

**AGENDA**  
**COMMUNITY DEVELOPMENT COMMITTEE MEETING**

**201 W. DIGGINS ST.**

**NOVEMBER 15, 2023 – 6:30 pm**

1. Roll Call
2. Public Comments
3. TIF Projects
  - a) Inducement Resolution 205 W. Front St.
  - b) Proposed Development Lonesome Rd./Northfield Ave.
4. Draft RFQ for Feasibility Study for Harvard Municipal Internet Project
5. New Business
6. Adjourn



# City of Harvard Memo

Community Development Department

201 West Diggins Street - PO Box 310 – 60033 – 815-943-6468

**To:** Chairman Carncross & Community Development Committee

**From:** Donovan Day, Community Development Director

**CC:** Lou Leone, City Administrator

**Date:** November 15, 2023

**RE:** Resolution to Induce the Redevelopment of Property Located at 205 W. Front Street

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## **Purpose and Action Requested**

Staff is seeking City Council's consideration to approve the attached Resolution to induce the redevelopment of property commonly known as 205 W. Front Street.

## **Background/Discussion**

The city has been in discussion with the property owner for 205 W. Front St. regarding a Tax Increment Financing District (TIF) for the former City Hall and Police Department to assist the owner with the cost to redevelop the property into twenty-four (24) multi-family residential units. While that process is still ongoing, the current owner, Casscarr Properties LLC is anticipating beginning to design the project with their architectural firm.

The attached handout from IML describes what a TIF is and expenses that are eligible for reimbursement. As the city moves towards finalizing the TIF, we expect to enter into a full Redevelopment Agreement with Casscarr Properties that would outline the details for the project, and the funding levels from the TIF that would be reimbursed to the developer. At this time, the Inducement Resolution only allows for the property owner to begin tracking their costs for reimbursement after the TIF is established. Any improvements made to the building before adoption of the Inducement Resolution are not eligible for reimbursement.

## **Recommendation**

Staff recommends the Community & Economic Development Committee approve the Inducement Resolution, and request the City Council approve the Inducement Resolution at their meeting held on November 28, 2023.

**CITY OF HARVARD**

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**RESOLUTION NO. 2023 R-\_\_\_**

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**A RESOLUTION OF THE CITY OF HARVARD, MCHENRY COUNTY, ILLINOIS, TO  
INDUCE THE REDEVELOPMENT OF CERTAIN PROPERTY WITHIN A PROPOSED  
REDEVELOPMENT PROJECT AREA**

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**ADOPTED BY THE  
PRESIDENT AND CITY COUNCIL  
OF THE  
CITY OF HARVARD**

**THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2023.**

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**PUBLISHED IN PAMPHLET FORM BY THE AUTHORITY OF THE  
PRESIDENT AND CITY COUNCIL OF THE CITY OF HARVARD, ILLINOIS  
THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2023**

*Resolution No. 2023 R-*

**RESOLUTION OF THE CITY OF HARVARD, MCHENRY COUNTY, ILLINOIS, TO INDUCE THE REDEVELOPMENT OF CERTAIN PROPERTY WITHIN A PROPOSED REDEVELOPMENT PROJECT AREA**

**WHEREAS**, the City of Harvard, McHenry County, Illinois (the “City”) is a non-home rule municipality created in accordance with the Constitution of the State of Illinois and as such has authority to promote the health, safety and welfare of the City and its citizens; authority to encourage private investment in industry, business and housing thereby enhancing the tax base of the City; authority to ameliorate blight; and, authority to enter into contractual agreements with third persons to achieve these purposes; and,

**WHEREAS**, pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, 65 ILCS 5/1174.4-1, *et seq.*, as from time to time amended (the “TIF Act”), the President and City Council of the City (collectively, the “Corporate Authorities”) are empowered to undertake the redevelopment of a designated area within its municipal limits in which existing conditions permit such area to be classified as either a “conservation area” or “blighted area” (or a combination thereof) as defined in Section 11.74.4-3(a) of the TIF Act; and,

**WHEREAS**, the City is contemplating the utilization of the TIF Act to incentivize the redevelopment of certain real property generally depicted on *Exhibit A* attached hereto and made a part hereof, to be designated the Front Street Redevelopment Project Area (“*Proposed Project Area*”); and,

**WHEREAS**, Castcarr Properties, a limited liability company of the State of Illinois, has submitted a proposal to the City that it acquired and desires to redevelop the property commonly known as 205 W Front St, Harvard, Illinois, consisting of approximately .6 acres (the “*Subject Property*”) as a multi-family apartment building (the “Project”); and,

**WHEREAS**, the Developer has also informed the City that the ability to undertake this Project requires financial assistance from the City for certain costs that would be incurred in connection with the redevelopment of the Subject Property; which costs would constitute "*Redevelopment Project Costs*," as defined in the TIF Act; and,

**WHEREAS**, the Developer would like to incur certain costs in connection with the Project prior to the designation of the Proposed Project Area as a "redevelopment project area" under the TIF Act and the adoption of any ordinance authorizing the execution of a redevelopment agreement between the City and the Developer, wherein such costs may be reimbursed subject to certain conditions and limitations of the TIF Act; and,

**WHEREAS**, the Developer desires such costs related to the Project qualify for consideration as Redevelopment Project Costs that can be reimbursed utilizing incremental real estate taxes pursuant to the TIF Act, so long as such costs constitute Redevelopment Project Costs under the TIF Act; and,

**WHEREAS**, this Resolution is intended to allow the Developer to incur certain costs relating to the Project that may be considered Redevelopment Project Costs prior to the designation of the redevelopment project area and the adoption of any ordinance authorizing the execution of a redevelopment agreement between the City and the Developer, subject to the conditions and terms set forth in Section 3 of this Resolution.

**NOW, THEREFORE, BE IT RESOLVED**, by the President and City Council of the City of Harvard, McHenry County, Illinois, as follows:

*Section 1.* That the above recitals are incorporated and made a part of this Resolution.

