

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Hodges and Goodman

Approving a Housing Improvement Fee for Calhoun Place Housing Improvement Area.

Whereas, the City of Minneapolis ("City") is authorized under Minnesota Statutes, Section 428A.11 to 428A.21 (the "Housing Improvement Act") to establish by ordinance a housing improvement area within which housing improvements are made or constructed and the costs of the improvements are paid in whole or in part from fees imposed within the area; and

Whereas, by Ordinance No. 2013-OR-____, adopted concurrently with this Resolution (the "Enabling Ordinance"), the Council established the Calhoun Place Housing Improvement Area (the "Housing Improvement Area") in order to facilitate certain improvements to property known as the "Calhoun Place Condominiums," all in accordance with the Housing Improvement Act; and

Whereas, in accordance with Section 428A.12 of the Housing Improvement Act and the City's housing assistance policy, owners of at least 75 percent of the housing units within the Housing Improvement Area have filed a petition with the City Clerk requesting a public hearing regarding imposition of a housing improvement fee for the Housing Improvement Area; and

Whereas, the Council has on January 29, 2013, conducted a public hearing, duly noticed in accordance with the Housing Improvement Act, regarding adoption of this Resolution at which all persons, including owners of property within the Housing Improvement Area, were given an opportunity to be heard; and

Whereas, prior to the date hereof, Calhoun Place Condominium Association (the "Association") has submitted to the City a financial plan prepared by an independent third party, acceptable to the City and the Association, that provides for the Association to finance maintenance and operation of the common elements in the Housing Improvement Area and a long-range plan to conduct and finance capital improvements therein, all in accordance with Section 428A.14 of the Housing Improvement Act; and

Whereas, for the purposes of this Resolution, the terms "Housing Improvement Area" and "Housing Improvements" have the meanings provided in the Enabling Ordinance;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis that:

Section 1. Housing Improvement Fee Imposed.

1.01. The City hereby imposes a fee on each housing unit within the Housing Improvement Area (the "Housing Improvement Fee") in an amount not to exceed the maximum annual amount shown in Exhibit A hereto. The Housing Improvement Fee is imposed on the basis of each unit's share of common expenses as defined in the Calhoun Place Condominium Declaration pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the "Declaration"). The Council specifically finds

that such allocation is more fair and reasonable than a fee based upon the tax capacity or square footage of each housing unit because the Association and unit owners themselves have determined that the percentage share for each unit set forth in the Declaration is an equitable means of allocating common costs such as the Housing Improvements.

1.02. The owner of any housing unit against which a Housing Improvement Fee is to be imposed may, at any time prior to March 29, 2013, pay to the Association all of the Allocated Housing Improvement Costs imposed against such housing unit as shown on the attached Exhibit A. It is currently anticipated that any further prepayments will not be permitted. However, the City's Finance Officer may permit prepayments under terms and conditions determined by the Finance Officer in his sole discretion.

1.03. If not prepaid in accordance with Section 1.02 hereof, the allocated Housing Improvement Fee (which includes the allocated Housing Improvement Costs as well as the allocated financing costs, including interest, capitalized interest, debt service reserve, costs of issuance and city processing fee) shall be payable in equal annual installments over either 19 years (beginning in calendar year 2014) or 18 years (beginning in calendar year 2015). The number of annual payments will depend on the date the City closes on its bond financing to take out the Association's construction loan and when the resulting fee information is submitted to Hennepin County for filing. If the fee information is filed on or before November 30, 2013, then there will be 19 annual installments. If the fee information is filed after November 30, 2013, then there will be 18 annual installments.

After the closing date on the City bonds, the City will calculate the Annual Housing Improvement Fee for each housing unit that has not prepaid in accordance with Section 1.02 hereof. This annual fee will include both a principal and interest component. Interest will be calculated based on an imputed interest rate that will be computed by the City after issuance of the City bonds. This imputed interest rate will take into account the true interest rate of the City bonds as well as bond-related costs and annual debt service coverage. The maximum Annual Housing Improvement Fee for each unit is shown on Exhibit A.

1.04. The Housing Improvement Fee, unless prepaid in accordance with Section 1.02 hereof, shall be payable at the same time and in the same manner as provided for payment and collection of ad valorem taxes, as provided in Sections 428A.14 and 428A.15 of the Housing Improvement Act.

Section 2. Notice of Right to File Objections.

2.01. Within five days after the adoption of this Resolution, the Department of Finance and Property Services is authorized and directed to mail to the owner of each housing unit in the Housing Improvement Area a summary of this Resolution; notice that owners subject to the Housing Improvement Fee have a right to veto this Resolution if owners of at least 45 percent of the housing units within the Housing Improvement Area file an objection with the City Clerk before the effective date of this Resolution; and notice that a copy of this Resolution is on file with the City Clerk for public inspection.

Section 3. Effective Date.

3.01. This Resolution shall be effective 60 days after adoption and publication hereof, subject to (a) the veto rights of housing unit owners under Section 428A.18 of the Housing Improvement Act; and (b) execution in full of a financing agreement between the City and the

Association providing for financing construction of the Housing Improvements. Pursuant to Chapter 4, Section 9, of the Charter of the City, only the title of this Resolution and summary of this Resolution conforming to Minnesota Statutes, Section 331A.01, subdivision 10, shall be published in the official paper of the City.

Section 4. Filing of Housing Improvement Fee.

4.01. After the effective date of this Resolution, but by no later than November 30, 2014, the Department of Finance and Property Services shall file a certified copy of this Resolution with the Hennepin County Auditor to be recorded on the property tax lists of the county.