agreement will be difficult to ascertain, and that Seller's receipt of the Earnest Money as liquidated damages represents the parties' best estimate of such damages. The parties agree that the foregoing provisions of this Section 9.1 are reasonable in light of the intent and circumstances surrounding the execution of this Agreement, and Seller expressly acknowledges and agrees that its rights and remedies shall be limited as set forth above in this Section 9.1.

9.2 Seller's Default. If the transaction contemplated hereby does not close by reason of a default by Seller in any of the terms hereof, and such default is not cured within five (5) days after written notice of said default is given by Purchaser to Seller, then Purchaser may terminate this Agreement, in which case, Purchaser shall receive a return of all of the Earnest Money.

9.4 Costs of Enforcement. In the event any action or proceeding is brought by either party to enforce or interpret the terms of this Agreement, the prevailing party in such action or proceeding shall be entitled to have all of its costs, fees (including, without limitation, attorneys' fees) and expenses, paid or reimbursed by the non-prevailing party.

ARTICLE 10
MISCELLANEOUS

10.1 Payment of Real Estate Brokers and Consultants. Each party represents to the other that the best of its knowledge, other than NONE (the "Broker"), no real estate broker has been used in connection with this transaction. SELLER shall pay all commissions and other compensation due to the Broker in connection with this Agreement and the transaction contemplated hereby pursuant to the terms of a separate agreement. Other than the Broker, Seller agrees to indemnify, defend and hold Purchaser harmless from and against any claim for a real estate broker's commission or fee by any party claiming to have represented Seller in connection with this transaction. The indemnification obligations under this Section 10.1 shall survive the Closing or any termination of this Agreement for any reason whatsoever.

10.2 Notices. All notices and other communication which are required to be, or which may be given under this Agreement shall be in writing, and shall be delivered at the addresses set out herein below. Notice may be given by personal delivery, recognize overnight courier, or by United States mail in the manner set forth below. Notice shall be deemed to have been duly given (a) if by personal delivery, on the first to occur of the date of actual receipt or refusal of delivery by any person at the intended address, (b) if by overnight courier, on the first (1st) Business Day after being delivered to a recognized overnight courier, (c) if by mail, on the earlier of actual receipt or the third (3rd) Business Day after being deposited in the United States mail, certified or registered mail, return receipt requested, postage prepaid, addressed as follows, or (d) if by facsimile transmission, on the day and at the time transmitted, as evidenced by the confirmation slip generated by the sender's facsimile machine, addressed as follows:

If to Purchaser: City of Prospect Heights
Attn: City Administrator
8 N. Elmhurst Road
Prospect Heights, IL 60070

with a copy to: Michael F. Zimmermann
Tressler LLP
233 S. Wacker Drive
22nd Floor
Chicago, IL 60606
Facsimile: 312-627-1717

If to Seller:

with a copy to: ______________________
____
____
____
Facsimile: ______________

or to such other address as either party may from time to time specify as its address for the receipt of notices hereunder, in a notice to the other party.

10.3 Assignment. Purchaser may designate or nominate another person or entity as the party which will acquire the Property or any portion thereof, in which event all instruments, documents and agreements required to be delivered to Purchaser hereunder shall be delivered to, and run for the benefit of such designated or nominated person or entity. Purchaser may also assign this Agreement to an Affiliate(s), and upon any such assignment, the original purchaser shall be released from all obligations under this Agreement, except for the obligation to pay the purchase price and construct the Development. For purposes of this Agreement Affiliate(s) shall mean an entity in which Purchaser or any of its principals and/or affiliated entity(s) has an ownership interest end which is created expressly for the acquisition of the Property and the Construction of the Development. Seller may not assign any of its rights or delegate any of its obligations under this Agreement, and any such attempted assignment or delegation shall be null and void at Purchaser's election. Subject to the foregoing provisions of this Section 10.3, this Agreement shall be binding upon the undersigned and each of their respective successors and assigns.

10.4 Condemnation. If prior to the Closing, condemnation or eminent domain proceedings effecting the Property or any portion thereof are commenced or threatened, Seller shall notify Purchaser of such proceedings, and Purchaser may elect, by delivering written notice thereof to Seller within thirty (30) days after receipt of such notice, to terminate this Agreement. If Purchaser terminates this Agreement pursuant to this Section 10.4, then the Earnest Money shall be returned to Purchaser, and neither party shall have any further rights or obligations under this Agreement, except for those rights and obligations that expressly survive a termination of this Agreement. If Purchaser does not terminate this Agreement pursuant to this Section 10.4, then at the Closing, Purchaser shall receive a credit against the Purchaser Price for any and all condemnation awards paid to Seller and Seller shall also assign to Purchaser, Seller's rights in and to any and all condemnation awards to be paid to Seller.

10.5 Entire Agreement; Construction. This Agreement embodies the entire understanding of the parties and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof except as may be set forth in writing executed by both parties contemporaneously with or subsequent to this Agreement. This Agreement shall not be construed more strictly against one party hereto than against the other party merely by virtue of the fact that it may have been prepared primarily by counsel for one of the parties. It is understood and recognized that both parties have contributed substantially and materially to the preparation of this Agreement.

10.6 Severability. If any term or provision of this Agreement or any application thereof shall be invalid or unenforceable, the remainder of this Agreement and other applications thereof shall not be affected thereby.

10.7 Captions; Number. The captions contained in this Agreement are for the convenience of reference only, and shall not affect this meaning interpretation or construction of this Agreement. As used in this Agreement, the singular form shall include the plural and the plural shall include the singular, to the extent that the context renders it appropriate.

10.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

10.9 Governing Law. This Agreement has been executed and delivered, and is to be performed, in the State of Illinois, and this Agreement and all rights, obligations and liabilities hereunder shall be governed by, and construed in accordance with, the internal laws of the State of Illinois.

10.10 Time of the Essence. Time is of the essence of this Agreement.

10.12 Modification. The provisions of this Agreement may not be amended, changed or modified orally, but only by an agreement in writing signed by Seller and Purchaser.

10.13 Waiver. No waiver by a party of any breach of this Agreement or of any warranty or representation hereunder by the other party shall be deemed to be a waiver of any other breach by such other party (whether preceding or succeeding and whether or not of the time or similar nature) and no acceptance of payment or performance by a party after any breach by the other party shall be deemed to be a waiver of any breach of this Agreement or of any representation or warranty hereunder by such other party whether or not the first party knows of such breach a the time it accepts such payment or performance. No failure or delay by a party to exercise any right it may have by reason of the default of the other party shall operate as a waiver of default or modification of this Agreement or shall prevent the exercise of any right by the first party while the other party continues to be so in default.

10.14 Business Days. If any date specified in this Agreement for the Closing Date or for the commencement or expiration of time periods for termination or approvals or for notice occurs on a day other than a Business Day, then any such date shall be postponed to the next following Business Day. As used herein, "Business Day" shall mean any day other than Saturday, Sunday or a holiday observed by national banks.

