

AGENDA
Special Work Session City Council Meeting
 Hybrid (ZOOM Video and In Person), City Hall
 May 4, 2026, 6:30 p.m.

*Information
Found On:*

1. **CALL TO ORDER/DETERMINATION OF QUORUM** *Council President*
2. **PUBLIC FORUM** (3 minute limit)
 Individuals may address the City Council about items on the agenda or not included on the agenda. Speakers are required to state their name and address for the Council record and limit their remarks to three minutes or fewer. Speakers are requested to frame their comments around items that fall within the authority of the City Council. Generally, the City Council will not take official action on the items discussed at this time, but may place the item on file, take the matter under advisement, refer the matter to staff or a committee for a future report or direct the matter to be placed on an upcoming agenda.
3. **BILLS DISCUSSION** *City Council*
4. **CONSENT AGENDA ITEM DISCUSSION** *City Council*
5. **COUNCIL INFORMATION ONLY ITEMS**
 - a. Flock Camera Discussion (5 mins) *Police Chief*
 - b. Planning Commission Meeting Update, ATV Ordinance (30 mins) *Police Chief*
 - c. Barrett Expansion and TIF Discussion (15 mins) *City Administrator and Finance Director*
 - d. Other
6. **CONSTITUENT MESSAGE(S)**
7. **ADJOURNMENT**

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Pages 10-32

If you need any type of reasonable accommodations to participate in this meeting, contact City Hall at (320) 616-5500 at least 72 hours prior to the meeting. Meetings are live streamed at [LITTLE FALLS CITY COUNCIL MEETING](#). A current list of meetings can be found at [Notice of Meetings](#).



LITTLE FALLS CHIEF OF POLICE

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320-616-5570

207 Northeast First Street
Little Falls, MN 56345

kylej@ci.little-falls.mn.us



To: Alex Smith, City Administrator

From: Kyle Johnson, Police Chief

Date: May 4 2026

Subject: Status Update on Flock Safety “Project Prove It” Pilot Program

Alex,

I am writing to provide an update on the proposed pilot project involving Flock Safety’s license plate recognition (LPR) technology under their “Project Prove It” initiative.

After careful consideration, the Police Department has decided to pause participation in the pilot program at this time. This decision is based solely on current budgetary priorities and our responsibility to be fiscally prudent. It does not reflect any concerns about the Flock Safety platform itself or any of the community feedback received.

We continue to believe that Flock’s LPR system represents a valuable public safety tool with strong safeguards and investigative potential. However, in light of our current financial position, we feel it is most appropriate to revisit this opportunity when funding conditions improve.

We appreciate the Council’s support throughout our evaluation process and remain committed to seeking thoughtful, cost-effective ways to enhance public safety in the future.

A handwritten signature in black ink, appearing to read 'Kyle Johnson'.

Kyle Johnson
Police Chief
Little Falls Police Department



City Council Review & Decision Framework

Special Vehicle Use on City Streets

Prepared for Policy Direction and Refinement

Purpose of Council Discussion

The City Council is asked to:

- Provide policy direction on key ordinance components
- Refine areas identified by the Planning Commission
- Determine final structure prior to completion of Draft Policy for review

This framework is based on Planning Commission guidance.

Key Policy Decision Areas

1. Program Structure & Intent

Council Direction Needed:

- Confirm program objective:
 - Citywide access (with restrictions)
 - Limited/designated use only
- Confirm permit-based system:
 - Permit required
 - No permit (route-only model)
- Approve vehicle decal requirement

2. Vehicle Eligibility

Planning Commission Recommendation:

- UTVs (side-by-side, steering wheel): Allowed
- ATVs (handlebar): Prohibited (*except snow removal if allowed*)
- Golf Carts: Limited area use (*Council input needed*)
 - Adjacent to Golf Course
 - Specific Routes
- Mini-trucks: Allowed

Council Decisions:

- Confirm ATV restriction with exception
- Define golf cart use area (if allowed)
- **Confirm operator requirements:**

- Valid driver's license required
- Minimum age per state statute

3. Routes & Geographic Limitations

Council Direction Needed:

- Approve route system:
 - Map-based
 - Street list
 - City-Wide
 - Hybrid Solution – (*citywide permit + designated no-permit trail connections/routes*)
- Downtown access:
 - Allow limited corridors/streets/routes
 - Prohibit entirely
- River crossing & Hwy 10 underpass connectivity:
 - Required
 - Not required

4. Highway 27 Coordination

Critical Legal/Operational Issue

- Confirm policy:
 - No operation except crossings and necessary travel for trail connections.

Direct staff to:

- Coordinate with MnDOT
- Obtain City Attorney opinion

5. Operating Regulations

Recommended Standards:

- Speed: Posted limits 20 MPH Golf Carts
- Hours: Sunrise to sunset (*unless properly equipped*)
- Weather restrictions: No poor visibility operation
- Must be operated on the extreme right-hand side of the right-of-way

Safety Requirements:

- Seat belts required (if equipped)

- Helmets required under age 18
- Safety triangle placard required on golf carts

Other: _____

Prohibited Areas:

- Sidewalks
- Parks (*unless designated*)
- Trails (*unless signed*)

Other _____

6. Permit Structure

Council Decisions:

- Permit term: Annual
- Permit type: Per vehicle decal

Application requirements:

- Proof of insurance
- DNR registration
- Valid Driver's License
- Set permit fee: **#[Insert amount]**

7. Enforcement & Penalties

Framework for Approval:

- **Primary enforcement:** Police Department

Penalty Options:

- Warning (first offense)
- Administrative citation (if city moves forward with this program)
- Misdemeanor Citation (same as other ordinance violations currently)

Enforcement Triggers:

- No permit
- Off-route operation
- Speed violations
- Unsafe operation
- Violations of state/local laws

