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305 E. Luverne St.
Luverne, MN 56156
www.cityofluverne.org

Announcement of Meeting

Economic Development Authority

Regular Meeting Minutes

Monday, July 13, 2026 | **8:00 AM** | **Council Chambers**

A. CALL TO ORDER - ROLL CALL

Present Patrick Baustian, Ryan DeBates, Tara Zewiske, Kevin Aaker, and Quinn Buss

A Regular Meeting of the Luverne Economic Development Authority was held in the Council Chambers, commencing at 8:00 AM.

Additional attendees include: City Administrator Jill Wolf, EDA Director Holly Sammons, Star Herald Editor Lori Sorenson, and Don Jahnke.

B. APPROVAL OF MINUTES OF PRECEDING MEETING

1. Approval of LEDA Regular Meeting Minutes - 05 11 2026

A motion was made by Aaker, seconded by DeBates, that these LEDA Minutes be approved. The motion carried by the following vote:

Aye: Baustian, DeBates, Zewiske, Aaker, and Buss

C. BILLS AND COMMUNICATIONS

1. Approval of Regular Department Payment Report - 05 & 06 2026

A motion was made by DeBates, seconded by Zewiske, that this LEDA Regular Department Payment Report be approved. The motion carried by the following vote:

Aye: Baustian, DeBates, Zewiske, Aaker, and Buss

2. Approval of Financial Report - 05 & 06 2026

A motion was made by Zewiske, seconded by Buss, that this LEDA Financial Report be approved. The motion carried by the following vote:

Aye: Baustian, DeBates, Zewiske, Aaker, and Buss

D. DIRECTOR'S REPORTS & DISCUSSION

1. BDPI Grant Application- Mayes Drive and Utility Extension

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The City of Luverne recently submitted an application to the Minnesota Department of Employment and Economic Development (DEED) for funding through the Business Development Public Infrastructure (BDPI) Grant Program. The application requests funding to construct the public infrastructure necessary to support the proposed development of Luv Modular, LLC, a new modular housing manufacturing facility in the Luverne Industrial Park.

The proposed project includes extending Mayes Drive approximately 1,550 feet south and west from its current termination point near West Koehn Avenue. The roadway will be constructed as a 36-foot-wide industrial street with 8-inch Portland Cement Concrete (PCC) pavement designed to accommodate heavy industrial traffic and provide long-term durability. The project also includes approximately 800 feet of 10-inch sanitary sewer, 850 feet of 12-inch water main, storm sewer infrastructure, and subdrain systems necessary to provide access and utility service to the development site while supporting future industrial growth within the industrial park.

The total estimated cost of the public infrastructure improvements is $1,766,640. The City is requesting $830,820 in BDPI funding and has committed $935,820 in local matching funds. This local investment demonstrates the City's commitment to supporting business growth and expanding economic opportunities within the community.

Luv Modular has committed to constructing a 117,600-square-foot modular housing manufacturing facility on approximately 17 acres, along with a 4,000-square-foot maintenance and storage building on an adjacent 1.5-acre parcel. The company manufactures high-performance, net-zero-ready modular housing designed for the multifamily housing market. The project represents approximately $39.6 million in private capital investment and is expected to create up to 75 new jobs. Construction is anticipated to begin during the fourth quarter of 2026, with completion expected by the fourth quarter of 2027.

The Estimated Market Value of the proposed building on the large parcel is $17,071,700 with annual estimated property taxes of $447,905. The Estimated Market Value of the second building on the smaller parcel is $222,200 with annual estimated property taxes of $4288.

The requested public infrastructure is essential for this project to move forward. The development site currently lacks the roadway and utility infrastructure necessary to support industrial development. Without these public improvements, the proposed manufacturing facility cannot be constructed. In addition to serving Luv Modular, the infrastructure has been designed to support future industrial development throughout the remaining acreage of the industrial park, making additional sites development-ready and increasing the City's ability to attract future employers.

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Additional preliminary site work is expected to happen this fall in order to provide temporary access to the site prior to Luv Modular's construction project. The scope of work includes constructing a 12" aggregate subbase and establishing a temporary rock construction entrance, installing a detention outlet control structure and storm intakes, and extending sanitary sewer and water to the property line to meet the short-term construction needs.

This project aligns well with the objectives of the BDPI program by providing publicly owned infrastructure that directly supports a qualified manufacturing project. If awarded, the grant will leverage nearly $40 million in private investment while expanding the City's industrial tax base, creating new employment opportunities, and positioning the Luverne Industrial Park for continued long-term growth. The application has now been submitted and is under review by DEED. If awarded, the project would be bid and awarded in early 2027.

E. BUSINESS

1. Maple Street Redevelopment Proposal

Impresa Holdings Group, LLC continues to evaluate the redevelopment of six LEDA-owned properties located along Maple Street, including 113 McKenzie Street, 117 McKenzie Street, 313 E. Maple Street, 315 E. Maple Street, 319 E. Maple Street, and 321 E. Maple Street.