10.15 Offer. The execution of this Agreement by the Purchaser constitutes an offer to purchase.

10.16 Cooperation In Exchange. In the event that Seller or Purchaser are under contract with a qualified intermediary for the purpose of effecting a tax-deferred exchange in accordance with Section 1031 of the United States Internal Revenue Code of 1966, as most recently amended, each party consents to the assignment of this Agreement to such Intermediary. Furthermore, each party shall cooperate with the other to accomplish such exchange and perform any acts reasonably necessary to assist in such exchange, provided that neither party shall be required to accept title to any property other than the Property, expend any additional amounts of money above those amounts required pursuant to this Agreement, extend the Closing Date, and further provided that each party defend, indemnify and hold the other harmless from and against expenses, costs and damages of any kind (including attorney's fees) suffered by either by reason of the performance of, or failure to perform, any acts of cooperation necessitated by this Section. Each party agrees to sign a Notice of Assignment prior to Closing confirming that such party has received the Notice of Assignment and consents to the assignment.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Offered by PURCHASER	Accepted by SELLER:
CITY OF PROSPECT HEIGHTS	____________
____________	____________
Nicholas J. Helmer, Mayor	
Attest:	
____________	

<u>**City Clerk**</u>	

EXHIBIT A

Legal Description of the Property

PROPERTY KNOWN AS: 6 N. Palatine Road, PROSPECT HEIGHTS, IL 60070

PIN: 03-22-307-014-0000

Legal Description:

Prospect Heights Police Department

James J. Dunne • Chief of Police

I

TO:	Mayor Nicholas J. Helmer Members of the Prospect Heights City Council Interim City Administrator William R. Balling
FROM:	Chief James J. Dunne
DATE:	December 18, 2014
SUBJECT:	**ELECTRONIC BACK UP – Evault**

Our current fiscal budget contains funds (01-560-7020, $34,000.00) that are designated for purchasing and installing additional computer servers at both Police Center and City Hall to back up and store all electronic communications, video and documents. While performing additional research and performing our due diligence for a system that would meet the city's needs for many years and provide us with greatest amount of security; we have landed on a different solution. After consulting with our IT provider, DeKind Computer Consultants, we are recommending that city enter into an agreement with eVault Cloud Backup Service.

The breakdowns for the costs are:

One-time hardware cost: $8400
Professional Services Installation (from the manufacturer) $2500
Monthly Service (reoccurring, 12 month term): $650

eVault is a leading provider in online backup services, and is DeKind's exclusive recommended vendor for backup solutions. DeKind utilizes their service at almost all of our client sites, including the Village of Lake Villa, Kildeer, Round Lake Park & Lake Villa.

The solution above would allot for 2TB of storage space (giving us some room for growth) and provides for fast recovery by keeping backup retentions on site in addition to those kept in the cloud. eVault meets or exceeds industry standards for privacy.

This storage solution was discussed with city staff directors and we unanimously support this action.

RECOMMENDED COUNCIL ACTION AT THE JANUARY 12, 2015 CITY COUNCIL MEETING:

APPROVE THE PURCHASE OF EQUIPMENT AND APPROVE THE MONTHLY SERVICE CONTRACT WITH EVAULT CLOUD BACKUP SERVICE.

14 E. Camp McDonald Road • Prospect Heights, IL 60070-1866 • (847) 398-5511 • Fax: (847) 398-6080

Cloud Systems and Solutions

Seagate®

EVault Cloud Backup Service

Data Sheet

Key Benefits

- Easy, automatic data protection
- Secure and reliable
- No capital expense or IT staff
- Ensured recovery
- Centralize management
- Easy regulatory compliance
- Broad operation system, hypervisor and application support
- Expert help 24/7/365

Get the best of both worlds: local and offsite backups and restores.

EVault® Cloud Backup Service,* from Seagate®, securely, reliably, and efficiently protects your organization's critical data, directly over the Internet so you don't incur additional capital or IT expenses. Automatically back up desktop, laptop, and server data from across your organization and use a web browser to configure your desired backup policies and monitor your backups. Our cloud-based backup and recovery subscription service deduplicates, compresses, encrypts, and then transmits the data to one of our top-tier data centers, managed by EVault experts. You know that your data is protected by industry experts, according to the highest standards of security and reliability. And recovery is at your fingertips whenever you need it.

How It Works

EVault centralizes the backup and recovery of data on all computers distributed through-out your organization—headquarters as well remote and branch office (ROBO) locations. Agents automatically back up your data over the Internet to a highly secure data center. You monitor and manage everything within a web browser. Recovery is just as easy: when you need to restore data, simply navigate to the recovery point via an intuitive interface, then click. EVault Reports provide details about the status of your backups.

Secure, Reliable Data Protection Infrastructure

- Our lights are always on managing petabytes of data in multiple state-of-the-art data centers. This ensures your data is stored at the highest classification levels for data center reliability and performance.
- Hot backups support 24/7 operations by backing up mission-critical applications while they are online.
- Independent SSAE 16-compliant audits, completed every year, guarantee our facilities and processes conform to the highest industry standards.
- FIPS-approved AES encryption protects your data in transit and at rest in our cloud-only you have the key to unlock and access it.

* Formerly named [illegible]

Easy Deployment and Management

- Get real-time collaboration with colleagues or the EVault Customer Service team via a social platform portal.
- Manage and monitor the health of your backup environment.
- Troubleshoot failed backups with greater speed and accuracy

Ensured Compliance with Data Protection Policies and Regulations

- Best-practice retentions (30 dailies and 11 monthlies) are standard.
- To retain data for longer than one year, our cloud-based long-term retention service lets you manage your data retention from the same user interface as your backups.
- EVault Reports provide instant, centralized, and accurate information about your entire backup and recovery process.

Optimized Performance with Advanced Compression and Data Deduplication

- Front-end data deduplication uses EVault delta block-level processing technology to ensure only new and changed data blocks within files are sent to storage, decreasing backup times.
- Compression technology and bandwidth throttling maximize backup transfer speed and minimize impact on productivity.

World-Class Customer Support

- Our data protection experts are available 24/7/365 at no additional cost to you.
- EVault Professional Services teams can help you design, test, and execute your data protection strategy.

Extensible Subscription Services to Meet Your Recovery Time Objectives

- Single-pass system and data recovery using bare metal capabilities
- Accelerated recoveries using onsite virtual or physical appliances
- Guaranteed recovery time options in case of sitewide or regional disaster.

Advanced Recovery Options to Meet Your Needs:

- Bare metal/ system recovery
- Dissimilar hardware
- A new location
- Physical to virtual server
- Virtual machine
- File & folder
- Application level
- Granular recovery
- Premium Data Transfer Service

Take the Next Step

To learn more about EVault cloud storage services, call us at 1.877.901.DATA (3282), email us concierge@evault.com, or visit us at www.evault.com.