Other: _____

8. Permit Revocation & Appeals

Council Direction Needed:

- Grounds for revocation:
 - Unsafe operation
 - Violations of ordinance
 - Multiple Violations
 - Other: _____
- Appeal structure:
 - Hearing authority: [Outside entity / attorney]
 - Appeal deadline: 14 days
 - Standard: Preponderance of evidence

9. Non-Resident Permits

Policy Considerations:

- Allow non-resident permits

Examples:

- Visitors staying several days obtain a permit
- Residents outside city limits need a permit for general citywide use
- No permit needed if using designated hybrid routes only

Issuing Authority:

- Police Department

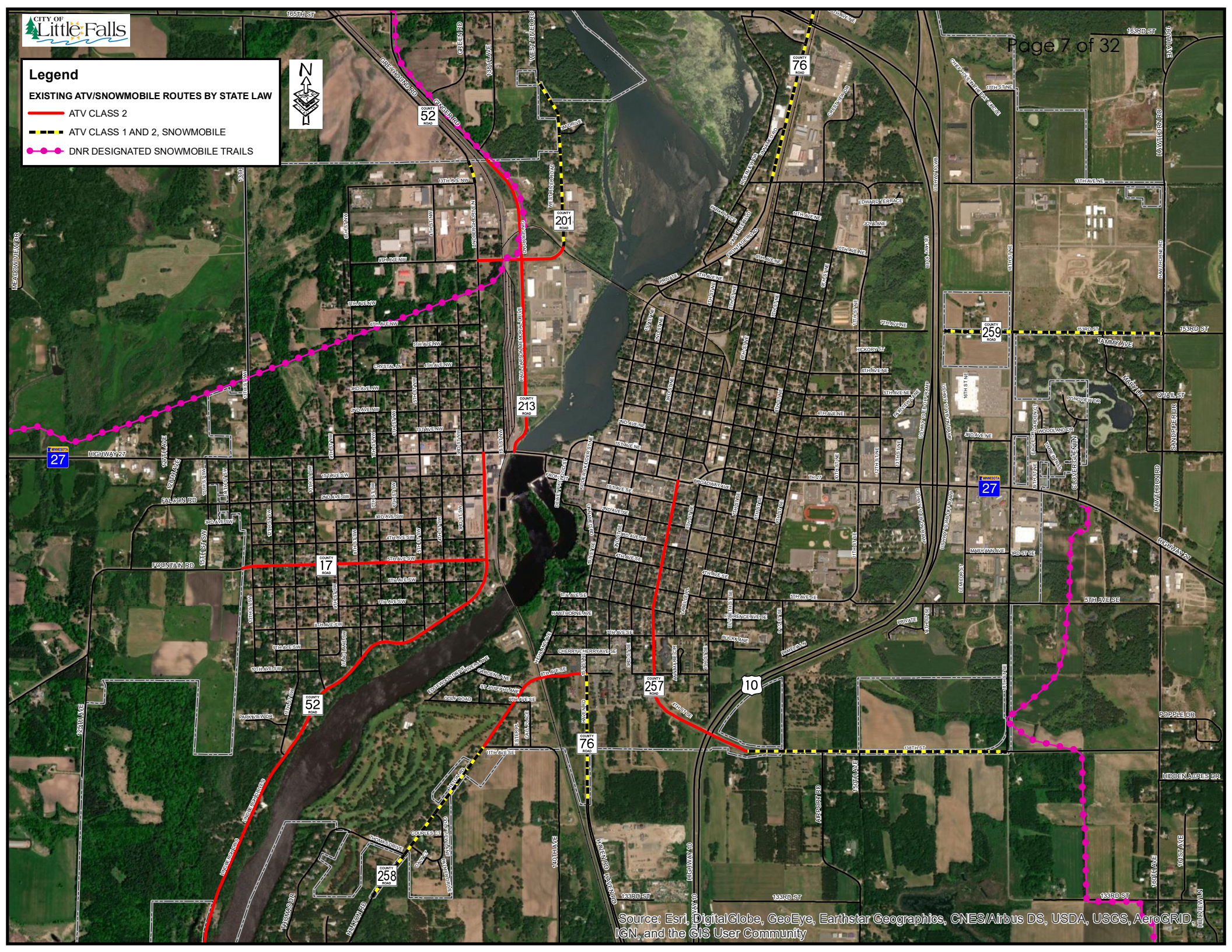
10. Special Use: Snow Removal

Planning Commission Recommendation

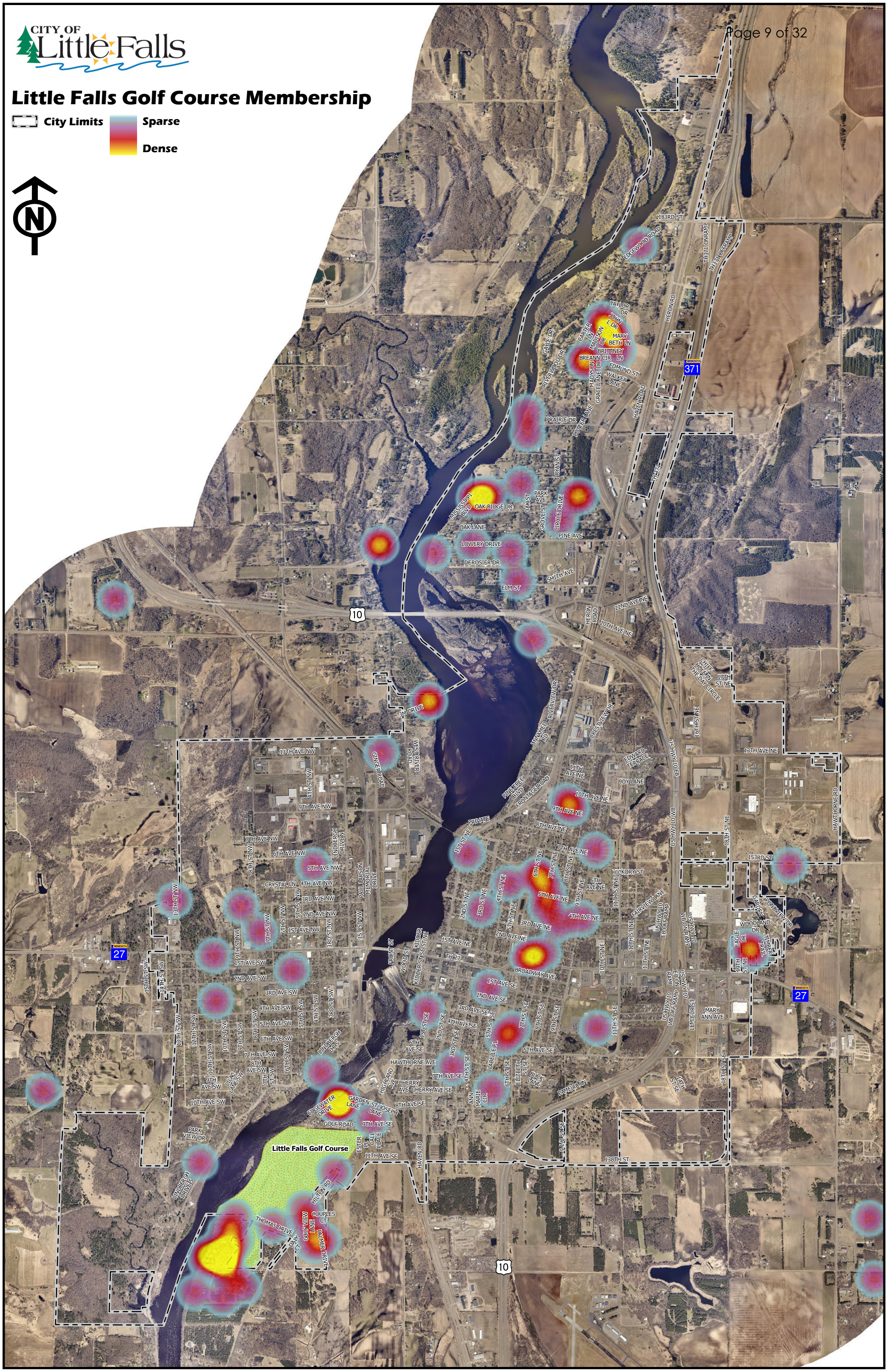
- Allow ATV/UTV (including handlebar ATVs) use for snow removal only
- Limit use to **48 hours after snowfall** (*No permit is required if only used for snow removal*)
- Permit required

Legend

- EXISTING ATV/SNOWMOBILE ROUTES BY STATE LAW
- ATV CLASS 2
- - - - - ATV CLASS 1 AND 2, SNOWMOBILE
- DNR DESIGNATED SNOWMOBILE TRAILS



Little Falls Golf Course Membership



City of Little Falls

RESOLUTION 2026-27

RESOLUTION CALLING FOR A PUBLIC HEARING ON
THE MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 1,
THE APPROVAL OF THE DEVELOPMENT PROGRAM RELATED THERETO,
THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 48,
THE ADOPTION OF TAX INCREMENT FINANCING PLAN RELATING THERETO, AND
THE APPROVAL OF BUSINESS SUBSIDY TO BARRETT LAND LLC

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

1. *Public Hearing* – The City Council shall meet on Monday, June 1, 2026, at approximately 7:30 p.m. to conduct a public hearing on the following matters: a) the proposed modification of Municipal Development District No. 1; b) the approval of the Development Program related thereto; (c) the proposed establishment of Tax Increment Financing District No. 48; (d) the proposed adoption of the Tax Increment Financing Plan relating thereto, all pursuant to and in accordance with Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.1794, inclusive, as amended (the "Act"); and (e) the proposed approval of a business subsidy to Barrett Land LLC and the business subsidy agreement pertaining thereto, pursuant to Minnesota Statutes, Section 116J.993 to 116J.995 (the "Business Subsidy Act").