*Section 2.* That the Corporate Authorities may consider certain expenditures that qualify as "*Redevelopment Project Costs*", as such term is defined in the TIF Act, in connection with the Project, incurred prior to the designation of the redevelopment project area and the adoption of an ordinance authorizing the execution of a redevelopment agreement with the Developer, to be expenditures that are eligible for reimbursement through the TIF Act to the extent the Project is in furtherance of the redevelopment plan to be prepared setting forth the goals and objectives for the development, redevelopment and revitalization of the Proposed Project Area.

*Section 3.* That all undertakings of the City set forth in this Resolution are specifically contingent upon the designation of the Proposed Project Area as a "redevelopment project area" pursuant to the TIF Act and the approval and execution of a redevelopment agreement with the Developer, providing for the redevelopment of the Subject Property in accordance with the terms and conditions to be negotiated by the parties.

*Section 4.* That any financial assistance rendered to the Developer by the City shall be contingent upon the authority, restrictions, terms, and conditions imposed by the TIF Act.

*Section 5.* That this Resolution shall be in full force and effect from and after its passage and approval as provided by law.

*Passed* by the President and City Council of the City of Harvard, McHenry County, Illinois, this 28<sup>th</sup> day of November 2023.

**Aye:**

**Nay:**

**Absent:**

**Abstain:**

**APPROVED:**

\_\_\_\_\_

**Mayor Michael P. Kelly**

**(SEAL)**

**ATTEST: \_\_\_\_\_ City Clerk Lori Moller**

**Passed:       ,   2023**

**Approved:     , 2023**

**Published: In Pamphlet Form**

# TAX INCREMENT FINANCING (TIF)



## BACKGROUND

Illinois adopted Tax Increment Financing (TIF) in 1977. A reform to this law was enacted in 1999. Since the first TIF statute was adopted by the State of California in 1952, 49 states have passed legislation authorizing the use of TIF. According to the most recently available data from the Illinois Office of Comptroller (IOC), there may be up to 1,496 TIF districts located in as many as 537 Illinois municipalities.

## WHAT IS TIF?

TIF is a mechanism for municipalities to spur economic development in specific geographic areas that are blighted and deteriorating. To do this, local taxing bodies create a TIF redevelopment project area, or TIF district, whereby the Equalized Assessed Value (EAV) of the property in the area is set at a base amount. Property taxes collected on properties included in the TIF district at the time of its designation continue to be distributed to the school districts and all other affected taxing districts in the same manner as if the district did not exist. Establishment of a TIF does not reduce property tax revenues available to the overlapping taxing bodies.

A tax increment is the difference between the amount of property tax revenue generated before TIF district designation and the amount of property tax revenue generated after TIF designation. Only property taxes generated by the incremental increase in the EAV of these properties after that time are available for use in the TIF district by a municipality.

## HOW IS A TIF DISTRICT CREATED?

In order to establish a TIF district, a local government must find that development or redevelopment of the area would not occur “but for” the creation and use of TIF. Illinois law specifies a number of requirements that must be satisfied for an area to qualify as a TIF district, beginning with identifying the district and the physical and economic deficiencies that need to be cured. Specifically, state law requires that the proposed area must meet one or more of three conditions:

1. Blighted conditions;
2. Conservation conditions; and,
3. Industrial park conservation conditions.

If one or more of these conditions is identified, municipal officials and a Joint Review Board, made up of representatives from affected local taxing bodies, must review a plan for the redevelopment of the TIF area. A public hearing must be held where residents and other interested parties can express their thoughts on the subject. If the plan for redevelopment is approved by the Joint Review Board, the municipality may adopt the plan by a majority vote of the corporate authorities. If the Joint Review Board rejects the plan for redevelopment, the municipality may proceed but the plan must be approved by a three-fifths vote of the corporate authorities. Finally, the mayor or village president will sign the ordinance into law. No state or federal approval is required for creation.





## HOW DOES TIF WORK AFTER CREATION?

The growth of the EAV of property within the TIF district (the increment) is collected into a special fund for use by the municipality to make additional eligible investments in the TIF project areas. The reinvestment generates additional growth in property value, which results in more revenue growth for reinvestment. Once a redevelopment project is completed and has been paid for, the TIF district may be dissolved and the tax base returned to full use by all eligible taxing bodies.

## HOW LONG DOES A TIF DISTRICT LAST?

Under Illinois law, a TIF district may last for up to a maximum of 23 years. This period can be extended by 12 additional years upon approval by the Illinois General Assembly. In some cases, the General Assembly has extended TIF districts twice, for a total of 47 years. Municipalities seeking extensions must receive approval from the General Assembly, which requires, by rule, letters of support from overlapping units of local government whose boundaries fall within the TIF district.

## OTHER FUNDING SOURCES BESIDES TIF

TIFs are more frequently used now because other development tools, like Industrial Revenue Bonds and Urban Development and Infrastructure Grants, are no longer readily available to local governments.

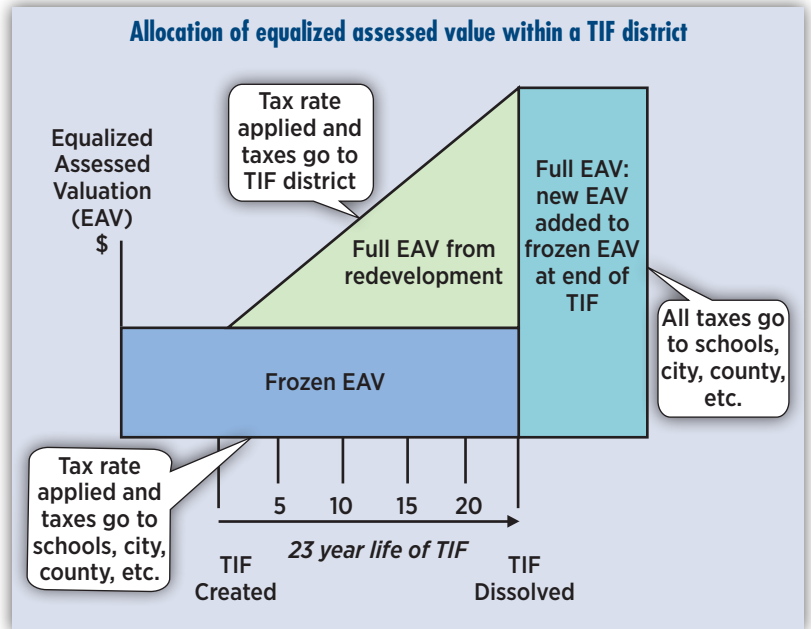
Federal and state aid to local governments has been reduced. At the same time, unfunded federal and state mandates have increased the financial burden on most municipalities. Factor in state imposed property tax caps, and the funding problems facing local governments make it obvious that local governments are left to do more with less.