Following presentation of the initial development concept during the February 10, 2026, City Council Work Session, it was determined that the project will require a Conditional Use Permit (CUP) to evaluate appropriate setback requirements, parking arrangements, and other site design considerations due to the property's location within the Downtown Zoning District. A revised site plan with parking has been prepared and is included in your packet for review.

The updated concept proposes a mixed housing development consisting of seven-unit town homes (west side), four single-family homes (south-facing), and one duplex (east end), creating a total of 13 new residential units. The development is designed to provide a mix of rental and homeownership opportunities that align with the housing needs identified in the City's Housing Demand Study. The single-family three-bedroom homes are anticipated to offer entry-level homeownership opportunities with footprints around 800 square feet and estimated sale prices ranging from approximately $269,000 to $289,000. The proposed 3BR town homes and 4BR duplexes will be of a similar size and are envisioned as rental units, helping address a shortage of family-sized rental housing in the community.

The proposed parking plan includes at least 2 parking spaces for each unit. The single family homes and duplexes allow for 2 spaces in each driveway, and two parking lots on the north and south end would accommodate the 7-unit town homes.

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The modular homes will incorporate energy-efficient construction techniques and may include features such as radiant floor heating and mini-split HVAC systems. Upon completion, the development is projected to generate more than $3 million in new taxable market value while transforming a largely underutilized half-block into a productive residential neighborhood.

Impresa Holdings Group is prepared to move forward with the Conditional Use Permit application and has requested that the Luverne Economic Development Authority serve as a joint applicant, as the Authority currently owns the subject properties. Completion of the CUP process will provide the developer with the zoning certainty necessary to finalize project design, financing, and a formal redevelopment proposal for future consideration by the LEDA.

A motion was made by Aaker, seconded by Zewiske, to support Impresa Holding's CUP application as joint applicant. The motion carried by the following vote:

Aye: Baustian, DeBates, Zewiske, Aaker, and Buss

2. Lopau Second Addition Covenants Amendment

The Luverne Economic Development Authority is considering a First Amendment to the Protective Covenants for Lopau Second Addition to address several issues that have been identified as development has progressed and to better accommodate current housing market conditions. The proposed amendments are intended to provide greater clarity for future property owners while maintaining consistent development standards throughout the subdivision.

One proposed amendment addresses the governance of twinhome developments. The existing Protective Covenants establish an Approving Authority and provide one vote per lot for future property owners. This creates challenges when a lot is replatted into a twinhome development, as multiple owners would be required to share a single vote. In addition, twinhome developments typically establish their own Common Interest Community (CIC) or Homeowners Association (HOA) to govern shared ownership responsibilities, maintenance obligations, and common elements. Based on these considerations, legal counsel has recommended that once a twinhome development is replatted and the plat is recorded, the Protective Covenants will no longer apply to those replatted lots, allowing them to instead be governed by their own recorded CIC or HOA documents.

The amendment also revises the structure of the Approving Authority. Under the current covenants, the original committee dissolves as lots are sold and transitions to a property owner committee. The proposed amendment instead keeps the initial Approving Authority in place until all lots within the subdivision have been sold by the Luverne Economic Development Authority. This change is intended to provide consistent interpretation and enforcement of the development standards throughout the build-out of the subdivision and avoid

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inconsistencies that could arise if architectural decisions were made by different committees during the development process. Once all lots have been sold and the subdivision is substantially developed, the property owners will have the opportunity to elect their own committee to administer the covenants moving forward.

The final amendment updates the minimum home size requirements contained in the Design and Quality Standards. The current Protective Covenants require all homes to contain a minimum of 1,300 square feet of finished living area. In response to increasing construction costs, changing housing preferences, and the need for more attainable entry-level housing, the proposed amendment reduces the minimum required finished living area to 1,100 square feet, including individual twinhome units. This modification is intended to provide additional housing flexibility while continuing to ensure quality residential development within Lopau Second Addition.

Staff believes these amendments modernize the Protective Covenants, provide greater flexibility for future housing opportunities, and ensure the subdivision can continue to develop in a consistent and attractive manner while meeting current market demands.

A motion was made by DeBates, seconded by Buss, that this LEDA Business be approved. The motion carried by the following vote:

Aye: Baustian, DeBates, Zewiske, Aaker, and Buss

F. ADJOURNMENT

A motion was made by DeBates, seconded by Aaker, that this meeting be adjourned. The motion carried by the following vote:

Aye: Baustian, DeBates, Zewiske, Aaker, and Buss

G. SIGNATURES:

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Patrick T Baustian

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Patrick T. Baustian, President

DocuSigned by:

Holly Sammons

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Holly J. Sammons, EDA Director