2. *Notice of Hearing, Filing of Program and Plan and Agreement* - The City Administrator is hereby authorized to cause a notice of the hearing, substantially in the form attached hereto as Exhibit A, to be published as required by the Act and to place a copy of the modified Development Program, Tax Increment Financing Plan, and proposed business subsidy agreement, to be modified and adopted, on file in the City Administrator's Office at City Hall and to make such copies available for inspection by the public.

Passed this 4th day of May, 2026.

ATTEST:

Gerald M. Knafla, Council President

Alex Smith, City Administrator

Approved this 4th day of May, 2026.

Gregory J. Zylka, Mayor

EXHIBIT A

**CITY OF LITTLE FALLS
COUNTY OF MORRISON
STATE OF MINNESOTA**

NOTICE OF PUBLIC HEARING ON

THE MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 1,
THE APPROVAL OF THE DEVELOPMENT PROGRAM RELATED THERETO,
THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 48,
THE ADOPTION OF TAX INCREMENT FINANCING PLAN RELATING THERETO, AND
THE APPROVAL OF A BUSINESS SUBSIDY TO BARRETT LAND LLC

NOTICE IS HEREBY GIVEN that the City of Little Falls, Morrison County, Minnesota, will hold a public hearing on Monday, June 1, 2026, at approximately 7:30 p.m. in the Council Chambers at City Hall, located at 100 Seventh Avenue Northeast, in the City of Little Falls, Minnesota, relating to: a) the proposed modification of Municipal Development District No. 1; b) the proposed approval of the Development Program related thereto; c) the proposed establishment of Tax Increment Financing District No. 48; d) the proposed adoption of the Tax Increment Financing Plan relating thereto, all pursuant to and in accordance with Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.1794, inclusive, as amended (the "Act"); and (e) the approval of a business subsidy to Barrett Land LLC, pursuant to Minnesota Statutes, Section 116J.993 to 116J.995 (the "Business Subsidy Act"). Copies of the Development Program, Tax Increment Financing Plan, and Business Subsidy Agreement, as proposed to be modified and adopted, will be on file and available for public inspection at the office of the City Administrator at City Hall.