EVault®
A Seagate Company

The best case for the worst case.™

Datasheet

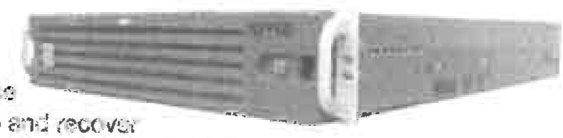
EVault Express Recovery Appliance

Key Benefits

- Flexible and scalable
- Quick backups
- Fast recoveries
- Automatic offsite protection
- Complete security
- Minimal impact on network bandwidth
- Easy deployment and management
- Protection for multiple platforms and applications

Get the best of both worlds: local and offsite backups and restores.

EVault® Express Recovery Appliance is a pre-configured storage appliance that is installed in your offices as a vault, giving you a local cache for backup data that ensures fast recovery. A companion product to EVault Cloud Backup Service,* EVault Express Recovery Appliance automatically replicates your data offsite to the secure EVault cloud for offsite disaster recovery protection. You can deploy multiple appliances to protect multiple remote and branch office (ROBO) locations, and consolidate all your backups to a central data center.



Fast Backups and Restores: Ideal for Sites with Large Data Sets

The EVault Express Recovery Appliance sits locally on your network to back up and recover data much more quickly than is possible over the Internet. The appliance sends backups to the onsite vault and then replicates those backups to the EVault cloud. The local appliance ensures the shortest possible restore time and improves your Recovery Time Objectives (RTOs) for maximum efficiency.

Automatic Replication: Delivers Worry-Free Assurance

EVault Express Recovery Appliance automatically replicates data from your onsite vault to an EVault data center. If there is a site outage that also affects your onsite vault, you have a copy of the data in the EVault cloud. You get peace of mind: your data is accessible whenever you need it.

Ironclad Encryption: For Your Eyes Only

EVault Express Recovery Appliance is secure, and there are no "back doors" to your data. You can encrypt data during a backup job and it remains encrypted in the onsite vault as well as in the vault in the EVault cloud. An extra layer of protection—128-bit AES encryption—is wrapped around your data during transport.

Delta Processing and Bandwidth Throttling: WAN-Optimized Data Transfers

For fast and efficient replication, EVault Express Recovery Appliance uses delta block-level processing technology, sending only new or changed blocks of data within files from your onsite vault to your offsite vault. Bandwidth throttling minimizes network traffic devoted to backups, so you don't disrupt day-to-day business operations during replication.

Multiplatform and Application Support: We Cover the Bases

EVault Express Recovery Appliance protects a range of platforms and applications—including Windows,® Linux, VMware, IBM iSeries, Unix, Microsoft® appliances, and Oracle—making it easy to manage heterogenious environments.

* Formerly named EVault SaaS

Plug and Play: Couldn't Be Simpler

Setting up an EVault Express Recovery Appliance is easy. You simply turn on the appliance, make the LAN/Internet connection, and contact us to verify the connection to the offsite vault. The appliance is managed by EVault certified vault administrators, enabling you to concentrate on your business instead of backup tasks.

Virtual Edition: Protect Virtual Environments Instantly

For highly virtualized environments, there's EVault Express Recovery Appliance: Virtual Edition. The virtual appliance enables you to utilize your existing hardware and storage: simply deploy the appliance as a virtual machine on top of a Hyper-V or VMware ESX/ESXi host and, within minutes, you're ready for onsite/offsite backup and recovery.

EVault Express Recovery Appliance (ERA) Specifications

Model	ERA50i 7G	ERA100i 7G	ERA100 7G	ERA300 7G	ERA600 7G
Hardware Configuration	Mid-Tower	Mid-Tower	Rack Mount (1U)	Rack Mount (1U)	Rack Mount (2U)
Memory (RAM)	4 GB	4 GB	8 GB	8 GB	8 GB
Operating System	Microsoft Windows 7		Microsoft Windows Server 2008 R2 – Standard Edition		
Disk/Storage	1 x 1 TB Drive (shared) for both OS and Backup Data—No RAID	1 x 500 GB Drive for OS 1 x 1 TB Drive for Backup Data—No RAID	2 x 2 TB Drives (shared) for OS and Backup Data—No RAID for data	2 x 500 GB Drives in RAID 1 for OS 4 x 2 TB Drives in RAID 5 for Backup Data	2 x 500 GB Drives in RAID 1 for OS 6 x 2 TB Drives in RAID 5 for Backup Data
Capacity	500 GB	1 TB	1 TB usable Expandable to 3 TB with software licensing	3 TB usable Expandable to 5 TB with software licensing	6 TB usable Expandable to 9 TB with software licensing
Dimensions	H: 14.25" (362mm) W: 7.25" (184mm) D: 16.75" (425mm)	H: 14.25" (362mm) W: 7.25" (184mm) D: 16.75" (425mm)	H: 1.7" (43mm) W: 17.2" (437mm) D: 19.8" (503mm)	H: 1.7" (43mm) W: 17.2" (437mm) D: 19.8" (503mm)	H: 3.5" (89mm) W: 17.2" (437mm) D: 25.5" (648mm)
Weight	Weight with drive bays full: 27 lb (12.47 kg)	Weight with drive bays full: 27 lb (12.47 kg)	Weight with drive bays full: 50 lb (22.67 kg)	Weight with drive bays full: 65 lb (29.48 kg)	Weight with drive bays full: 65 lb (29.48 kg)
Hardware Warranty	One (1) year Hardware Warranty		Three (3) year Hardware Warranty		

Take the Next Step

To learn more about EVault cloud storage services,
call us at 1.877.901.DATA (3282), email us at concierge@evault.com,
or visit us at www.evault.com.

Street Address | City, State, Zip | T. 1.234.567.8901 | F. 1.234.567.8901 | E. sales@company.com | www.company.com

EVault
A Seagate Company

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BR Evault_br@evault.com | LATAM Evault_latin_america@evault.com | APAC APACTeam@evault.com

[illegible]

J

To: Mayor Nicholas J. Helmer and City Council

From: Stephanie Hannon, Finance Director

Date: January 8, 2015

Re: Baker Tilly - Proposal

The audit firm of Baker Tilly has prepared a proposal to extend the current contract for audit services until the FY2017 audit. The proposal includes annual increases of 2% a year.

FY2015	$36,250
FY2016	$37,000
FY2017	$37,750

We are very pleased with the services they have provided and based upon our work experience with the firm and its staff, we recommend extension of the contract to FY2017.

BAKER TILLY

Baker Tilly Virchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389
tel 630 990 3131
fax 630 990 0039
bakertilly.com

October 2, 2014

Ms. Stephanie Hannon
City of Prospect Heights
8 North Elmhurst Road
Prospect Heights, Illinois 60070

Dear Stephanie:

As another audit quickly draws to a conclusion it is time to look ahead to next year. As you know, our 3 year contract with the City is ending with the 2014 audit. Given the relatively short current contract (most contracts are for 5 or more years), we hope you will consider extending our relationship with the City. Our proposed fees (without a single audit) are below. While our costs are increasing more than 5% a year, we will limit our fee increases to just 2% a year thereby keeping the increases in line with the current contract.