TIF offers local governments a resource to revitalize their communities by expanding their tax base, offsetting, in part, the federal and state funds that are no longer available to them without imposing increased taxes on the whole community.

## WHAT CAN TIF BE USED FOR?

TIF funds may be used to reimburse eligible “redevelopment projects costs” as defined in the Act.<sup>1</sup> The statute provides a comprehensive list of associated project and reimbursement costs which may include, but are not limited to, the following actions occurring within the TIF district:

- Administration of a TIF redevelopment project;
- Property acquisition, renovation, rehabilitation and demolition;
- Construction of public works or improvements;
- Job training related to the TIF area;
- Financing costs, including interest assistance;
- Studies, surveys and plans;
- Marketing related to sites within the TIF; and,
- Professional services, such as architecture and design services.



Source: The “Final Report of the TIF Reform Task Force,” June 1, 2018.

<sup>1</sup> 65 ILCS 5/11-74.4-3(q).

## **DESIGNATION AND DISTRIBUTION OF SURPLUS FUNDS**

The TIF Act provides that any portion of an annual ending balance of a TIF fund that has not been identified (or is not identified as being required, pledged, earmarked or otherwise designated for payment or securing of obligations or anticipated redevelopment project costs) shall be designated as surplus. (Section 11-74.4-7)

The Act also provides for the distribution of surplus funds annually, within 180 days after the close of a municipality's fiscal year. Surplus funds are paid by the municipal treasurer to the county collector, the Illinois Department of Revenue (IDOR) and to the municipality in direct proportion to the incremental tax revenue received. The county treasurer is then required to make distributions to the respective taxing districts.

## **TIF REPORTING REQUIREMENTS**

The Act currently requires TIF municipalities to submit a report to IOC, and all taxing districts overlapping the redevelopment project area, no later than 180 days after the close of each municipal fiscal year detailing information about a TIF district. The report must include, but is not limited to, an analysis of the special tax allocation fund, a statement setting forth all activities undertaken in furtherance of the objectives of a TIF District Redevelopment Plan, a legal opinion that the municipality is in compliance with the TIF Act and any amendments to the redevelopment plan.

On May 28, 2021, the General Assembly passed HB 571 (Rep. Carroll, D-Northbrook/Sen. Gillespie, D-Arlington Heights). This legislation amends the TIF Act and expands mandated reporting requirements to include a comparison between the original projected increment and jobs for the TIF district, the actual amount of increment and jobs created to date, and an update on the stated rate of return for a development and the actual debt service on any notes issued by the municipality. In addition, HB 571 authorizes municipalities to select a consultant to provide an analysis of the projected increment and the actual debt service on any notes issued by the municipality. The Illinois Municipal League (IML) opposed the legislation as an unfunded mandate.

## **IML ADVOCACY**

IML and numerous local elected officials, as well as the General Assembly – shown through its continued actions granting and extending TIF designations – firmly believe in the value of TIF as a mechanism to spur economic development in communities across the state.

While IML will not advocate for proposals that would be harmful to or reduce the effectiveness of TIF, we remain committed to serving as a partner with and all stakeholders in improving and addressing perceived issues with the TIF Act.

**iml.org**





October 9, 2023

Project Development Description

Property Owners:                      Paul Fritz                      Steve Aavang  
   833 S. Cumberland              320 Fremont St  
   Park Ridge, IL 60068              Woodstock IL 60098

RE: Approximately 26 acres +/- acres located to the north of the intersection of Lonesome Road and Northfield Avenue, identified as McHenry County Parcel ID No: 01-27-400-010 as shown on **Exhibit "A"**

Hoffman Development Group, LLC. ("HDG") is pleased to present you with the following proposal (the "Proposal") for the development of your parcel for the purpose of affordable workforce housing. This housing project will include a combination of affordable and market rate units to meet the needs for a wide spectrum of income levels. We anticipate that those income levels will range from 50% AMHI to 140% AMHI. Per the Bowen National Research market report, the projected median household income in 2026 is \$77,446. Therefore, allowable tenant income levels would range from \$38,723 to \$108,424 annually.

The parameters of the project are as follows,

- Community center building
  - Leasing office
  - Fitness area
  - Community room for tenant events
- On site stormwater retention systems
- Use of renewable energy
  - Solar
  - Geothermal heating and cooling
- All units will be built to the same standards
- Onsite playground
- Onsite dog park area

Development to the East of Lonesome Road will include:

- 20.6 ± Acres
- 12 three-story walkup apartment buildings
- Units will range in size from 1-, 2- & 3-bedroom units
- 288 units – 24 units per building
- Density = 13.98 units per acre
- 28 surface parking spaces per building – 339 stalls
- 15 garage stalls per building – 180 garage stalls
- 519 parking spaces total (1.8 spaces per unit)

Development to the West of Lonesome Road will include:

- 5.7 ± Acres
- 3 three-story walkup apartment building
- 72 units – 24 units per building
- Units will range in size from 1- & 2-bedroom units
- Density = 12.63 units per acre
- 28 surface parking spaces per building – 84 stalls
- 12 garage stalls per building – 36 garage stalls
- 120 parking spaces total (1.67 spaces per unit)