A person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

The properties proposed to be affected by Tax Increment Financing District No. 48 are described in the Tax Increment Financing Plan on file in the office of the City Administrator. A map of the Tax Increment Financing District is set forth in EXHIBIT B.

All interested persons may appear at the hearing and present their view orally or in writing.

Dated: May 4, 2026

BY ORDER OF THE CITY COUNCIL

Gerald M. Knafla, Council President

Publish: May 10 and 17, 2026

EXHIBIT B

Map of Proposed Tax Increment Financing District No. 48



Draft

City of Little Falls, Minnesota

Modification of the Development Program for
Municipal Development District No. 1

&

Tax Increment Financing Plan for

Tax Increment Financing District No. 48

(Barrett Expansion)

Public Hearing: June 1, 2026

To be Considered for Adoption: June 1, 2026



DDA

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Public Finance Advisors**

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Modification of the Development Program for Municipal Development District No. 1

Introductory Statement

On December 2, 1985, the Morrison County Rural Development Finance Authority established Municipal Development District No. 1. Administrative authority for the District was subsequently transferred to the City of Little Falls. Since its creation, forty-seven (47) TIF Districts have been established within the District. For each TIF District, the Development Program has been amended to include the authorized budgets.

This amendment is prepared in conjunction with the establishment of Tax Increment Financing District No. 48, which is being created to assist Barrett Land LLC expansion of 280,000 square production and warehouse facility in the City of Little Falls. The boundaries of Municipal Development District No. 1 include the entire City limits. Sections of the Development Program are amended as follows:

Section 1.6 Estimated Public Costs and Supportive Data

June 1, 2026

In addition, the City has budgeted the following capital costs relating to Tax Increment Financing District No. 47. A complete summary of the budget is included in the financing plan.

Capital Costs

Site Improvements	\$ <u>2,100,000</u>
Total	\$ 2,100,000

Tax Increment Financing Plan for Tax Increment Financing District No. 48

Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

" Authority" means the City Council of the City of Little Falls, Minnesota.

"City" means the City of Little Falls, Minnesota.

"County" means Morrison County, Minnesota.

"County Board" means the County Board of Morrison County.

"Developer" means any person undertaking construction or renovation in the Project Area, including Barrett Land LLC or a related entity.

"Development District" means Municipal Development District No. 1 in the City.

"Development Program" means the Development Program for the Development District.

"Project Area" means the geographic area of the Development District.

"School District" means the School District No. 482.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing District No. 48.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section 2 Statement of Need and Public Purpose

See the Development Program for Development District No. 1, which is on file at the City Clerk's office at City Hall in Little Falls.

Section 3 Statutory Authorization

The Authority is empowered under the provisions of the TIF Act to establish a tax increment financing district.

Section 4 Statement of Objectives

The objectives of this TIF plan are consistent with the Development Program. Please see "Statement of Objectives," Section 1 of the Development Program.

Section 5 Specific Development Expected to Occur in the TIF District

Barrett Land LLC (the "Developer") proposes to expand its existing operations by constructing an approximately 280,000-square-foot production and warehouse facility. The facility is intended to be occupied by Barrett Petfood Innovations ("BPI") for the manufacture and warehousing of pet food products. Construction is anticipated to commence in June.

For purposes of this initial project, the Authority intends to use tax increments generated by the TIF District to pay or reimburse eligible public costs, including site and related infrastructure improvements necessary to serve the Property, as more particularly described in this TIF Plan.

Section 6 Property to be Included in the TIF District

The TIF District will be comprised of the following tax parcel (listed below). Additional details can be found on Exhibit 2.

This is a one parcel TIF district, consisting of parcel 48-7060-000.

A map showing the location of the TIF District is shown in Exhibit 1.

The area encompassed by the TIF District includes all street rights-of-way and utility or drainage easements located upon or adjacent to the property described above. If the parcel is subdivided, all property related to the subdivision shall be included in the TIF district.

Section 7 Estimated Sources and Uses of Funds (Public Costs)

The estimated costs of the proposed development in the TIF District, which are eligible for reimbursement with tax increments of the TIF District, and the projected sources of revenue available to fund these costs are summarized below.

Estimated Project/Financing Costs to be paid or financed with increment:

Project Costs	
Land Acquisition	\$ -
Site Improvements	\$ 2,100,000
Public Utilities	\$ -
Total	<u>\$ 2,100,000</u>
Finance Costs	
Bond & Note Interest Expense	<u>\$ 1,059,199</u>
Administrative Costs	
Administration funded with TIF	<u>\$ 349,283</u>
TOTAL USE OF FUNDS	\$ 3,508,482

Estimated Tax Increment Revenues

Tax Increments (after OSA tax)	\$ 3,492,831
Investment Interest	<u>\$ 15,651</u>
TOTAL SOURCE OF FUNDS	\$ 3,508,482

Estimated Amount of Bonds to be issued \$ 2,449,283

The Authority reserves the right to adjust the amount of capital line items listed above or to incorporate additional eligible items, so long as the total capital & administrative costs are not increased (\$2,449,283). Adjusting financing costs, principal or interest will require a public hearing and formal TIF Plan modification process pursuant to Minnesota Statutes Section 469.175 Subd. 4. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues, but anticipates that such costs will be primarily financed with tax increments. Therefore, the total estimated costs to be financed with tax increments, including capital costs, administrative costs and financing costs (interest) is \$3,508,482.

