CITY OF CALEDONIA, MINNESOTA

RESOLUTION 2018-003

A RESOLUTION APPROVING A PROPERTY TAX ABATEMENT FOR CONSTRUCTION OF TWO RESIDENTIAL APARTMENT BUILDINGS

---------------------------------------------------------------------------------
---------------------------------------------------------------------------------

BE IT RESOLVED by the City Council (the "Council") of the City of Caledonia, Minnesota (the "City"), as follows:

1. Recitals.

   (a) Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Law"), authorize the City to grant certain abatements.

   (b) Paul and Jenelle Jacobsen (the "Developer") have requested the City abate a portion of the City's share of the property taxes to be generated by the construction of two apartment buildings (the "Project"), approximately 11,520 sq. ft. each, to be located on five parcels legally described on the attached Exhibit A (the "Property"), which is located in the City of Caledonia on N. Gjere Ave. and have Parcel Identification Numbers of 211311000, 211312000, 211313000, 211314000, 211315000.

   (c) The proposed tax abatement (the "Abatement") will result in the reimbursement of 50% of the City taxes created by the Project in an amount not to exceed $3,465.00 per year, beginning with the taxes payable in the year 2020 and continuing for up to ten (10) years through taxes payable in 2029, with a total abatement amount that shall not exceed $34,650; however, if the Project is not completed by January 1, 2019, the Abatement will start with taxes payable in 2021 and continue through 2030. The annual abatement amount shall be based on the taxable market value of the Property. In no event shall the abatement amount exceed the City taxes actually paid in any year for the Project.

   (d) On February 12, 2018, the Council held a public hearing on the question of the Abatement, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice hereof.

2. Findings for the Abatement. The City Council hereby makes the following findings:

   (a) The Council expects the benefits of the Project to equal or exceed the costs of Abatement because the Project will result in a significantly higher market value for tax purposes. Upon termination of the Abatement, the City will benefit from the additional tax base created by the Project.

   (b) Granting the Abatement is in the public interest because it will increase the tax base, provide additional housing opportunities for employees of local businesses, and promote commercial activity in the City.

   (c) The Property will no longer be in Tax Increment Financing District No. 2-2.
(d) In any year, the total amount of property taxes abated by the City by this and other resolutions shall not exceed the greater of ten percent (10%) of the current net tax capacity of the City or $200,000.

(e) The Developer has indicated that the project would not occur on the property but for tax abatement assistance from the City.

3. **Terms of Abatement.** The Abatement is hereby approved. The terms of the Abatement are as follows:

(a) The Abatement shall be for up to 10 years beginning with real estate taxes payable in 2020 and continuing through 2029, inclusive; however, if the Project is not completed by January 1, 2019, the Abatement will start with taxes payable in 2021 and continue through 2030.

(b) For each year within the Abatement term, the Developer shall receive a 50% abatement on the increase in the City’s portion of property taxes created by the Project. The increase in property taxes will be calculated using City property taxes payable in 2019 as the base; however, if the Project is not completed by January 1, 2019, taxes payable in 2020 will be used as the base.

(c) Abatements shall not exceed $3,465 in any year and shall not exceed a cumulative cap of $34,650 for all abatements granted for the Project. In no event shall the abatement amount exceed the City taxes actually paid in any year resulting from the Project.

(d) The Abatement may not be modified or changed during the term set forth in 3(a) above, except with the prior written consent of the Developer and City.

(e) The Abatement shall be subject to all the terms and limitations of the Abatement Law, this resolution, and any Abatement Agreement entered into pursuant to section (h) below.

(f) In order to be entitled to the Abatement, the Developer shall not be in default of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions, or in default of any terms of the Abatement Agreement referenced herein.

(g) The City may, at its option, condition payment of any Abatements upon execution of a Abatement Agreement between the City and the Developer regarding development of the Property, which at a minimum incorporates the terms of this Abatement.

**ADOPTED** by the Caledonia City Council this 12th day of February, 2018.

[Signature]
DeWayne "Tank" Schroeder, Mayor

**ATTEST:**

[Signature]
Adam G. Swann, Clerk-Administrator
EXHIBIT A

Parcel No. 211311000
Sect-13 Twp-102 Range-006 PINE ESTATES Lot-001 Block-002

Parcel No. 211312000
Sect-13 Twp-102 Range-006 PINE ESTATES Lot-002 Block-002

Parcel No. 211313000
Sect-13 Twp-102 Range-006 PINE ESTATES Lot-003 Block-002

Parcel No. 211314000
Sect-13 Twp-102 Range-006 PINE ESTATES Lot-004 Block-002

Parcel No. 211315000
Sect-13 Twp-102 Range-006 PINE ESTATES Lot-005 Block-002