Exhibit "A"

Harvard, Illinois

**Site Concept**

10.12.23

Site Area: ±26 acres

Buildings

- 15 three-story multifamily buildings
- 360 units total (24 units per building)
- Density: 13.8 units per acre

Parking

- 422 surface stalls
- 220 garage stalls
- 642 total stalls (1.8 stalls per unit)



LONEHOME ROAD

Lonehome Road

GREEN MEADOW LANE

GREEN MEADOW LANE

NORTH FIELD AVE



# City of Harvard Memo

Community Development Department

201 West Diggins Street - PO Box 310 – 60033 – 815-943-6468

**To:** Chairman Carncross & Community Development Committee

**From:** Donovan Day, Community Development Director

**CC:** Lou Leone, City Administrator

**Date:** November 15, 2023

**RE:** Resolution to Induce the Redevelopment of Property Located at 205 W. Front Street

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## **Purpose and Action Requested**

Staff is seeking City Council's consideration to approve the attached Resolution to induce the redevelopment of property commonly known as 205 W. Front Street.

## **Background/Discussion**

The city has been in discussion with the property owner for 205 W. Front St. regarding a Tax Increment Financing District (TIF) for the former City Hall and Police Department to assist the owner with the cost to redevelop the property into twenty-four (24) multi-family residential units. While that process is still ongoing, the current owner, Casscarr Properties LLC is anticipating beginning to design the project with their architectural firm.

The attached handout from IML describes what a TIF is and expenses that are eligible for reimbursement. As the city moves towards finalizing the TIF, we expect to enter into a full Redevelopment Agreement with Casscarr Properties that would outline the details for the project, and the funding levels from the TIF that would be reimbursed to the developer. At this time, the Inducement Resolution only allows for the property owner to begin tracking their costs for reimbursement after the TIF is established. Any improvements made to the building before adoption of the Inducement Resolution are not eligible for reimbursement.

## **Recommendation**

Staff recommends the Community & Economic Development Committee approve the Inducement Resolution, and request the City Council approve the Inducement Resolution at their meeting held on November 28, 2023.

**CITY OF HARVARD**

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**RESOLUTION NO. 2023 R-\_\_\_**

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**WHEREAS**, the City is contemplating the utilization of the TIF Act to incentivize the redevelopment of certain real property generally depicted on *Exhibit A* attached hereto and made a part hereof, to be designated the Front Street Redevelopment Project Area (“*Proposed Project Area*”); and,

**WHEREAS**, Castcarr Properties, a limited liability company of the State of Illinois, has submitted a proposal to the City that it acquired and desires to redevelop the property commonly known as 205 W Front St, Harvard, Illinois, consisting of approximately .6 acres (the “*Subject Property*”) as a multi-family apartment building (the “*Project*”); and,

**WHEREAS**, the Developer has also informed the City that the ability to undertake this Project requires financial assistance from the City for certain costs that would be incurred in connection with the redevelopment of the Subject Property; which costs would constitute "*Redevelopment Project Costs*," as defined in the TIF Act; and,

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*Passed* by the President and City Council of the City of Harvard, McHenry County, Illinois, this 28<sup>th</sup> day of November 2023.

**Aye:**

**Nay:**

**Absent:**

**Abstain:**

**APPROVED:**

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**Mayor Michael P. Kelly**

**(SEAL)**

**ATTEST: \_\_\_\_\_ City Clerk Lori Moller**

**Passed:       ,   2023**

**Approved:     , 2023**

**Published: In Pamphlet Form**

# TAX INCREMENT FINANCING (TIF)



## BACKGROUND

Illinois adopted Tax Increment Financing (TIF) in 1977. A reform to this law was enacted in 1999. Since the first TIF statute was adopted by the State of California in 1952, 49 states have passed legislation authorizing the use of TIF. According to the most recently available data from the Illinois Office of Comptroller (IOC), there may be up to 1,496 TIF districts located in as many as 537 Illinois municipalities.

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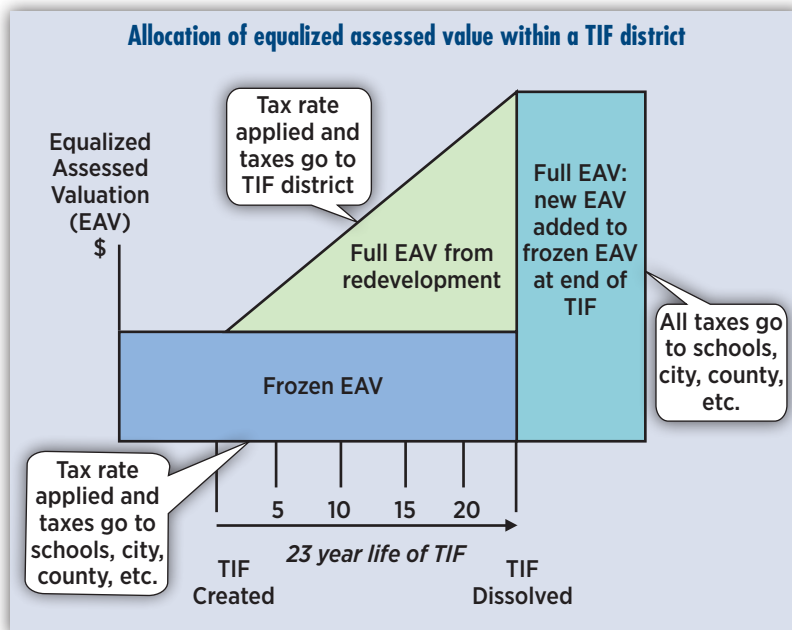
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Source: The “Final Report of the TIF Reform Task Force,” June 1, 2018.

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The Act currently requires TIF municipalities to submit a report to IOC, and all taxing districts overlapping the redevelopment project area, no later than 180 days after the close of each municipal fiscal year detailing information about a TIF district. The report must include, but is not limited to, an analysis of the special tax allocation fund, a statement setting forth all activities undertaken in furtherance of the objectives of a TIF District Redevelopment Plan, a legal opinion that the municipality is in compliance with the TIF Act and any amendments to the redevelopment plan.