Section 8 Estimated Impact on Other Taxing Jurisdictions

Exhibit 4 shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District were hypothetically available to the other jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

Section 9 Fiscal and economic implications

M.S. Section 469.175 Subdivision 2(b) requires a specific description of the fiscal and economic implications of the proposed TIF District on city operations, plus an estimate of the total TIF to be generated over the life of the TIF District attributable to each taxing jurisdiction.

City Service Costs: The TIF district is currently served by existing City services and facilities; therefore, no material increase in general City service and support costs is anticipated as a result of the proposed development.

As part of the proposed expansion, the City anticipates requiring installation of a wastewater pretreatment facility to mitigate increased discharge to the City's wastewater system. Absent such pretreatment, the City's existing wastewater treatment facilities may not have capacity to accommodate the anticipated increase in discharge.

The City anticipates assisting this Project through the use of pay-as-you-go tax increment financing. Such obligations are payable solely from available tax increments and do not constitute a general obligation of the City, are not backed by the City's full faith and credit and are not included in the City's statutory debt limit. Accordingly, the use of pay-as-you-go tax increment financing for the Project is not expected to adversely affect the City's general obligation bond rating or its ability to finance future municipal projects.

TIF Attribution: The City projects TIF collections will total \$3,492,831 (after State Auditor's deductions) over the 9-year life of the TIF District. Of this total, \$1,971,611 is attributable to the City's share of the tax levy; \$1,144,806 from the County's share of tax levy, and approximately \$327,150 from the School District's share of tax levy. Exhibit 4 has a detailed allocation of total TIF collections to the City, County and School.

Section 10 Property to be acquired in the TIF District

The Authority reserves the right to acquire or reimburse developers for the acquisition costs of property in the TIF District, as itemized in Exhibit 2.

Section 11 Estimated Amount of Bonded Indebtedness

The Authority reserves the right to fund all Project costs permitted by law using internal funding, general obligation bonds, pay-as-you-go financing or any other financing mechanism authorized by law. The maximum amount of bonds to be funded with tax increment revenue from TIF District No. 48 is **\$2,449,283**.

Internal Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan before money is transferred, advanced, or spent. The resolution must include the terms and conditions for repayment of the loan to include, at a minimum, the principal amount of the loan, the interest rate, and the maximum term. The interest rate to be charged on internal loans shall not exceed 7% based upon the limit of the greater of the rates specified under Minnesota Statutes 270C.40 or 549.09 as of date this Plan is approved.

Section 12 Designation of TIF District as an Economic Development District

Economic development districts are a type of tax increment financing district which consists of any project which the Authority finds to be in the public interest because:

1. it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;
2. it will result in increased employment in the state; or
3. It will result in preservation and enhancement of the tax base of the state.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section 5) meets all of the criteria listed above. Without establishment of the TIF District the proposed development would not occur within the City. The proposed development will also result in increased employment and enhancement of the tax base of both the City and the State.

Section 13 Original Net Tax Capacity

The County Auditor will certify the Original Net Tax Capacity of the TIF District, which will be the total Net Tax Capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Market Value of all property within the TIF District as of January 2, 2026, for taxes payable in 2027 is estimated at \$7,826,800. Based on this information, the Original Net Tax Capacity of the TIF District would be estimated at \$155,786. It is expected that the request for certification will be after July 1, 2026, the Original Net Tax Capacity will be based on estimated market value that exists on January 2, 2026, for taxes payable 2027.

Each year the County Auditor will certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:

1. Changes in the tax-exempt status of property.
2. Reductions or enlargements of the geographic area of the TIF District.
3. Changes due to stipulation agreements or abatements; or
4. Changes in classification rates

Section 14 Original Local Tax Rate

The County Auditor shall certify the Original Local Tax Rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the Original Net Tax Capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the Original Local Tax Rate of the TIF District.

At the time this TIF Plan was prepared, the sum of all local tax rates that apply to property in the TIF District for taxes levied in 2025 for taxes payable 2026 is expected to be 127.905%. The final Original Local Tax Rate may be higher or lower than this value, depending upon the final local tax rates for payable 2027.

<u>Taxing Jurisdiction</u>	<u>2025-Pay2026 Local Tax Rate</u>
City of Little Falls	72.199%
Morrison County	41.922%
School District 482	11.980%
Other	1.804%
Total	127.905%

The projected original local tax rate does not include the State of Minnesota property tax rate on commercial, industrial, and seasonal recreation property which is *not* captured as tax increment. The school tax rate that is applied to captured net tax capacity shall also be reduced by that portion attributed to the general operating levy.

Note: Minnesota Statutes Section 469.177 Subd. 1a was amended in 2013 redefining what portion of the local school district tax capacity rate will be used in calculating tax increments. Specifically, this amendment now excludes that portion of the school rate attributable to the general education levy under Section 126C.13.

Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment

Each year the County Auditor will determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the Original Net Tax Capacity, the difference shall be known as the Captured Net Tax Capacity of the TIF District. It is the Authority's intention to retain 100% of the Captured Net Tax Capacity of the TIF District.

Exhibit 3 estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

Section 16 Statutory Duration of the TIF District

Economic development districts may remain in existence for eight years from the date of receipt of the first tax increment. This produces nine (9) annual collections of tax increments, with the first year of increment expected to be 2028 and that the final year will be 2036. Modifications of this plan (see Section 28) may not extend these limitations unless the Authority elects under certain circumstances to extend the duration of TIF District in order to recover eligible pollution cleanup costs incurred by the City (see M.S. Section 469.176, Subd. 1g for details).

