

**Announcement of Meeting  
City Council  
Regular Meeting Minutes**

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**Tuesday, January 20, 2026**

**5:00 PM**

**Council Chambers**

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**A. CALL TO ORDER**

**Present:** Mayor Patrick Baustian, Council Member Caroline Thorson, Council Member Kevin Aaker, Council Member Dan Nath, and Council Member Marlin Kracht

**Additional :** Jessica Mead, Jill Wolf, and Tyler Reisch

**B. PLEDGE OF ALLEGIANCE**

**C. APPROVAL OF AGENDA**

With the addition of George Eilertson under G.1. and Amendment to Wildlife Management Area Lease under J.6. A motion was made by Council Member Nath, seconded by Council Member Aaker, that the agenda be approved as amended. The motion carried unanimously.

**D. APPROVAL OF MINUTES**

**D.1. [2025-411](#)** December 16, 2025 City Council Minutes

A motion was made by Council Member Thorson, seconded by Council Member Kracht, that this Minutes be approved. The motion carried by a unanimous vote.

**E. RECOGNITION OF GUESTS**

George Eilertson (remote), Troy Larson, Lori Hallstrom and Carol Morgan.

**F. PUBLIC FORUM**

Lori Hallstrom was present to inquire about the proposed change to the Council meeting schedule from two meetings per month to one. She recommended identifying a list of residents who could stay informed on community issues and report to the Council. Ms. Hallstrom also announced her intention to run for the South Ward Council Member seat this year and expressed her preference for the Council to continue meeting twice per month.

**G. STAFF AND CONSULTANT REPORTS**

**G.1. [2025-406](#)** George Eilertson, Northland Securities.

Gave a quick overview of the bond structure or purpose of the bonds and municipal advisory agreement between the City and

Northland Securities to issue tax exempt debt. Reisch highlighted the funding sources and cost by category for the bonds as it relates to the Highway 75 project. Bonds will be paid back over 15 years through utility rates, which were already built into the rates during the last rate study.

**G.2. [2025-404](#)** Troy Larson, Lewis & Clark Regional Water System Report

Larson provided a detailed update on the Lewis and Clark Regional Water System, highlighting record water sales since 2012 (FY25 averaged 26.8 million gallons daily, up 9.2% from prior year, with a peak of 38.9 million), current production limits at 41 million gallons due to solids contact basins, and Sioux Falls self-limiting to 20.2 million gallons of its 28 million capacity, creating a narrow cushion. He outlined ongoing construction of two new basins and a gravity thickener (third phase of base system, usable late 2027 at 44.19 million gallons daily), the first expansion (to 60 million by late 2030, adding Luverne ~477,000 gallons daily for a total of 1.3 million), and planning for a potential second expansion (~\$2.5 billion for 95 million more gallons through 2070 per Bureau of Reclamation rules), with Banner Associates' appraisal and feasibility study (~\$2.5 million, half potentially federal) targeted post-December 2026 congressional authorization. Larson clarified Dakota Mainstem (\$10.5 billion total, complementary not alternative, with possible joint treatment/intake while keeping separate infrastructure), Luverne's option for reduced membership dues (\$3,000/year + \$0.25/person), Minnesota's bonded funding covering local shares (~\$14.8 million estimated for first expansion), and praised council member Pat's board contributions, noting improved federal traction due to bipartisan support and regional water needs.

**G.3. [2025-405](#)** City Administrator Report

Wolf reported Public Works busy with tree trimming, snow removal, and equipment prep amid variable winter weather; Electric crew completed two new house services in Manford Heights, year-end generation runs, and state-mandated emissions tests; and Water/Wastewater finished end-of-year sampling, with new Director Ahrens launching a manhole inventory and rehabilitation program for the CIP to prevent collapses and infiltration. She noted a large customer's cooperative handling of a late-week sodium bisulfite discharge incident via PCA coordination, stabilizing pH levels and resuming operations safely. Reisch highlighted Blue Mound Liquor's strong pre-audit 2025 performance (revenue up ~\$30,000 to ~\$208,000 net after transfers, driven by low-dose THC sales boosting gross margins to 30%, with inventory off only \$1,400 on \$1.4M), upcoming capital needs like furnace/AC replacement, windows, ADA upgrades, and office wiring, crediting Manager Dan

Serie; and LAF's need to replace the 2007 Dectron dehumidifier unit (funded by cash from \$323,000 pool CIP fund and \$150,000 pool fund, quotes coming next month). Council praised Reisch and Serie for turning around liquor store profitability and prudent facility management.

## H. CONSENT AGENDA

A motion was made by Council Member Aaker, seconded by Council Member Nath, to approve the consent agenda. The motion carried unanimously.

- H.1. [2025-409](#) 2025 Building Permit Report  
July 14, 2025 Aquatics & Fitness Board Minutes  
September 2, 2025 Airport Board Minutes  
October 8, and December 10, 2025 HRA Minutes  
October 27, November 24, and December 22, 2025 Fire Department Minutes  
December 8, 2025 EDA Minutes
- H.2. [2025-412](#) Petty Cash Reconciliation as of December 31, 2025
- H.3. [2025-413](#) Claim Report for January 2026 (Check No. 166593 - 166854) for \$5,429,622.83.
- H.4. [2025-410](#) \$7,500 Annual Subsidy for Luverne Senior Citizen Meal Site, Generations.
- H.7. [2025-418](#) Mayor's Citizen Appointments to Boards and Commissions
- H.8. [1-26](#) PROPOSED RESOLUTION AUTHORIZING THE FINANCE DIRECTOR TO DESIGNATE OFFICIAL DEPOSITORIES OF CITY FUNDS AND ADOPT AN INVESTMENT POLICY
- H.9. [2-26](#) PROPOSED RESOLUTION DESIGNATING THE ROCK COUNTY STAR HERALD AS THE OFFICIAL NEWSPAPER FOR THE CITY OF LUVERNE

## I. ITEMS PULLED FROM CONSENT AGENDA

- H.5. [2025-424](#) Partial Payment Estimate No. 14 for \$65,352.76 to Knutson Construction RE: Childcare Facility

A motion was made by Council Member Nath, seconded by Council Member Kracht, that this Motion be approved. The motion carried by a unanimous vote.