On May 28, 2021, the General Assembly passed HB 571 (Rep. Carroll, D-Northbrook/Sen. Gillespie, D-Arlington Heights). This legislation amends the TIF Act and expands mandated reporting requirements to include a comparison between the original projected increment and jobs for the TIF district, the actual amount of increment and jobs created to date, and an update on the stated rate of return for a development and the actual debt service on any notes issued by the municipality. In addition, HB 571 authorizes municipalities to select a consultant to provide an analysis of the projected increment and the actual debt service on any notes issued by the municipality. The Illinois Municipal League (IML) opposed the legislation as an unfunded mandate.

## **IML ADVOCACY**

IML and numerous local elected officials, as well as the General Assembly – shown through its continued actions granting and extending TIF designations – firmly believe in the value of TIF as a mechanism to spur economic development in communities across the state.

While IML will not advocate for proposals that would be harmful to or reduce the effectiveness of TIF, we remain committed to serving as a partner with and all stakeholders in improving and addressing perceived issues with the TIF Act.

**iml.org**





October 9, 2023

Project Development Description

Property Owners:                      Paul Fritz                      Steve Aavang  
   833 S. Cumberland                      320 Fremont St  
   Park Ridge, IL 60068                      Woodstock IL 60098

RE: Approximately 26 acres +/- acres located to the north of the intersection of Lonesome Road and Northfield Avenue, identified as McHenry County Parcel ID No: 01-27-400-010 as shown on **Exhibit "A"**

Hoffman Development Group, LLC. ("HDG") is pleased to present you with the following proposal (the "Proposal") for the development of your parcel for the purpose of affordable workforce housing. This housing project will include a combination of affordable and market rate units to meet the needs for a wide spectrum of income levels. We anticipate that those income levels will range from 50% AMHI to 140% AMHI. Per the Bowen National Research market report, the projected median household income in 2026 is \$77,446. Therefore, allowable tenant income levels would range from \$38,723 to \$108,424 annually.

The parameters of the project are as follows,

- Community center building
  - Leasing office
  - Fitness area
  - Community room for tenant events
- On site stormwater retention systems
- Use of renewable energy
  - Solar
  - Geothermal heating and cooling
- All units will be built to the same standards
- Onsite playground
- Onsite dog park area

Development to the East of Lonesome Road will include:

- 20.6 ± Acres
- 12 three-story walkup apartment buildings
- Units will range in size from 1-, 2- & 3-bedroom units
- 288 units – 24 units per building
- Density = 13.98 units per acre
- 28 surface parking spaces per building – 339 stalls
- 15 garage stalls per building – 180 garage stalls
- 519 parking spaces total (1.8 spaces per unit)

Development to the West of Lonesome Road will include:

- 5.7 ± Acres
- 3 three-story walkup apartment building
- 72 units – 24 units per building
- Units will range in size from 1- & 2-bedroom units
- Density = 12.63 units per acre
- 28 surface parking spaces per building – 84 stalls
- 12 garage stalls per building – 36 garage stalls
- 120 parking spaces total (1.67 spaces per unit)

Exhibit "A"

### Harvard, Illinois

### Site Concept

10.12.23

Site Area: ±26 acres

#### Buildings

- 15 three-story multifamily buildings
- 360 units total (24 units per building)
- Density: 13.8 units per acre

#### Parking

- 422 surface stalls
- 220 garage stalls
- 642 total stalls (1.8 stalls per unit)



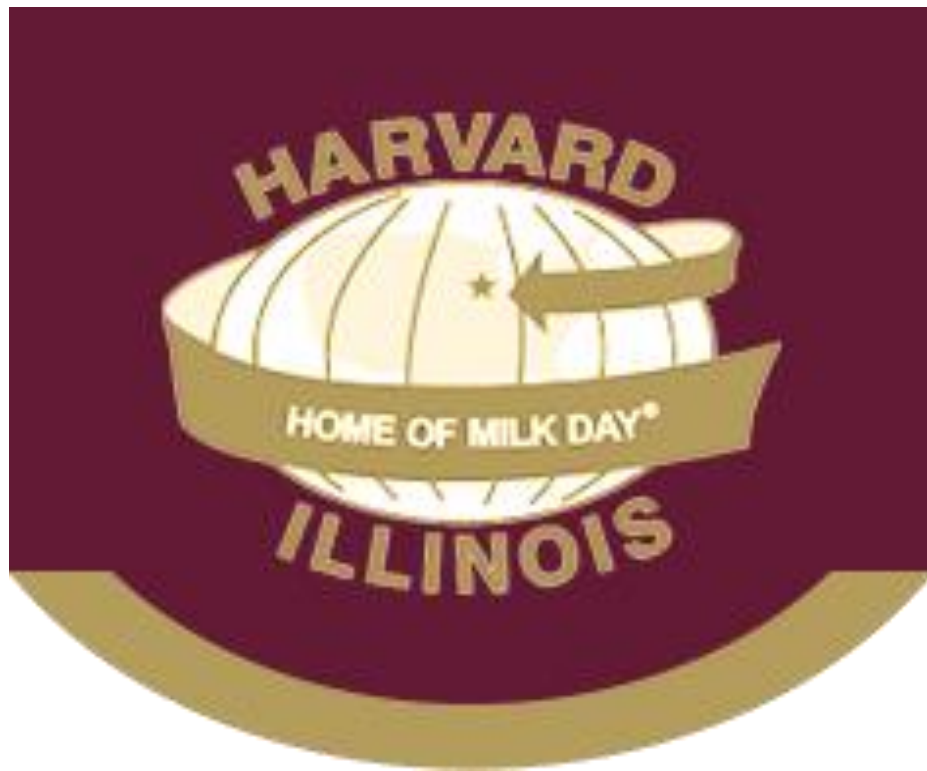
LONE SMERAD

Lone Smear Road

GREEN MEADOW LANE

GREEN MEADOW LANE

NORTH FIELD AVE



# REQUEST FOR PROPOSAL (RFP)

## Broadband Feasibility Study

The City of Harvard, Illinois, is seeking proposals from qualified firms to conduct a feasibility study for a broadband fiber-to-the premises network.