FY 2015 $36,250
FY 2016 $37,000
FY 2017 $37,750

I am enclosing two copies of our standard engagement letter which describes the audit work we will perform for the City's fiscal years ending April 30, 2015 through 2017. Please read this letter carefully and, if it agrees with your understanding of our agreement, sign one copy and return it to me. The additional copy is for your files.

If you have any questions regarding this, please contact me at (630) 645-6205.

We have enjoyed working with the City and look forward to our continued relationship.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Jason Coyle

Jason Coyle, CPA, Partner

Enclosures

BAKER TILLY

Baker Tilly Virchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389
tel 630 990 3131
fax 630 990 0039
bakertilly.com

October 2, 2014

Ms. Stephanie Hannon
City of Prospect Heights
8 North Elmhurst Road
Prospect Heights, Illinois 60070

Dear Ms. Hannon:

Thank you for using Baker Tilly Virchow Krause, LLP ("Baker Tilly" "we" or "our") as your auditors. The purpose of this letter is to confirm our understanding of the terms and objectives of our engagement and the nature of the services we will provide as independent accountants of the City of Prospect Heights.

Services and Related Report

We will audit the basic financial statements of the City of Prospect Heights as of and for the years ended April 30, 2015, April 30, 2016 and April 30, 2017, and the related notes to the financial statements. Upon completion of each audit, we will provide the City of Prospect Heights with our audit report on the financial statements and supplemental information referred to below. If, for any reasons caused by or relating to the affairs or management of the City of Prospect Heights, we are unable to complete the audit or are unable to or have not formed an opinion, or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to issue a report as a result of this engagement.

In order to perform the professional services outlined, Baker Tilly requires access to information subject to Title II of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Federal law requires Baker Tilly to execute a Business Associate Agreement (BAA) prior to being granted this information. For your convenience, we have attached our firm standard BAA for your review and signature as Addendum A. Please execute and return a copy with this engagement letter, keeping the original BAA on file with your HIPAA compliance records.

The following supplementary information accompanying the financial statements will also be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

Combining and Individual Fund Financial Statements
Other Supplementary Schedules

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Prospect Heights' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Prospect Heights' RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

Management's Discussion and Analysis
Budget Comparison Schedules
Schedule of Funding Progress – OPEB
Schedule of Funding Progress – Pension

We will read the following other information accompanying the financial statements to identify any material inconsistencies with the audited financial statements; however, the other information will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor's report will not provide an opinion or any assurance on that other information:

Introductory Section
Statistical Section

Fund Financial Statements
We will also audit the financial statements for the City of Prospect Heights Palatine/Milwaukee Tax Increment Financing District Fund, as of and for the year ended April 30, 2015, April 30, 2016 and April 30, 2017. As these financial statements are of a fund of the City of Prospect Heights, the audit of them will be performed in conjunction with the audit of the basic financial statements.

Our Responsibilities and Limitations

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for conducting that audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management and the audit committee or equivalent group charged with governance of their responsibilities.

The audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and the audit committee or equivalent group charged with governance internal control matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use service providers (e.g., to observe inventory, act as a specialist, or audit an element of the financial statements) in serving your account. We may share confidential information about you with these service providers, but are committed to maintaining the confidentiality and security of your information.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. An audit is not designed to detect errors or fraud that are immaterial to the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Our audit is not a guarantee of the accuracy of the financial statements and, therefore, is subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States of America may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to the City of Prospect Heights, as appropriate, any such matters identified during our audit.

We are also responsible for determining that the audit committee or equivalent group charged with governance is informed about certain other matters related to the conduct of the audit, including (i) our responsibility under auditing standards generally accepted in the United States of America, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of the City of Prospect Heights' significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to the City of Prospect Heights' financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that the audit committee or equivalent group charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal control or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

We will make reference to Wolf & Company, LLP's audit of the Airport Enterprise Fund in our report on your financial statements.

Management's Responsibilities

The City of Prospect Heights' management is responsible for the financial statements referred to above. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of adequate accounting records and effective internal controls over financial reporting, the selection and application of accounting principles, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, and for reporting financial information in conformity with accounting principles generally accepted in the United States of America.

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us (i) about all known or suspected fraud affecting the entity involving: (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud or illegal acts could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, grantors, regulators, or others.

Management is responsible for (i) adjusting the basic financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period under audit are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole, and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with accounting principles generally accepted in the United States of America. Management also is responsible for identifying and ensuring that the City of Prospect Heights complies with the laws and regulations applicable to its activities.

As part of management's responsibility for the financial statements and the effectiveness of its system of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of your original accounting records and related information and for the completeness and accuracy of that information and your personnel to whom we may direct inquiries. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. Auditing standards generally accepted in the United States of America also require that we obtain written representations covering audited financial statements from certain members of management. The results of our audit tests, the responses to our inquiries, and the written representations, comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements.

Non-Attest Services

Prior to or as part of our audit engagement, it may be necessary for us to perform certain non-attest services including, but not limited to, preparing drafts of your financial statements and proposing general, adjusting, or correcting journal entries to your financial statements. None of these non-attest services constitute an audit under generally accepted auditing standards including *Government Auditing Standards.* You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. In addition, you will be required to review and approve the financial statements and approve that document prior to its issuance and have a responsibility in fact and appearance to make an informed judgment on that document.

We will not perform any management functions or make management decisions on your behalf with respect to any non-attest services we provide.

In connection with our performance of any non-attest services, you agree that you will:

> Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.

> Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.

> Evaluate the adequacy and results of the non-attest services we perform.

> Accept responsibility for the results of our non-attest services.

> Establish and maintain internal controls, including monitoring ongoing activities related to the non-attest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

Other Documents

Auditing standards generally accepted in the United States of America require that we read any annual report that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate such other information as part of our audit.

If you intend to reproduce or publish the financial statements, and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing and final materials before distribution.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The documentation for this engagement, including the workpapers, is the property of Baker Tilly and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation, or professional standards to make certain documentation available to Regulators, the City of Prospect Heights hereby authorizes us to do so.

Release and Indemnification

Because of the importance of oral and written representations to an effective audit, the City of Prospect Heights releases Baker Tilly and its current, former or future partners, principals, employees, and personnel from any and all claims, liabilities, costs, and expenses attributable to any misrepresentation by management. Further, Baker Tilly and its current, former or future partners, principals, employees, and personnel shall not be liable to the City of Prospect Heights for any amount in excess of the total professional fees paid by the City of Prospect Heights under this engagement letter, except to the extent finally determined to have resulted from willful misconduct or fraudulent behavior of Baker Tilly relating to such services. In addition, in no event shall either party be liable for any consequential, indirect, lost profit, punitive, or similar damages relating to Baker Tilly's services provided under this engagement letter.

In addition, the City of Prospect Heights agrees to indemnify and hold harmless Baker Tilly and its current, former or future partners, principals, employees, and personnel from any and all claims, liabilities, costs, and expenses (including reasonable attorney's fees) relating to Baker Tilly's services under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of Baker Tilly relating to such services.