Section 17 Use of Tax Increments – Economic Development Districts

Revenue derived from tax increment from an economic development district must be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, in which at least 85 percent of the buildings and facilities (determined on the basis of square footage) are used for any of the following purposes:

1. Manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property.
2. warehousing, storage, and distribution of tangible personal property, excluding retail sales.
3. research and development related to the activities listed in (1) or (2) above.
4. telemarketing if that activity is the exclusive use of the property.
5. tourism facilities as defined in Section 469.174, Subdivision 22 of the TIF Act.
6. space necessary for and related to the activities listed in (1) through (5) above.
7. A workforce housing project that satisfies the requirements of Section 469, Subdivision 4C, paragraph (d).

Section 18 Use of Tax Increments – General

Each year the County Treasurer shall deduct an estimated 0.36% of the annual tax increment generated by the TIF District and pay such amount to the state general fund. Such amounts will be appropriated to the state auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit 3 shows the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. Pay for the estimated public costs of the TIF District (including administrative expenses, see Section 7) and City administrative costs associated with the TIF District (see Section 29).
2. Pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District.
3. Accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District.
4. Pay all or a portion of the County road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
5. Return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one County must be expended for the direct and primary benefit of a project located within that County unless both County boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, County, School District, or any other local unit of government or the State or federal government, including social, recreational or conference facilities or a public park used as a commons area. Tax increments may be used to finance public parking facilities.

Tax increment may not be spent outside the TIF District on improvements, equipment, or other items whose primary purpose is decorative or aesthetic or if the materials used or design cost twice that of more commonly used equipment or improvements. This prohibition does not apply to improvements related to rehabilitating historic structures on national register or in a historic district listed on the national register.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground, or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section 19 “Green Acres”

The TIF District may not include parcels that qualified as “green acres” in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to qualified manufacturing or distribution facilities directly related to production of tangible personal property and paying at least 90% of its employees’ wages equal to or greater than 160% of the federal minimum wage; or the development in the district is a qualified housing project.

Section 20 4-Year Knock-Down Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the Original Net Tax Capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the Original Net Tax Capacity of the TIF District.

Section 21 Tax Increment Pooling – 5-year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF District, but within the boundaries of the Project Area. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

1. actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
2. used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
3. used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund-

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

Section 22 Excess Tax Increment

On December 31st of each year, the Authority must determine the amount of excess increments for the TIF District. Excess increments may only be used to:

1. prepay any outstanding tax increment Bonds;
2. discharge the pledge of tax increments on any outstanding Bonds;
3. pay amounts into an escrow account dedicated to the payment of any outstanding Bonds; or
4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section 23 Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority other than:

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increment expenditures of the project.

Section 24 Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the Original Net Tax Capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

The City has issued no building permits within the last 18 months for properties within the TIF District.

Section 25 Development Agreements

If more than 10% of the acreage of a project (which contains an economic development district) is to be acquired by the Authority with proceeds from tax increment bonds then, prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

Section 26 Business Subsidy Laws

Minnesota Statutes 116J.994 requires a City or Authority providing financial assistance of between \$25,000-150,000 or a business subsidy worth \$150,000 or more to complete an approval process as described below. Housing projects and many redevelopment projects are exempt from the requirements.

For financial assistance of \$25,000-149,999:

1. Adopt criteria for awarding business subsidies following a public hearing.
2. Complete the Financial Assistance Report annually for two years

For a business subsidy of \$150,000 or more, the Authority must complete the following:

1. Adopt criteria for awarding business subsidies following a public hearing.
2. Conduct a public hearing on the subsidy, after providing at least 10 days published notice in the local newspaper.
3. Enter into a subsidy agreement which must include the following information and requirements:
 - a. A description of the subsidy.
 - b. A statement of the public purpose and goals of the subsidy.
 - c. Wage and job creation goals (or job retention goals, if job loss is imminent and demonstrable) to be achieved within 2 years of receiving the subsidy;
 - d. A description of the recipient's financial obligation if the goals are not met. The recipient must pay back the assistance with interest if goals are not met, although pro-rata to reflect partial fulfillment of goals is permitted.
 - e. A statement of why the subsidy is needed.
 - f. A commitment from the recipient to continue operations at the site for at least 5 years;
 - g. The name and address of the parent company of the recipient;
 - h. A list of all other financial assistance to the project; and
 - i. A requirement for the recipient to provide the Authority and the Department of Employment and Economic Development with annual information regarding goals for two years after receiving the subsidy or until the goals are achieved. The reports must be filed by March 1 for the prior year.

Section 27 Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

Section 28 Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the Captured Net Tax Capacity to be retained by the Authority; increase in the total estimated public costs; or designation of additional property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

1. the only modification is elimination of parcels from the Project Area or the TIF District; and
2. the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's Original Net Tax Capacity, or the Authority agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.
- 3.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section 29 Certification and Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority must submit a copy of such plan to the State Auditor's Office and the Department of Revenue. The Authority must also request that the County Auditor certify the Original Net Tax Capacity and Net Tax Capacity Rate of the TIF District. To assist the County Auditor in this process, the Authority must submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority must also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County will distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. Prior to July 1, the Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

3. Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - a) the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply.
 - b) the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District.
 - c) if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the Original Net Tax Capacity of the TIF District.

Section 30 Financial Reporting and Disclosure Requirements

The Authority is responsible for information and financial reporting on the activities of the TIF District. These responsibilities include:

1. Prepare and Publish an Annual Statement. No later than August 1 of each year, the Authority must prepare and publish an annual statement which includes at least the following information:
 - a. tax increment received and expended in that year.
 - b. Original Net Tax Capacity
 - c. captured Net Tax Capacity
 - d. amount of outstanding bonded indebtedness
 - e. increments paid to other government bodies
 - f. administrative costs
 - g. increments paid directly or indirectly outside of the district
 - h. if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), the increase in property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution in the manner prescribed by the commissioner of revenue.

