**Ordinance No. 2025-02**

**Ordinance establishing the Villas at Chasewood Housing Improvement Area**

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The City of Minnetonka Ordains:

Section 1. Background.

1.01. The City of Minnetonka, Minnesota (the "City") is authorized under Minnesota Statutes, Sections 428A.11 through 428A.21, as amended (the "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.

1.02. The City Council of the City (the "Council") adopted a Housing Improvement Area Policy on November 14, 2011 (the "Policy").

1.03. The City has determined a need to establish the Villas at Chasewood Housing Improvement Area (the "Area") as further defined below, in order to facilitate certain improvements to property known as the "Villas at Chasewood" all in accordance with the Policy.

1.04. The City has consulted with The Villas at Chasewood Association, a Minnesota nonprofit corporation (the "Association"), and with residents in the proposed Area regarding the establishment of the Area and the housing improvements to be constructed and financed under this ordinance.

Section 2. Findings.

2.01. The Council finds that, in accordance with Section 428A.12 of the Act and the Policy, owners of at least sixty percent (60%) of the housing units within the proposed Area have filed a petition with the City Clerk requesting a public hearing regarding establishment of such Area.

2.02. On January 13, 2025, the Council conducted a public hearing, duly noticed in accordance with Section 428A.13, subdivision 2 of the Act, regarding adoption of this ordinance, at which all persons, including owners of property within the proposed Area, were given an opportunity to be heard.

2.03. The Council finds that, without establishment of the Area, the Housing Improvements (as defined below) could not be made by the Association for, or by the housing unit owners in, the Villas at Chasewood.

2.04. The Council further finds that designation of the Area is needed to maintain and preserve the housing units within such Area.

2.05. The Council further finds that by Resolution No. 2025-003 adopted on January 13, 2025, the City has provided full disclosure of public expenditures, loans, bonds, or other financing arrangements in connection with the Area, and has determined that the Association will contract for the Housing Improvements.

2.06. The City will be the implementing entity for the Area and the improvement fee.

2.07. The Council finds that the Area meets each of the approval criteria contained in the Policy, including the criterion that a majority of the Villas at Chasewood owners support the project and the Area financing. The Association presented evidence to the Council adequate to demonstrate that these criteria were met, including presentation to the Council of the petitions described in Section 2.01 above.

Section 3. Housing Improvement Area Defined.

3.01. The Area is defined as the area of the City legally described in EXHIBIT A attached hereto.

3.02. The Area contains one hundred and eighty-eight (188) housing units as of the date of adoption of this ordinance, along with garage units and common areas.

Section 4. Housing Improvements Defined.

4.01. For the purposes of this ordinance and the Area, the term “Housing Improvements” means the following improvements to housing units, garages, and common areas within the Area: (a) full renovation of the facades, including siding, windows, and doors, of the 21 buildings along with related work; and (b) repairs to the attics. The estimated total cost is $12,530,000, including construction costs, administrative costs, soft costs, costs of issuing bonds to finance the improvements, and capitalized interest.

| Project | Work to be completed | Estimated costs |
|---|---|---|
| Concrete Work | Replace patio slabs and valley gutters | $122,423 |
| Building Facades | Replace siding, trim, fascia and soffits; replace sheathing and insulation as needed; repair framing damage; replace gable attic vents, gutters and downspouts | $3,580,380 |
| Masonry | Brick tuck-pointing, repair precast stone sills and CMU foundation walls, brick replacement, reconstructing masonry piers, masonry joint sealant replacement | $97,920 |
| Attics | Repairs and sealing, roof vents, chimneys renovation | $573,451 |
| Other Building Costs | Replace windows and doors, deck stacks reconstruction, rooftop decks and balconies renovation | $4,781,077 |
| Construction Costs | Miscellaneous work and labor, mobilization and rigging, contingency | $2,255,874 |
| Other Costs | Engineering fees, HIA consultant, construction financing, fees | $801,950 |
| | | |
| Total Project Budget: | | $12,213,075 |

4.02. Housing Improvements also include the following:

(a) all costs of architectural and engineering services in connection with the activities described in Section 4.01 hereof;

(b) all administration, legal and consultant costs in connection with the Area, including without limitation all costs related to financing or issuance of bonds, if any; and

(c) interest on the internal financing by the City as described in Section 6.01 hereof.

Section 5. Housing Improvement Fee.

5.01. The City may, by resolution adopted in accordance with the hearing and notice procedures required under Section 428A.14 of the Act, impose a fee (the "Housing Improvement Fee") on the housing units within the Area, at a rate, term or amount sufficient to produce revenues required to provide the Housing Improvements, subject to the terms and conditions set forth in this Section.