Proposals are due no later than 4:00 PM CST on XXXXX, XX, 202X



## **GENERAL CONDITIONS**

### **1. DESCRIPTION**

The City of Harvard, Illinois (“City”) is soliciting proposals from qualified firms to determine the need, feasibility, and justification for providing affordable broadband high-speed internet access for the Harvard community. The City considers a modern digital infrastructure to be a critical component of a competitive city of the future and wishes to ensure that it is well-positioned to meet the current and future needs of its residents, businesses, and anchor institutions. The service territory of this network will include every residential home and commercial/industrial facility within the corporate limits of the City of Harvard and to include the townships immediately outside the corporate boundary. The network should be capable of providing high speed internet service.

The desired outcome of this planning effort is to provide a tool for the City to establish if Harvard residents and businesses have a need and want this service, determine a successful deployment strategy and the associated cost to implement fiber to the premises (“FTTP”), and assess whether such project will be sufficiently supported by customer rates to justify the investment in this infrastructure.

### **2. BACKGROUND**

The Harvard City Council has identified broadband as a key priority and wishes to do its due diligence by examining various ways to improve broadband connectivity in the community. Several acceptable pathways to achieving this goal have been identified:

- a) A municipal-owned and operated fiber-to-the-premises (FTTP) network;
- b) A public-private partnership with a private provider whereby the City builds the infrastructure and leases fiber to the private provider to operate a FTTP network providing high-speed internet service to the residents and businesses at a reasonable rate;
- c) An open-access network whereby the City builds the infrastructure and lease fiber to any number of private providers wishing to operate a FTTP network providing high-speed internet services to residents and businesses;
- d) Any combination of public and private ownership that serves the best interests of Harvard and its citizens; or,
- e) Continue to allow private providers to deliver internet services to Harvard residents,

The City is located in the Northwest County of McHenry County, approximately 7 miles south of the Illinois/Wisconsin border. Harvard is part of the Chicago Metropolitan Area,

and is within 90 minutes of from Chicago, Rockford and Milwaukee. The major thoroughfares include Rte. 14, Rte. 173 and a stop on the UP Northwest Metra rail. The population is 9,469.

City staff will cooperate with the selected consultant to provide any additional technical or background information that may be necessary to conduct the feasibility study.

## **SCOPE OF SERVICES**

### **3. Internet Speed, Network Design, and Cost Estimate**

The consultant will conduct the necessary research to determine the following factors affecting broadband services: speed, reliability, cost, and internet options available. The consultant will use any available outreach methods to make gain input from all demographics.

If it is proven that the city should pursue a FTTP project, the consultant will provide network design and a cost estimate of sufficient depth to enable the City Council to make a decision on the project. A business case will be developed with outputs from the design/costing and revenue analysis for services. The consultant will provide an exploration of business model alternatives that may be considered (a minimum of three business models), alternatives for financing the network build, an examination of legal and regulatory considerations, and a statistically valid business survey.

The consultant will include a network design for a FTTP network encompassing all fiber required for global coverage across the service territory. Transport network interconnects, including those required for failover/redundancy must be included and costed for each service layer (e.g., internet peering and connections to shared voice services.)

#### Access Network Architecture

- a) The preliminary network design will enable the deployment of the following services:
  - i. Internet services, including at least 1 Gbps to every customer.
  - ii. Bandwidth on Demand.
  - iii. Other services that may be needed by residential or business customers within the service territory.
- b) Design will be a passive optical network utilizing GPON. Design alternatives for next-generation PON (NG-PON2 and/or XGS-PON) will be provided along with anticipated schedules and cost estimates where knowable. An understanding of

network trends affecting Harvard's investment horizon will be included for these next-generation typologies.

- c) Wherever technically feasible, the design will integrate software-defined networking (SDN) and network function virtualization (NFV). If SDN/NFV is not technically feasible for initial deployment, the network design will allow for SDN/NFV deployment at some point in the future.
- d) The design will leverage GIS-based tools that identify the physical locations of all customer locations and other termination points. The existing city's GIS data will be provided to the successful bidder. GIS work will provide a complete layer of all Harvard's municipal assets.

#### **4. Business Case**

Utilizing the market data derived by the consultant, internet speed survey of the community, and cost estimate of the network, the feasibility study will provide a business case and deployment plan for Harvard to directly provide broadband services to the community. The business case should include, but not be limited to, the following:

- a) Annual cost of operations per year for the first ten years, including monthly data for the first three years. Account for all costs of operations, including but not limited to:
  - i. Debt service based on different financing models;
  - ii. Operational costs, including bandwidth, voice switching, and other costs related to the provision of retail services;
  - iii. Personnel costs, including a description of the human resources needed to operate a successful broadband department;
  - iv. Billing (OSS/BSS), CRM, and other required systems;
  - v. Depreciation and equipment replacement.
- b) Cash flow analysis based on various take rates for retail services at different price points.
- c) Applicable financial ratios.
- d) Price research modeling.
- e) Data should be provided in both written form and electronically in the form of one or more Excel spreadsheets.

## **5. Business Model Alternatives**

While this RFP is designed to survey residents, and produce a design, cost estimate, and business model for a city-owned and operated fiber network, Harvard is also interested in other operational and ownership models, including public-private partnership, and an open-access network, whereby the city's infrastructure is leased to one or more internet service providers (ISPs). The feasibility study should include general information about these alternative business models, including a discussion of the advantages and disadvantages of these alternate models versus a city-owned and operated network. A forecast of penetration and adoption rates, foreseeable completion, and pricing comparisons should be included for all models presented.