A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the Authority's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the Authority and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is also not the authority.
3. Prepare a Minnesota Business Assistance Form. (116J.994) By April 1, the Authority must submit a report to the Department of Employment and Economic Development on wages and job goals and progress made in achieving them. A reporting form is provided by the Department and must be submitted for each business which has received TIF assistance.

Section 31 Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

1. The TIF District qualifies as an economic development district;
See Section 12 of this document for the reasons and facts supporting this finding.
2. The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan;

The foregoing finding is based on the City's requirement that the proposed expansion include installation of a wastewater pretreatment facility to mitigate increased discharges to the City's wastewater system. As noted above, absent such pretreatment, the City's existing wastewater treatment facilities may not have capacity to accommodate the anticipated increase in discharge associated with the expanded operations. The requirement for pretreatment is deemed cost prohibitive by the Developer and the project could not proceed without tax increment financing assistance.

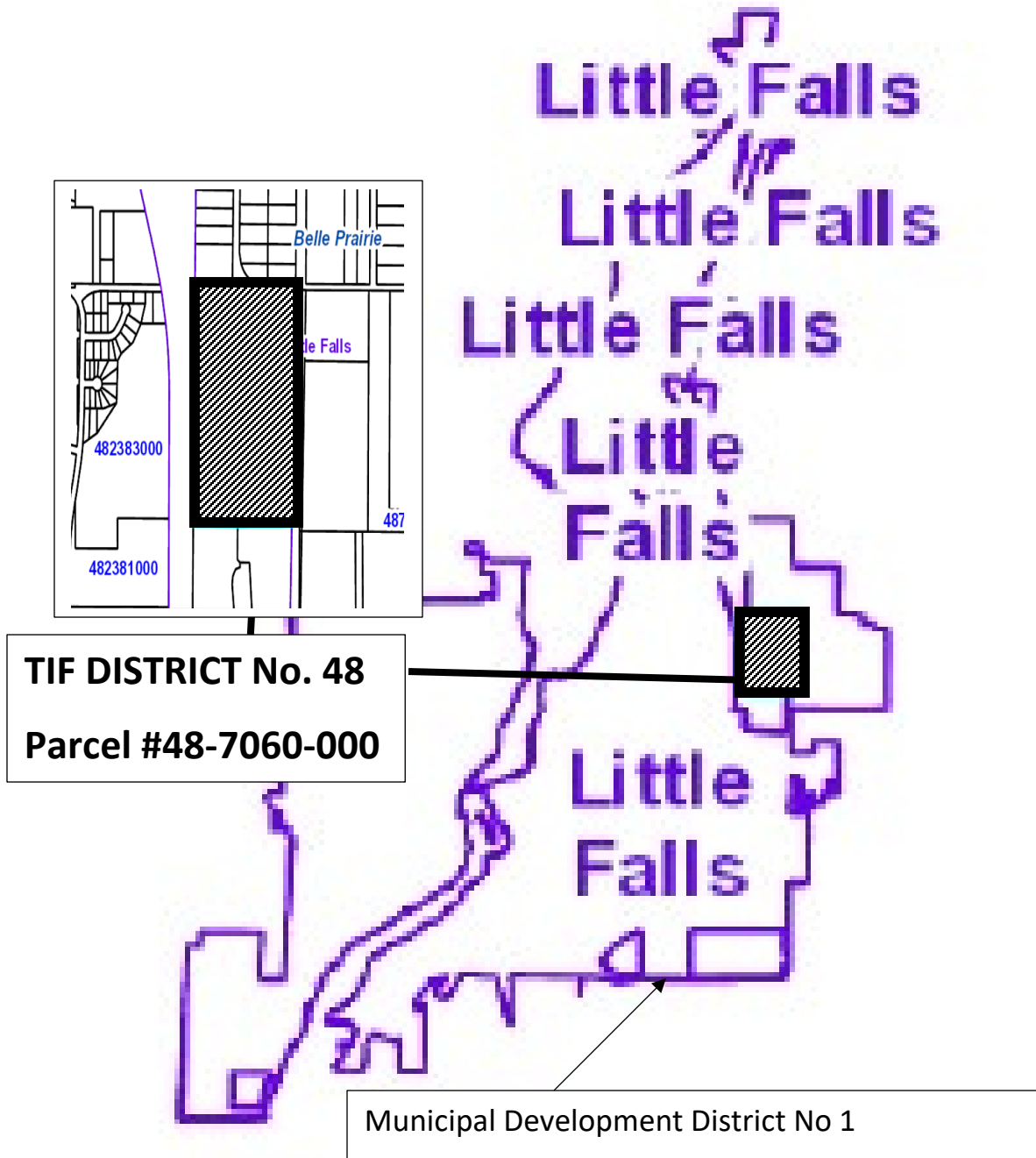
The City finds no reason for additional development to occur without TIF assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF assistance would be minimal. A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed. This property has had limited economic activity over the past five years. This plan is projecting a small inflationary rate of 1.5%. Such analysis is included as Exhibit 5 indicates that:

- a) *The Authority's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is **\$1,139,119** (for the reasons described above).*
 - b) *If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately **\$12,600,000**. The increase in market value would be due primarily to new construction within the TIF District. (See Exhibit 3)*
 - c) *The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to **\$2,478,059** (See Exhibit 5)*
 - d) *Even if some development other than the proposed development were to occur, the Authority finds that no alternative would occur that would produce a market value increase greater than **\$10,121,841** (the amount in clause b less the amount in clause c) without tax increment assistance.*
3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.
The reasons and facts supporting this finding are that the current zoning of the property provides for commercial development as a permitted use, and rezoning will not be required.
 4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.
The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

Exhibits

Map of Financing District and Project Area Exhibit 1
Parcels and Valuations Exhibit 2
Tax Increment Projections Exhibit 3
Statement of Fiscal and Economic Impacts Exhibit 4
Market Value Analysis Exhibit 5

Tax Increment Financing District No. 48



The boundaries of Municipal Development District No. 1 are coterminous with City Limits.