- H.6. [2025-417](#) Mayor's Council Representative Appointments to Board and

Commissions for 2026.

A motion was made by Council Member Aaker, seconded by Council Member Thorson, that this Motion be approved. The motion carried by a unanimous vote.

**J. NEW BUSINESS**

- J.1. [3-26](#)** PROPOSED RESOLUTION AUTHORIZING THE COMPETITIVE NEGOTIATED SALE OF GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2026A

This proposed resolution authorizes issuing and selling about \$2.425 million in General Obligation Utility Revenue Bonds, Series 2026A, to fund the City's share of MnDOT Highway 75 water and sewer replacement and issuance costs. The bonds will be sold via competitive negotiated sale with Northland as municipal advisor, secured by net water and sewer revenues with the City's full faith and credit as backup. Proposals will be received by February 17, 2026, for consideration at the February Council meeting.

A motion was made by Council Member Thorson, seconded by Council Member Kracht, that this Resolution be adopted. The motion carried by a unanimous vote.

- J.2. [2025-425](#)** Municipal Advisory Service Agreement by and between the City of Luverne and Northland Securities, Inc.

Financial advisory services for the City includes the following: advice on the terms, structure and timing of the bond issue, preparation and publishing of the official notice of sale, coordination with the bond counsel, coordinating the bond closing and furnishing the City the complete documentation of the bond issue, etc. Northland Securities is a registered municipal advisor and is listed with the Securities and Exchange Commission and the Municipal Securities Rule Making Board. Northland Securities has assisted the City with many bond issues in the past and has done an excellent job; the fee for this bond issue is \$23,225 and is paid in full after the bond sale is closed.

A motion was made by Council Member Aaker, seconded by Council Member Nath, that this Motion be approved. The motion carried by a unanimous vote.

- J.3. [4-26](#)** PROPOSED RESOLUTION ADOPTING RULES OF ORDER AND PROCEDURE FOR THE CITY COUNCIL IN ACCORDANCE WITH THE CITY CHARTER, SECTION 4.02

This proposed resolution updates the Rules of Order and Procedure governing all remaining 2026 City Council meetings as authorized

by Charter Section 4.02 and Resolution 5-25. Key provisions reaffirm use of Robert's Rules, set regular meetings on the third Tuesday, outline procedures and notice requirements for special meetings and COW work sessions, and confirm agenda preparation, claims payment authority, standard meeting order, and the process for suspending or amending these rules by majority vote.

A motion was made by Council Member Aaker, seconded by Council Member Thorson, that this Resolution be tabled to the City Council. The motion carried by a unanimous vote.

**J.4. [5-26](#)**

**PROPOSED RESOLUTION ADOPTING A DATA PRACTICES POLICY AND APPOINTING A RESPONSIBLE AUTHORITY AND COMPLIANCE OFFICIAL**

This proposed resolution adopts updated Data Practices Policies for the City of Luverne to comply with the Minnesota Government Data Practices Act, including separate policies for public access to data, data subject access, and security of not public data (Exhibits A-C). It designates the City Administrator as the Responsible Authority and Data Practices Policy and Compliance Official with authority to appoint designees, directs submission of required adoption notifications to the Department of Administration, requires posting the policies on the City website, and authorizes charging actual costs for copies and summary data.

A motion was made by Council Member Nath, seconded by Council Member Kracht, that this Resolution be adopted. The motion carried by a unanimous vote.

**J.5. [2025-420](#)**

**Contract for Civil City Attorney Legal Services with Flaherty & Hood, P.A.**

The City of Luverne's 2026 agreement with Flaherty & Hood, P.A. appoints the firm, led by primary attorney Robert T. Scott, to provide civil legal services at set hourly rates, with support from designated assistant attorneys and staff. The City Administrator serves as the main point of contact, and the firm may attend meetings and advise on a wide range of municipal matters. Billing occurs monthly with reimbursement for applicable expenses, and either party may terminate the agreement with 60 days' notice. The contract establishes the firm as an independent contractor, outlines data practices and indemnification responsibilities, and affirms that all work products produced under the agreement become the property of the City.

A motion was made by Council Member Thorson, seconded by Council Member Nath, that this Motion be approved. The motion carried by a unanimous vote.

- J.6. [2025-426](#) Amendment to Wildlife Management Area Lease Between the State of Minnesota and the City of Luverne.

This amendment removes 20 acres in the N 1/2 of the SE 1/4 of the NE 1/4, in Section 36, Township 103 North, Range 45 West, in Rock county from the lease the City has with the State in order for the City to lease the property to Northern Con-Agg as approved by the City Council on September 23, 2025.

A motion was made by Council Member Aaker, seconded by Council Member Kracht, that this Motion be approved. The motion carried by a unanimous vote.

**K. COUNCIL REPORTS**

**L. ADJOURNMENT**

A motion was made by Council Member Nath, seconded by Council Member Thorson, to adjourn the meeting at 6:39 p.m. The motion carried unanimously.

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Jessica Mead, Operations/HR Manager

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Patrick T. Baustian, Mayor