5.02. The Housing Improvement Fee (except for the portion allocable to City and Hennepin County administrative costs) will be based on the square footage (percentage of common expense obligation) of each unit, which is consistent with Section 428A.14, subdivision 1 of the Act and with the Common Interest Community No. 1291 (Condominium), The Villas at Chasewood Declaration. The City finds that that it is more fair and reasonable to impose the fee allocable to City and Hennepin County administrative costs on a per-unit basis, as those costs do not vary with unit size.

5.03. The Housing Improvement Fee will be imposed and payable for a period no greater than 20 years after the first installment is due and payable.

5.04. Housing unit owners will be permitted to prepay the Housing Improvement Fee in accordance with the terms specified in the resolution imposing the fee.

5.05. The Housing Improvement Fee will not exceed the amount specified in the notice of public hearing regarding the approval of such fee; provided, however, that the Housing Improvement Fee may be reduced after approval of the resolution setting the Housing Improvement Fee, in the manner specified in the resolution.

5.06. The Housing Improvement Fee shall be collected at the same time and in the same manner as provided for payment and collection of ad valorem taxes, in accordance with Section 428A.15 of the Housing Improvement Act and Minnesota Statutes, Section 428A.05. As set forth in Section 428A.14, subdivision 2 of the Housing Improvement Act, the Housing Improvement Fee is not included in the calculation of levies or limits on levies imposed under any law or charter.

Section 6. Housing Improvement Area Loan.

6.01. The Association plans to finance the construction of the Housing Improvements with a construction loan from a bank.

6.02. At any time after a contract with the Association for construction of all or part of the Housing Improvements has been entered into and the construction of the Housing Improvements is complete, the Council will refinance the construction loan obtained by the Association for the Housing Improvements with general obligation bonds or internal financing from available City funds in the principal amounts necessary to refinance the construction loan. Any such financing will be treated as a loan, repayable from the Housing Improvement Fee paid by unit owners, all in accordance with the Council resolution imposing the Housing Improvement Fee.

6.02. If the City chooses to refinance the construction loan with internal financing from available City funds, the City may refinance the internal financing at any time by issuing its general obligation bonds secured by Housing Improvement Fees, as authorized pursuant to Section 428A.16 of the Act.

Section 7. Annual Reports.

7.01. On May 1, 2026, and each May 1, thereafter until the Housing Improvement Fees have been paid in full, the loan described in Section 6.01 hereof, and any bonds issued to refinance the loan, are no longer outstanding (or any later date specified in an agreement between the City and the Association), the Association (and any successor in interest) must submit to the City Clerk a copy of the Association's audited financial statements.

7.02. The Association (and any successor in interest) must also submit to the City any other reports or information at the times and as required by any contract entered into between that entity and the City.

Section 8. Notice of Right to File Objections.

8.01. Within five days after the adoption of this ordinance, the City Clerk is directed to mail to the owner of each housing unit in the Area the following: a summary of this ordinance; notice that owners subject to the proposed Housing Improvement Fee have a right to veto this ordinance if owners of at least forty-five percent (45%) of the housing units within the Area file a written objection with the City Clerk before the effective date of this ordinance; and notice that a copy of this ordinance is on file with the City Clerk for public inspection.

Section 9. Amendment.

9.01. This ordinance may be amended by the Council upon compliance with the public hearing and notice requirements set forth in Section 428A.13 of the Act.

Section 10. Effective Date.

10.01. This ordinance is effective forty-five (45) days after adoption, or thirty (30) days after publication, whichever is later, subject to the veto rights of housing unit owners under Section 428A.18 of the Housing Improvement Act.

10.02. This ordinance supersedes and replaces Ordinance 2024-16.

Adopted by the City Council of the City of Minnetonka, Minnesota, on Jan. 13, 2025.

DocuSigned by:
Brad Wiersum
21AA42DB33F7415...

Brad Wiersum, Mayor

Attest:

DocuSigned by:
Becky Koosman
C8FF609054C54E1...

Becky Koosman, City Clerk

**Action on this ordinance:**

Date of introduction: Oct. 28, 2024
Date of adoption: Jan. 13, 2025
Motion for adoption: Calvert
Seconded by: Ramaley
Voted in favor of: Ramaley, Coakley, Foster-Bolton, Schack, Wilburn, Calvert, Wiersum
Voted against: None
Abstained: None
Absent: None
Ordinance adopted.

Date of publication: Jan. 23, 2025

I hereby certify that the foregoing is a correct copy of an ordinance adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on Jan. 23, 2025.

Tanya Witschen, Deputy City Clerk

**EXHIBIT A**

**LEGAL DESCRIPTION**

Lot 3, Block 2, Chasewood, Hennepin County, Minnesota, according to the plat thereof on file or of record in the office of the Registrar of Titles.