## **6. Financing**

The study will provide Harvard with a detailed discussion of available financing options for network construction and deployment. Such options may include, but are not limited to:

- a) General Obligation (GO) Bonds;
- b) Telecommunications Revenue Bonds; or,
- c) Other financial methods as recommended; and,
- d) Opportunities for federal or state grants.

The proposal shall include costs to update the feasibility study and business case after a financing plan is put in place so that Harvard has an "as-built" business case to work from.

## **7. Citizen and Business Survey**

In order to understand the likely market for broadband, a series of surveys are requested as part of the RFP:

- a) A statistically valid residential survey;
- b) An online residential survey that will provide additional data points related to sentiments as to how residents generally feel about the current broadband services that are available;
- c) An online commercial/industrial business survey that will provide additional data points related to sentiments as to how commercial/industrial businesses feel about the current broadband services.

## **8. Speed Test**

An online speed test is to be included in the proposal for the purposes of assisting with obtaining a qualitative analysis of the existing ISP networks currently available in the market. Specifically, the speed test should provide information to determine if the speeds delivered by the ISPs are at or below the advertised speeds.

## **9. Stakeholder Interviews**

A minimum of twenty (20) stakeholder interviews are to be conducted with key businesses/industries, or quasi-governmental entities such as the local school district, and other major and minor businesses, that rely heavily on broadband services.

## **10. Pricing Research**

Conduct research to determine the current prices of existing service providers.

## **11. Optional Analysis**

Responses to this RFP may include additional analysis as part of the proposal as optional add-ons, such as , but not limited to, a GAP analysis to determine how the existing broadband services in the city compare with broadband services elsewhere. Each suggested or option analysis is to include a price separate from the overall price of the feasibility study.

# **QUALIFICATIONS**

## **12. Experience and Approach**

Proposing firm will demonstrate, at a minimum, the following qualifications:

- a) Demonstrated industry experience in network planning, engineering, and business development.
- b) Demonstrated experience conducting FTTP feasibility studies of similar size and scope. Please provide at least three examples of FTTP feasibility studies that your firm has conducted and contact information for these clients.
- c) Demonstrated experience with successful FTTP deployments by municipal fiber broadband providers. Please provide at least one example of a FTTP feasibility study conducted by your firm that led to a successful municipal FTTP project and contact information for this client.

- d) Experience with and knowledge of the legal and regulatory environment in the State of Illinois.
- e) Extensive financial planning experience with municipal broadband providers.
- f) Demonstrated experience with the completion of past projects on schedule and on budget.

## **PROPOSAL SUBMISSION**

### **13. Format and Content**

To standardize responses and simplify the comparison and evaluation of responses, all proposals must be submitted in an organized manner as set forth below. All information and materials requested shall be provided in the proposal under a single cover, containing two separate parts: 1) the detailed proposal, and 2) the detailed bid. If an award is made, the City expects the project to be completed with a three (3) to six (6) month timeframe. The proposer's response to this RFP will include, at minimum, the following elements:

- a) Part 1
  - i. A detailed response to each element of the Scope of Services listed above, including an estimated timeline for each element.
  - ii. A statement of qualifications that addresses each of the elements listed in the Qualification section above.
  - iii. A brief biography of each member of the Proposer's project team.
- b) Part 2
  - i. A bid for completion of all work associated with this feasibility study that includes a matrix, chart, or table describing the estimated cost and allocation of resources for each deliverable defined in the Scope of Services section.

**If it is determined based on the survey information that there isn't a need to pursue a FTTP project, the contract will be complete, and the consultant will invoice the City for the internet survey work only.**

All proposals that are submitted along with any information that accompanies these proposals shall be subject to Illinois Public Record laws. All submitted materials shall become the property of the City of Harvard.

**The proposal submission deadline is 4:00 PM CST on XXXXXXXX, XX, 202X**

## **EVALUATION CRITERIA**

### **14. Evaluation Process**

Proposals will be evaluated by the City of Harvard based on a variety of criteria including, but not limited to:

- a) Experience with projects of similar size, schedule, and complexity.
- b) Completeness of responses to the Scope of Services.
- c) Qualifications of Proposer and project team personnel.
- d) Responses of references from past projects.
- e) Demonstrated experience and knowledge of next-generation network technology.
- f) Price, which will be scored separately after the proposals are evaluated and scored.

The City will evaluate all proposals that are submitted by the deadline (see timeline below). After each proposal is evaluated and scored, and after the pricing is scored, it is anticipated that the City will select 1-3 finalists from among these submissions who will be invited to make a presentation to the Harvard Community Development Committee. Such presentations may be conducted either electronically or in person by mutual agreement of the City and finalist(s).

The City reserves the right to reject any and all proposals regardless of merit.

## **TIMELINE**

### **15. Schedule**

The table below shows the anticipated timeline for the selection of a vendor to conduct the feasibility study delivery of the final feasibility study report. The City reserves the right to adjust this schedule as necessary.

<b>Activity</b>	<b>Responsible Party</b>	<b>Deadline</b>
Release RFP	City	
Proposer Question Due	Proposers	
Answers to Questions Due	City	
Proposals Due	Proposers	

Evaluation Period	City	
Finalist Presentation(s)	Proposers	
Vendor Selection	City	
Vendor Start Date	Selected Vendor	
Delivery of Final Feasibility Study	Selected Vendor	

## GENERAL INFORMATION

### 16. Questions and Replies

To ensure that all prospective respondents accurately and completely understand the RFP requirements, the City will accept written questions via e-mail to the City Administrator by the date and time listed below. Replies to all questions will be sent via blind copy to all registered vendors.

Only one point of contact is offered to respondents for this procurement and all communication must be accomplished exclusively by e-mail submission of questions to the procurement contract. No other direct or indirect contract is to be made during this RFP period with the procurement contact or with any other member of the City concerning this project. Violation of these project rules may be cause for the rejection of any submitted proposal.