The terms of this section shall apply to any claims of any kind, including but not limited to contract, tort, or negligence of any party, including the City of Prospect Heights or Baker Tilly.

Resolution of Disagreements

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, the City of Prospect Heights and Baker Tilly agree not to demand a trial by jury in any action, proceeding, or counterclaim arising out of or relating to our services and fees for this engagement. Our services shall be evaluated solely on our substantial conformance with the terms expressly set forth herein, including all applicable professional standards. Any claim of nonconformance must be clearly and convincingly shown.

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than two years after the act, event, or service that is the subject of such action; or more than one year after discovery of such act, error, or omission, whichever occurs first.

Timing and Fees

Completion of our work is subject to, among other things, (i) appropriate cooperation from the City of Prospect Heights' personnel, including timely preparation of necessary schedules, (ii) timely responses to our inquiries, and (iii) timely communication of all significant accounting and financial reporting matters. When and if for any reason the City of Prospect Heights is unable to provide such schedules, information, and assistance, Baker Tilly and you will mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Delays in the issuance of our audit report beyond the date that was originally contemplated may require us to perform additional auditing procedures which will likely result in additional fees.

Changes to our audit procedures resulting in increased hours and expense could result from the current credit crisis and economic conditions. Examples of issues we have seen include unexpected asset impairment analysis, liquidity and going concern evaluations, debt covenant violations, inventory lower of cost or market declines, customer credit risk issues, and increased risk of employee fraud, to name a few. If these issues or others are identified which increase our level of service effort and cause revisions in the scope of our work, we will discuss these with you before incurring additional time and effort. We will, of course, solicit the efforts of you and your staff to minimize the impact these incremental efforts will have on the fees.

Revisions to the scope of our work due to delays in the issuance of the audit report or increased procedures as a result of the current credit crisis and economic conditions will be set forth in the form of an "Amendment to Existing Engagement Letter."

April 30	Financial Audit	Single Audit, if necessary	TIF Audit	Totals
2015	$ 34,100	$ 3,700	$ 2,150	$ 39,950
2013	34,800	3,800	2,200	40,800
2014	35,500	3,900	2,250	41,650

Our fees do not include additional time that may be required to audit the City's pension plans under GASB 67 and 68 in fiscal years ending April 30, 2015 and later. The American Institute of Certified Public Accountants is currently considering the establishment of an auditing standard that would specify the auditing procedures necessary under these standards. As this guidance is not available, additional audit time (if any) is not currently known. If additional audit procedures are required under GASB 67 and 68, we will discuss an appropriate fee adjustment with you at that time.

Invoices for these fees will be rendered each month as work progresses and are payable on presentation. A charge of 1.5% per month shall be imposed on accounts not paid within 30 days of receipt of our statement for services provided. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We may use temporary contract staff to perform certain tasks on your engagement and will bill for that time at the rate that corresponds to Baker Tilly staff providing a similar level of service. Upon request, we will be happy to provide details on training, supervision, and billing arrangements we use in connection with these professionals.

Our fees are based on known circumstances at the time of this agreement. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised audit fees. This can result from changes at your organization, such as the turnover of key accounting staff, the addition of new funds or significant federal or state programs, or changes that affect the amount of audit effort from external sources, such as new accounting and auditing standards that become effective that increase the scope of our audit procedures. This agreement currently includes all auditing standards through Statement on Auditing Standards (SAS) No. 127 – "Omnibus Statement on Auditing Standards - 2013," all accounting standards through Governmental Accounting Standards Board (GASB) No. 66 - "Technical Corrections - 2012 - an amendment of GASB Statement No. 10 and No. 62" and the current federal and state single audit guidance.

We would expect to continue to perform our services under the arrangements discussed above from year to year, unless for some reason you or we find that some change is necessary. We will, of course be happy to provide the City of Prospect Heights with any other services you may find necessary or desirable.

Other Matters

Baker Tilly is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

In the event we are requested or authorized by the City of Prospect Heights, or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for the City of Prospect Heights, the City of Prospect Heights will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

Neither this engagement letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated, or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this engagement letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this engagement letter.

Our dedication to client service is carried out through our employees who are integral in meeting this objective. In recognition of the importance of our employees to Baker Tilly, it is hereby agreed that the City of Prospect Heights will not solicit our employees for employment or enter into an independent contractor arrangement with any individual who is or was an employee of Baker Tilly for a period of twelve months following the date of the conclusion of this engagement. If the City of Prospect Heights violates this non-solicitation clause, the City of Prospect Heights agrees to pay to Baker Tilly a fee of 30% of the hired individual's new annual compensation within 30 days of such event.

Baker Tilly Virchow Krause, LLP is a member of Baker Tilly International Limited. Each member firm of Baker Tilly International Limited is a separate and independent legal entity. Baker Tilly International Limited and its other members are not responsible or liable for any acts or omissions of Baker Tilly Virchow Krause, LLP. Baker Tilly Virchow Krause, LLP and its subsidiaries are not responsible for or liable for any acts or omissions of any other member of Baker Tilly International Limited. Baker Tilly International Limited does not render any professional services and does not have an ownership or partnership interest in Baker Tilly Virchow Krause, LLP.

Baker Tilly International Limited is an English Company. Neither Baker Tilly International Limited nor any other member firm has a right to exercise management control over any other member firm. Baker Tilly Virchow Krause, LLP is not Baker Tilly International Limited's agent and does not have authority to bind Baker Tilly International Limited or act on Baker Tilly International Limited's behalf.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence, and understandings, whether written or oral. The agreement contained in this engagement letter shall survive the completion or termination of this engagement. If because of a change in the City of Prospect Heights' status or due to any other reason, any provision in this agreement would be prohibited by, or would impair our independence under, laws, regulations or published interpretations by governmental bodies, commissions, or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

The validity, construction and enforcement of this engagement letter shall be determined in accordance with the laws of the State of Illinois, without reference to its conflicts of laws principles, and any action arising under this engagement letter shall be brought exclusively in the State of Illinois.

We appreciate the opportunity to be of service to the City of Prospect Heights.

If there are any questions regarding the engagement letter, please contact Jason Coyle, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and for determining that the engagement has been completed in accordance with professional standards. Jason Coyle is available at 630 645 6205.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Baker Tilly Virchow Krause LLP

Enclosures

The services and terms as set forth in the engagement letter are agreed to by:

____
Official's Name

____
Official's Signature

____
Title

____
Date

ADDENDUM A
BUSINESS ASSOCIATE AGREEMENT
BETWEEN CITY OF PROSPECT HEIGHTS
and
BAKER TILLY VIRCHOW KRAUSE, LLP

THIS BUSINESS ASSOCIATE AGREEMENT ("BA Agreement") replaces previous business associate agreements between Baker Tilly Virchow Krause, LLP ("Business Associate") and the City of Prospect Heights ("Covered Entity") (each a "Party" and collectively the "Parties"), and is effective on October 2, 2014 ("Effective Date").