City of Little Falls, Minnesota
Economic Development District 48
 Barrett Land LLC Expansion

PARCEL INFORMATION

#	PIN #*	Owner	2026/Pay 2027				
			Land	Building	Total M.V.	Taxable MV	Tax Cap.
1	48-7060-000	Barrett Land LLC	439,100	7,387,700	7,826,800	7,826,800	155,786
					7,826,800	7,826,800	155,786

City of Little Falls, Minnesota
Economic Development District 48
Barrett Land LLC Expansion

TIF PROJECTIONS

Valuations & Projected Increases

	Estimated Market Value	Tax Capacity
Estimated Original Market Value	7,826,800	155,786
2026 Expansion	20,426,800	407,786
Captured / Increased Values	12,600,000	252,000

Notes:	Total New Square Footage	Estimated Value per square foot	Total Estimated Market Value	Construction Year
Production and Warehouse Expansion	280,000	45.00	12,600,000	2026

Tax Rate Assumptions:

	2026 Tax Rate	Est. Applicable TIF Tax Rate
City	72.199%	72.199%
County	41.922%	41.922%
School	11.980%	11.980%
Other	1.804%	1.804%
	127.905%	127.905%

Projected Tax Increment

3% Assumed inflation rate:

Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate	0.36% Less OSA Fees	Gross Tax Increment
2026	155,786	155,786	-	-	-	-	-	-
2027	155,786	155,786	-	-	-	127.905%	-	-
2028	155,786	407,786	252,000	-	252,000	127.905%	(1,160)	321,160
2029	155,786	420,020	264,234	-	264,234	127.905%	(1,217)	336,751
2030	155,786	432,620	276,834	-	276,834	127.905%	(1,275)	352,810
2031	155,786	445,599	289,813	-	289,813	127.905%	(1,334)	369,351
2032	155,786	458,967	303,181	-	303,181	127.905%	(1,396)	386,387
2033	155,786	472,736	316,950	-	316,950	127.905%	(1,459)	403,935
2034	155,786	486,918	331,132	-	331,132	127.905%	(1,525)	422,009
2035	155,786	501,525	345,739	-	345,739	127.905%	(1,592)	440,626
2036	155,786	516,571	360,785	-	360,785	127.905%	(1,661)	459,801
								3,492,831

Adjustments

10.00% Admin. Retainage	0.00% Other Deductions	TOTAL NET REVENUES
-	-	-
32,116	-	289,044
33,675	-	303,076
35,281	-	317,529
36,935	-	332,416
38,639	-	347,749
40,394	-	363,542
42,201	-	379,808
44,063	-	396,563
45,980	-	413,821
349,283	-	3,143,548

Present Value @ 7% >> 2,084,349

**City of Little Falls, Minnesota
Economic Development District 48
Barrett Land LLC Expansion**

STATEMENT OF FISCAL AND ECONOMIC IMPACTS

Taxing Jurisdiction	Without TIF District		With TIF District					
	2025/Pay 2026 Taxable Net Tax Capacity ^{(1)*}	Original Local TIF Tax Rate	2025/Pay 2026 Taxable Net Tax Capacity ⁽¹⁾	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate
City of Little Falls	9,174,833	72.199%	9,174,833	252,000	181,941	9,426,833	70.269%	1.930%
Morrison County	59,446,947	41.922%	59,446,947	252,000	105,643	59,698,947	41.745%	0.177%
School District	24,684,838	1.804%	24,684,838	252,000	4,546	24,936,838	1.786%	0.018%
Other ⁽²⁾	--	0.000%	--	252,000	-	--	0.000%	--
Totals		115.925%			292,131		113.800%	2.125%

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically immediately available to each taxing jurisdiction if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

Statement #2: As the projected captured tax capacity of the project would not be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will not be affected.

Statement #3: The estimated amount of tax increment (after the OSA deduction) generated over the life of the TIF District is estimated to be: \$ 2,890,442

Statement #4: The estimated amount of increment is attributed to the local tax levies and captured as a result of the creation of this TIF District for the following local units:

City of Little Falls	\$ 1,631,578
Morrison County	\$ 947,368
School District	\$ 270,728

Statement #5: The final Original Net Tax Capacity and Local Tax Rate of the TIF District will be based upon final data 2026 for taxes payable 2027 as the Authority intends to request certification after July 1, 2026 and before June 30, 2027.

⁽¹⁾ Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.

⁽²⁾ The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

*Source - PRISM - Assessment year 2025 County Tax List Summary

City of Little Falls, Minnesota

Economic Development District 48

MARKET VALUE ANALYSIS

Increased Market Value of Site	12,600,000
Less Present Value of TIF Revenues	<u>2,092,434</u>
	10,507,566
Reasonably expected increase w/out TIF*	<u>1,139,119</u>
Net Value Increase	9,368,447

Present Value Calculation

Calculation Date	12/31/2026
Present Value Factor	7.00%

#	Year	Gross Tax Increment	Present Value
	2026	-	
	2027	-	-
1	2028	321,160	300,150
2	2029	321,160	280,514
3	2030	321,160	262,162
4	2031	321,160	245,012
5	2032	321,160	228,983
6	2033	321,160	214,003
7	2034	321,160	200,002
8	2035	321,160	186,918
9	2036	321,160	174,690
		<u>2,890,442</u>	<u>2,092,434</u>

* Without the use of TIF, market value increases would be expected to be limited to inflation only. No development is expected without the use of TIF. Inflation is estimated at 1.5% per year for 9 years.