**Questions must be submitted by XXXXX, XX, 202X**

### 17. Proposed Submission

Electronic submittal - Each proposer must submit electronically at: [leone@cityofharvard.org](mailto:leone@cityofharvard.org). The City is not accepting paper copies for this RFP. Proposals shall include all requested information, forms and certifications in order to be considered responsive.

**Proposals must be submitted by 4:00 PM CST on XXXXX XX, 202X.**

All submittals are to be clearly marked “Attention: City Administrator – Broadband Feasibility Study RFP”.

All proposals and accompanying documentation will become the property of the City and will not be returned.

Proposals shall be good for 180 days following the date of submission.



## **18. Proposed Award**

The award, if any, shall be made to the firm whose proposal is deemed by the City to be in the best interest of the City. The decision of the City of whether to make the award and which proposal is in the best interest of the City shall be final.

## **19. Signature of Responsible Party**

All proposals must be signed with firm name and by a responsible officer or employee authorized to transact business on behalf of the organization, partnership, or corporation. No organization may assign or transfer any legal or equitable interest in their proposal after the date and hour set for the receipt of proposals.

## **20. City's Rights Reserved**

The City reserves the right to accept or reject any or all proposals in whole or in part, to waive any irregularities in any proposal(s) which, in the judgment of the City is/are most advantageous to the City and to re-advertise if desired. The City reserves the right to negotiate with any provider(s).

## **21. Conflict of Interest**

The provider agrees that it presently has no interest, and shall acquire no interest, direct or indirect, that would conflict in any manner or degree with the performance of its services hereunder. The provider further agrees that, in the performance of the agreement, no person having any such interest shall be employed.

## **22. Interest of Public Officials**

No member, officer, or employee of the City during this tenure or for one year thereafter, shall have any interest, direct or indirect, in this proposal or the proceeds thereof.

## **23. Insurance, Hold Harmless and Indemnification**

The successful proposer shall maintain limits no less than the following:

- a) Workers Compensation and Employers' Liability
  - i. Workers' Compensation coverage with statutory limits and Employers' Liability limits of \$500,000 per accident.
- b) Professional Liability

- i. Limits not less than \$1,000,000 each claim with respect to negligent acts, errors and omissions in connection with professional services to be provided under the contract, with a deductible not-to-exceed \$50,000 without prior written approval.
- c) Commercial General Liability
  - i. \$1,000,000 combined single limit per occurrence for bodily injury and property damage and \$1,000,000 per occurrence for personal injury. The general aggregate shall be twice the required occurrence limit. Minimum general aggregate shall be no less than \$2,000,000.
- d) Business Automobile Liability
  - i. \$1,000,000 combined single limit per accident for bodily injury and property damage.
- e) An Umbrella Insurance Policy in an amount not less than \$1,000,000 per occurrence.

The provider agrees to protect, defend, indemnify, and hold harmless City, its elected and appointed officials, agents, and employees from and against any and all liability, damages, claims, suites, liens, and judgment, of whatever nature, including claims for contribution and/or indemnification, for injuries to any person or persons, caused by organization's proposals or subsequent submittals.

The provider's obligation to protect, defend, indemnify, and hold harmless, as set forth hereinabove, shall include any matter arising out of any actual or alleged infringement of any patent, trademark, copyright, or service mark, or any actual or alleged unfair completion, disparagement of product or service, or other business tort of any type whatsoever, or any actual or alleged violation of trade regulations.

## **24. Ownership and Disclosure**

All documents and materials prepared pursuant to this proposal are the property of the City. All information submitted to the City in response to this RFP will be a public record and will be subject to disclosure, subject to applicable exemptions, under the Illinois Freedom of Information Act, 5 ILCS 140, et seq. ("Act"), after the award of the contract. Proposers are advised that Section 7(1)(g) of that Act exempts the following information from disclosure: Trade secrets and commercial or financial information obtained from a person or business where the trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential, and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business, and only insofar as the claim directly applies to the records

requested. Proposers that desire to have portions of their proposals considered for this exemption should identify those portions accordingly.

## **25. Independent Contractor Relationship**

The proposer is and shall perform any services related to any contract resulting from this RFP as an independent contractor, and as such, shall have and maintain complete control over all of its employees, agents, and operations. Neither the proposer nor anyone employed by it shall represent, act, purport to act or be deemed to be the agent, representative, employee or servant of the City of Harvard.

The proposer selected by this RFP will be working as an independent contractor and will be required to take out and keep in force, all permits, licenses, certifications, other approvals, and or insurance that may be required by the City, any local or regional governmental agency, the State of Illinois, or the federal government. Failure to comply with any of these items would be grounds for immediate cancellation of the contract.

## **26. Withdrawal of Proposals**

Proposals may be withdrawn at any time prior to the deadline, provided that a written, signed request by the Proposer for the withdrawal of such proposal is filed with the Village prior to the deadline. The withdrawal of a proposal prior to the deadline will not prejudice the right of a proposer to submit a timely new proposal. No proposal shall be withdrawn without the consent of the Village for a period of 60 days after the deadline.

## **27. Equal Opportunity**

Illinois human rights laws require that any contractor or vendor to the City of Harvard and other public bodies in the State of Illinois agree to be bound by Illinois human rights laws and their nondiscrimination requirements. The law requires a nondiscrimination clause be included in the City's contracts and contract specifications. The requirements of a nondiscrimination clause shall be included in all contracts, and contract specifications. The required language shall be in the form of the following typed statement on the applicable document:

*This [contractor or contract specification] incorporates by reference the equal employment opportunity clause which the Illinois Department of Human Rights requires in all contracts and contract specifications. This clause is set forth in 44 Ill. Admin. Code Sec. 750 (Appendix A) and is contained in the City's purchasing and contracting policy. By acceptance of this contract, the [vendor or contractor] agrees to comply with the clause and all other rules and regulations of the Illinois Department of Human Rights covering employment opportunity. The [vendor or contractor] also acknowledges that it has a written sexual harassment policy which complies with Section 2-105 of the Illinois Human Rights Act, 775 ILCS 5/2-105.*