The Parties hereby agree as follows:

1. **DEFINITIONS**

1.1 Unless otherwise specified in this BA Agreement, all capitalized terms used in this BA Agreement not otherwise defined in this BA Agreement have the meanings established for purposes of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (collectively, "HIPAA") and ARRA, as each is amended from time to time.

1.2 "ARRA" shall mean the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§17921-17954, and any and all references in this BA Agreement to sections of ARRA shall be deemed to include all associated existing and future implementing regulations, when and as each is effective.

1.3 "Breach" shall mean the acquisition, access, use, or disclosure of PHI in a manner not permitted by the Privacy Rule that compromises the security or privacy of the PHI as defined, and subject to the exceptions set forth, in 45 C.F.R. 164.402.

1.4 "Compliance Date" shall mean, in each case, the date by which compliance is required under the referenced provision of ARRA and/or its implementing regulations, as applicable; provided that, in any case for which that date occurs prior to the effective date of this BA Agreement, the Compliance Date shall mean that Effective Date of this BA Agreement.

1.5 "Electronic Protected Health Information" ("ePHI") shall mean PHI as defined in Section 1.7 that is transmitted or maintained in electronic media.

1.6 "PHI" shall mean Protected Health Information, as defined in 45 C.F.R. 160.103 and 45 C.F.R. 164.501, and is limited to the Protected Health Information received from, or received or created on behalf of, Covered Entity by Business Associate.

1.7 "Privacy Rule" shall mean the federal privacy regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & E).

1.8 "Security Rule" shall mean the federal security regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & C).

2. **RESPONSIBILITIES OF BUSINESS ASSOCIATE**

With regard to its use and/or disclosure of PHI, Business Associate agrees to:

2.1 use and/or disclose PHI only as necessary to provide services, as permitted or required by this BA Agreement and/or the Agreement, and in compliance with each applicable requirement of 45 C.F.R. 164.504(e) or as otherwise Required by Law.

2.2 implement and use appropriate administrative, physical, and technical safeguards to (i) prevent use or disclosure of PHI other than as permitted or required by this BA Agreement; (ii) reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that Business Associate creates, receives, maintains, or transmits on behalf of the Covered Entity; and (iii) as of the Compliance Date of 42 U.S.C. § 17931, comply with the Security Rule requirements set forth in 45 C.F.R. §§ 164.308, 164.310, 164.312, and 164.316.

2.3 without unreasonable delay, report to Covered Entity (i) any use or disclosure of PHI, of which it becomes aware, that is not provided for by this BA Agreement; and/or (ii) any Security Incident of which Business Associate becomes aware in accordance with 45 C.F.R. 164.314(a)(2)(C).

2.4 with respect to any use or disclosure of Unsecured PHI not permitted by the Privacy Rule that is caused solely by Business Associate's failure to comply with one or more of its obligations under this BA Agreement, Covered Entity hereby delegates to Business Associate the responsibility for determining when any such incident is a Breach and for providing all legally required notifications to Individuals, HHS, and/or the media, on behalf of Covered Entity. Business Associate shall provide these notifications in accordance with the data breach notification requirements set forth in 42 U.S.C. §17932 and 45 C.F.R. Parts 160 and 164 subparts A, D, & E as of their respective Compliance Dates, and shall pay for the reasonable and actual costs associated with such notifications. In the event of a Breach, without unreasonable delay, and in any event no later than sixty (60) calendar days after Discovery, Business Associate shall provide Covered Entity with written notification that includes a description of the Breach, a list of Individuals (unless Covered Entity is a plan sponsor ineligible to receive PHI), and a copy of the template notification letter to be sent to Individuals.

2.5 require all of its subcontractors and agents that create, receive, maintain, or transmit PHI to agree, in writing, to the same restrictions and conditions on the use and/or disclosure of PHI that apply to Business Associate, including but not limited to the extent that Business Associate provides ePHI to a subcontractor or agent, it shall require the subcontractor or agent to implement reasonable and appropriate safeguards to protect the ePHI consistent with the requirements of this BA Agreement.

2.6 make available its internal practices, books, and records relating to the use and disclosure of PHI to the Secretary for purposes of determining Covered Entity's compliance with the Privacy Rule.

2.7 document, and within thirty (30) days after receiving a written request from Covered Entity or an Individual, make available directly to an Individual, an accounting of disclosures of PHI about the Individual, in accordance with 45 C.F.R. 164.528.

2.8 notwithstanding Section 2.7, in the event that Business Associate in connection with services uses or maintains an Electronic Health Record of PHI of or about an Individual, then Business Associate shall when and as reasonably directed by Covered Entity or an Individual, make an accounting of disclosures of PHI directly to an Individual within thirty (30) days after receiving a written request, in accordance with the requirements for accounting for disclosures made through an Electronic Health Record in 42 U.S.C. § 17935(e), as of its Compliance Date.

2.9 provide access, within thirty (30) days after receiving a written request from Covered Entity or an Individual, to PHI in a Designated Record Set about an Individual, directly to the Individual, in accordance with the requirements of 45 C.F.R. 164.524.

2.10 notwithstanding Section 2.9, in the event that Business Associate in connection with services uses or maintains an Electronic Health Record of PHI of or about an Individual, then Business Associate shall provide an electronic copy of the PHI, within thirty (30) days after receiving a written request, directly to an Individual or a third party designated by the Individual, all in accordance with 42 U.S.C. § 17935(e) as of its Compliance Date.

2.11 to the extent that the PHI in Business Associate's possession constitutes a Designated Record Set, make available, within thirty (30) days after a written request by Covered Entity or an Individual, PHI for amendment and incorporate any amendments to the PHI, as directed by Covered Entity or an Individual, all in accordance with 45 C.F.R. § 164.526.

2.12 request, use, and/or disclose only the minimum amount of PHI necessary to accomplish the purpose of the request, use, or disclosure; provided, that Business Associate shall comply with 42 U.S.C. § 17935(b) as of its Compliance Date.

2.13 accommodate reasonable requests by Individuals for confidential communications in accordance with 45 C.F.R. 164.522(b) of the Privacy Rule.

2.14 not directly or indirectly receive remuneration in exchange for any PHI as prohibited by 42 U.S.C. § 17935(d) as of its Compliance Date.

2.15 not make or cause to be made any communication about a product or service that is prohibited by 42 U.S.C. § 17936(a) as of its Compliance Date.

2.16 not make or cause to be made any written fundraising communication that is prohibited by 42 U.S.C. § 17936(b) as of its Compliance Date.

3. RESPONSIBILITIES OF COVERED ENTITY

In addition to any other obligations set forth in the Agreement, including in this BA Agreement, Covered Entity:

3.1 represents that it has ensured, and has received certification from Plan Sponsor, that Plan Sponsor has taken the appropriate steps in accordance with 45 C.F.R. 164.504(f) and 45 C.F.R. 164.314(b) to enable Business Associate on behalf of Covered Entity to disclose PHI to Plan Sponsor, including but not limited to amending its Plan documents to incorporate, and agreeing to, the requirements set forth in 45 C.F.R. 164.504(f)(2) and 45 C.F.R. 164.314(b). Covered Entity shall ensure that only employees authorized under 45 C.F.R. 164.504(f) shall have access to the PHI disclosed by Business Associate to Plan Sponsor.

3.2 shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

3.3 will provide, or direct its other business associates to provide, to Business Associate only the minimum PHI necessary to accomplish the services it provides to Covered Entity.

3.4 shall be responsible for using, or directing its other business associates to use, administrative, physical, and technical safeguards at all times to maintain and ensure the confidentiality, privacy, and security of PHI transmitted to Business Associate pursuant to this BA Agreement, in accordance with the standards and requirements of HIPAA, until such PHI is received by Business Associate.

3.5 shall obtain any consent or authorization that may be required by applicable federal or state laws and regulations prior to furnishing, or directing any of its other business associates to furnish, the PHI to Business Associate.

4. PERMITTED USES AND DISCLOSURES OF PHI

Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or required by this BA Agreement, Business Associate may:

4.1 make any and all uses and disclosures of PHI necessary to provide services to Covered Entity.

4.2 use and disclose to subcontractors and agents the PHI in its possession for its proper management and administration or to carry out the legal responsibilities of Business Associate, provided that any third party to which Business Associates discloses PHI for those purposes provides written assurances in advance that: (i) the information will be held confidentially and used or further disclosed only as Required by Law; (ii) the information will be used only for the purpose for which it was disclosed to the third party; and (iii) the third party promptly will notify Business Associate of any instances of which it becomes aware in which the confidentiality of the information has been breached;

4.3 De-identify any and all PHI obtained by Business Associate under this BA Agreement, which De-identified information does not constitute PHI, is not subject to this BA Agreement, and may be used and disclosed on Business Associate's own behalf, all in accordance with the De-identification requirements of the Privacy Rule;

4.4 provide Data Aggregation services relating to the Health Care Operations of the Covered Entity, including through subcontractors and agents, all in accordance with the Privacy Rule.

4.5 identify Research projects conducted by Business Associate, its Affiliates or third parties for which PHI may be relevant; obtain on behalf of Covered Entity documentation of individual authorizations or an Institutional Review Board or privacy board waiver that meets the requirements of 45 C.F.R. 164.512(i)(1) (each an "Authorization" or "Waiver") related to such projects; provide Covered Entity with copies of such Authorizations or Waivers, subject to confidentiality obligations ("Required Documentation"); and disclose PHI for such Research provided that Business Associate does not receive Covered Entity's disapproval in writing within ten (10) days of Covered Entity's receipt of Required Documentation.

4.6 make PHI available for reviews preparatory to Research and obtain and maintain written representations in accord with 45 C.F.R. 164.512(i)(1)(ii) that the requested PHI is sought solely as necessary to prepare a Research protocol or for similar purposes preparatory to Research, that the PHI is necessary for the Research, and that no PHI will be removed in the course of the review.

4.7 use the PHI to create a Limited Data Set ("LDS") in compliance with 45 C.F.R. 164.514(e).

4.8 use and disclose the LDS referenced in Section 4.7 solely for Research, Health Care Operations, or Public Health purposes; provided that, Business Associate shall (1) not use or further disclose the information other than as permitted by this Section 4.8 or as otherwise Required by Law; (2) use appropriate safeguards to prevent use or disclosure of the information other than as provided for by this Section 4.8; (3) report to Covered Entity any use or disclosure of the information not provided for by this Section 4.8 of which Business Associate becomes aware; (4) ensure that any agents or subcontractors to whom Business Associate provides the LDS agrees to the same restrictions and conditions that apply to Business Associate with respect to such information; and (5) not identify the information or contact the individuals.

5. **TERMINATION AND COOPERATION**

5.1 The Term of this BA Agreement shall be effective as of the Effective Date, and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in Section. 5.2 of this BA Agreement.

5.2 If either Party knows of a pattern of activity or practice of the other Party that constitutes a material breach or violation of this BA Agreement then the non-breaching Party shall provide written notice of the breach or violation to the other Party that specifies the nature of the breach or violation. The breaching Party must cure the breach or end the violation on or before sixty (60) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to the non-breaching Party within the specified time frame, or in the event the breach is reasonably incapable of cure, then the non-breaching Party may do the following:

(i) if feasible, terminate the Agreement, including this BA Agreement; or

(ii) if termination of the Agreement is infeasible, report the issue to HHS.

5.3 Within sixty (60) days after the termination or expiration of this BA Agreement, Business Associate shall return or destroy all PHI, if feasible to do so, including all PHI in possession of Business Associate's agents or subcontractors. If Business Associate determines that return or destruction of the PHI is not feasible, Business Associate may retain the PHI subject to this Section 5.3. Under any circumstances, Business Associate shall extend any and all protections, limitations, and restrictions contained in this BA Agreement to Business Associate's use and/or disclosure of any PHI retained after the expiration or termination of this BA Agreement, and shall limit any further uses and/or disclosures solely to the purposes that make return or destruction of the PHI infeasible.

5.4 Each Party shall cooperate in good faith in all respects with the other Party in connection with any request by a federal or state governmental authority for additional information and documents or any governmental investigation, complaint, action, or other inquiry.

6. **MISCELLANEOUS**

6.1 The terms of this BA Agreement to the extent they are unclear shall be construed to allow for compliance by Covered Entity and Business Associate with HIPAA and ARRA.

6.2 Nothing in this BA Agreement shall confer upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

6.3 Business Associate will indemnify, defend, and hold Covered Entity harmless from and against any and all claims, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) which, are finally determined to have resulted solely from Business Associates, their agents or subcontractors' negligence, willful misconduct, or material failure to follow the terms of this BA Agreement.

6.4 Sections 4.8, 5.3, 5.4, 6.1, 6.2, 6.3, and 6.4 shall survive the expiration or termination for any reason of this BA Agreement.

6.5 Business Associate and Covered Entity are and shall remain independent contractors throughout the term. Nothing in this BA Agreement shall be construed to constitute Business Associate and Covered Entity as partners, joint venturers, agents, or anything other than independent contractors.

IN WITNESS WHEREOF, the parties have signed this BA Agreement on the dates indicated below.

BAKER TILLY VIRCHOW KRAUSE, LLP	CITY OF PROSPECT HEIGHTS
By Jason Coyle Signature	By __________ Signature
Jason Coyle Print Name	__________ Print Name
Title Partner	Title __________
Date Signed 10/2/14	Date Signed __________

K

January 8, 2015

TO: Mayor and City Council

FROM: Stephanie Hannon, Finance Director

RE: **Fiscal Year 2014-2015 City of Prospect Heights Proposed Budget Amendment**

The Fiscal Year 2014-2015 Amendment includes the most current projections based upon actual up-to-date information and revised forecasts. Revenue budget estimates were based upon updated projections from the Commission on Government Forecasting & Accountability (COGFA), Illinois Municipal League and current trends.

The information and projections were used by staff in preparing the proposed amended budget:

- ➢ Net Income Decrease - $728,870
- Total Revenue Increase: $133,338
    - The major revenue changes are as follows:
      Increases:
        - Local Taxes - $94,000 – Rental Car, Places for Eating, Handle Tax-OTB, Video Gaming
        - Grant Green Region - $10,000
        - Franchise Fees - $31,000 – Cable trending same as last year
        - Internal Service Charges - $251,700 – Road Program drainage work & road repairs
        - Public Safety Fines and Fees - $66,000 - collection efforts
    - Decreases:
        - Sales Taxes - $173,314 – Ultra Foods lower than forecasted revenues
        - Vehicle Stickers - $17,600 – Late fees lower than anticipated
        - Building & Zoning Fees - $53,500 – Assisted Living facility anticipated in FY2015-16 instead of this fiscal year
        - Utility Taxes - $84,351 – Telecom receipts expected to decline as consumers are switching from landlines to cellular phone exclusively.
- Total Expense Increase: $862,207
    - Special Events - $2,000 – Classic Car Show
    - Administration
        - Professional Services - $145,000 – Interim City Administrator and recruiting expenses.
        - Labor Attorney - $60,000 – Grievance expenses
        - Salaries & Benefits - 2 employees being changed from 37.5 to 40 hour work week and salary adjustment - $1,589.93

- Public Works
  - New Public Works director – salary and benefits were in Building & Zoning department $88,216
  - Professional Services – Forestry - $12,000 – Debri and tree removal from summer storm.
- Public Safety
  - Pension - $26,186 – Actuarial estimates higher than budgeted due to 5 new officers and new mortality table
  - Crossing Guard Salary increase - $15,369
  - Salary Adjustment - $1,675
  - Health Insurance - $41,309 original budget excluded dental and a part-time officer moved to full time.
- Capital Expenditures
  - Buildings - $750,000 – Purchase of two parcels
  - Building Improvements – Admin - $13,280 parking lot expense more than budgeted
  - Building Improvements – Police $50,000 parking lot and carport more than anticipated. Additional $50,000 in DEA seizure account

- Offset – decreases in expenses
  - Administration Salaries & Benefits - $26,888 related to net impact of loss of City administrator, less extra hours worked by current staff, plus healthcare premium lower than anticipated for calendar year 2015. 2 employees being changed from 37.5 to 40 hour work week - $1,589.93
  - Building Department - $48,493 – Move of Asst Building & Zoning Director to Public Works Director and hiring of a new Building & Zoning Director beginning on February 1, 2015. One employee moving from 37.5 hour week to 40 hour week results in a $327 increase in salary offset by $326 in lower insurance expenses than originally anticipated.
  - Public Safety - $30,916 new officer hired at lower rate than officer replaced and $15,000 reduced amount of payouts.
  - Sales Tax Rebate - $119,922 sales tax revenue related to Ultra lower than anticipated
  - Drainage Improvements - $125,000 funding moved to Road Construction due to more than anticipated road program money available. Road program includes the Drake project as well.

➢ Motor Fuel Tax Fund
- Revenue Increase
  - $74,177 related to payment of Jobs Now revenue which was not anticipated
- Expenses Increase
  - $13,000 - 2008 City's agreement for portion of Milwaukee Road improvement
  - $20,800 – Service charges based upon actual Public Works employee time
- Expense Decrease
  - $26,500 Ice control based upon prior year amounts

➢ TIF Fund
- Revenue Decrease
  - $308,914 – real estate tax revenue down more than anticipated
- Revenue Increase

- $100,000 DECO grant awarded for public works addition
  - Expense Decrease
    - $400,000 – TIF/Rehab & repairs - Players to receive $100,000 next year and $300,000 removed due to decrease in revenue; therefore, the City has limited funds in the TIF for future incentives
    - $45,000 legal services reduced to be in line with current amounts. TIF extensions will be reviewed next fiscal year
    - $17,600 – actual time spent on TIF lower than forecasted; therefore, service charges have been reduced.

- Tourism District
  - Expenses - Decrease
    - $9,000 – Professional services – staff time moved to service charges
  - Expenses Increase
    - $1,100 – Service charges related to move of staff time from professional services

- Development Fund
  - Expense Increase
    - $730,000 – Payment of callable principal on bond
  - Expense Decrease
    - $14,800 – Sale of property reduced liability insurance

- DEA Seizure
  - Expense Increase
    - $50,000 – Carport and parking lot costs
    - $5,000 – additional educational materials orders

- SSA's #1-8
  - Expense Increase
    - $15,580 – PW, B&Z, and administrative charges higher than originally budgeted
- Road Construction Fund
  - Income Increase
    - $100,000 – Road Construction settlement
  - Expense Increase
    - $30,000 – Attorney fees lawsuit
    - $229,800 – Original budget based upon funds being depleted. The charges are related to the public works department time on drainage improvements
    - $375,000 – $250,000 additional drainage for Drake and $125,000 in expenses moved from general fund
- Water Fund
  - Revenue Decrease
    - $9,575 – Water usage down, as well as, water leaks have been reduced
  - Expense Decrease
    - $50,000 – Professional services – tank inspections done in prior fiscal year
    - $41,000 – Water charges due to less water usage
- Parking
  - Expense Decrease
    - Actual Public Works time at Metra station more than originally budgeted

- Pension Fund
    - Revenue Increase
        - $25,186 – City contribution increased based upon actuarial estimates
    - Expense Increase
        - $300,000 – Former police officers have cashed out their pension funds and have moved the funds to a new municipality

Staff completed and submitted their proposed budget amendments. Attached is a summary of the all the City of Prospect Heights Funds proposed budget amendments; as well as, the detail for each account.

K

ORDINANCE NO. O-15-01

AN ORDINANCE AMENDING THE ANNUAL BUDGET 2014-2015

WHEREAS, the City Council of the City of Prospect Heights has adopted the "Budget Officer System" as provided in sections 8-2-9.1 through 8-2-9.10 of the Illinois Municipal Code (65 ILCS 5/8-2-9.1 – 8-2-9.10); and

WHEREAS, Section 8-2-9.6 of the Illinois Municipal Code states in pertinent part, "By a vote of two-thirds of the members of the corporate authorities then holding office, the annual budget for the municipality may be revised by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves."

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PROSPECT HEIGHTS, COOK COUNTY, ILLINOIS:

SECTION ONE: That the fiscal year 2014-2015 budget for the City of Prospect Heights, Illinois, adopted on April 28, 2014 is hereby amended as follows:

See "Exhibit A"

SECTION TWO: That the City Clerk of the City of Prospect Heights is directed to publish this Ordinance in pamphlet form.

SECTION THREE: That this Ordinance shall be in full force and effect from and after its passage, approval and publication.

AYES:

NAYES:

ABSENT:

PASSED and APPROVED this _____ day of ____________________, 2015.

____
Mayor

ATTEST:
(SEAL)

____
City Clerk

Published in pamphlet form ___________________, 2015