

**Announcement of Meeting**  
**Economic Development Authority**  
**Regular Meeting Minutes**

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**Monday, August 11, 2025**

**8:00 AM**

**Council Chambers**

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**A. CALL TO ORDER - ROLL CALL**

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 Peter Dikun.

**Present** Patrick Baustian, Ryan DeBates, Tara Zewiske, and Kevin Aaker  
**Excused** Sherri Thompson

**PUBLIC HEARING**

**1. Dikun Properties MN, LLC Proposal to Purchase Lot 1 in Mayes Fourth Addition**

Dikun Properties MN, LLC is proposing to purchase Lot 1 in Mayes Fourth Addition to construct a 70' x 170' wood frame building for the purposes of operating a cannabis grow facility.

With proper notice having been given and the time of 8:00 a.m. having arrived, President Baustian opened the hearing at 8:00 a.m. to receive testimony from those present, and to consider any written correspondence, on the proposal from Dikun Properties MN LLC to purchase Lot 1 in Mayes Fourth Addition.

Dikun intends to construct a cannabis grow facility. The new facility will include interior build out, 4 flower rooms, veg, mother, dry room, vault, manufacturing room, employee area, and office. It will also include all necessary equipment to grow cannabis including HVAC and lighting system. Construction costs are estimated to be \$1.5 million; the building will cost approximately \$800,000 and interior build out necessary for growing cannabis will cost approximately \$700,000.

Dikun reported that the business will employ a Grower/Manager at a wage of about \$80,000 annually and additional support staff at wages ranging from \$18-25/hr. A background in biology is helpful for employees but many are trained on-the-job as well. Dikun also reported the process from growing a seed to harvest is about 3 months. Seeds are readily available since cannabis is legal in 32

states and medical cannabis is legal in 40 states. Dikun stated that the facility will have to pass inspection before final licensing is granted and he plans to follow all security measures that are required. The terms of the proposed Development Agreement were presented.

With no further correspondence to consider, President Baustian closed the public hearing at 8:25 a.m.

**B. APPROVAL OF MINUTES OF PRECEDING MEETING**

1. Approval of LEDA Regular Meeting Minutes - 07 14 2025

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

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

**C. BILLS AND COMMUNICATIONS**

1. Approval of Regular Department Payment Report - 07 2025

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

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

2. Approval of Financial Report - 07 2025

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

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

**D. DIRECTOR'S REPORTS & DISCUSSION**

**E. BUSINESS**

1. Motion to Approve the Sale of Lot 1 in Mayes Fourth Addition to Dikun Properties MN LLC and Authorize President and Secretary to Sign the Development Agreement & Purchase Agreement.

Dikun Properties MN, LLC is proposing to purchase Lot 1 in Mayes Fourth Addition to construct a 70' x 170' wood frame building for the purposes of operating a cannabis grow facility. The terms of the deal are included in the attached Development Agreement.

Aaker voiced his concern and disappointment in how the state has

handle the new cannabis industry as they have really tied the hands of cities and local governments in the cannabis realm. Aaker acknowledged that none of his remarks are in regards to Dikun's proposal and that this is an allowed use in this zoning district.

Aaker commented that the state of Minnesota's recent actions have impacted cannabis-related revenue for cities. Originally, when Minnesota legalized adult-use cannabis in 2023, the plan was to impose a 10% gross receipts tax on retail cannabis sales.

- 80% to the state's General Fund, for programs like regulation, expungements, youth education, etc.

- 20% into a Local Government Cannabis Aid account.

From that 20% aid pool, half went to counties and half to cities, distributed based on the number of cannabis businesses in each locality..

However, in 2025, as part of a state budget deal, the legislature repealed the local cannabis revenue-sharing provision. The changes include:

- Repeal of the 20% distribution to local governments.

- Increase of the cannabis excise tax from 10% to 15%.

This effectively redirects all cannabis tax revenue to the state, eliminating previously intended funds for cities and counties. Without this revenue, cities now bear the entire financial burden of regulating cannabis-such as licensing, zoning, enforcement checks, and public education. This situation has been described as an unfunded mandate, where the state imposes regulatory duties without providing the funds to meet them.

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

**Aye:** Baustian, Zewiske, and Aaker

**Nay:** DeBates

**2. Motion to Approve RBEG Revolving Loan Fund Application for Rock River Apothecary LLC.**

Rock River Apothecary LLC is applying for the \$5000 Rural Business Assistance Loan for remodeling project at 203 E. Main St. The project includes creating a functional kitchen in her store which will allow her to create more products and

enhance/diversify her product line. The scope of work includes plumbing work to relocate a water line; installing cabinets, countertop, and trim; painting and installing wallpaper; and purchase and installation of new ice maker machine.

**LOAN PROPOSAL:**

- 1) \$5000 loan at 0% interest
- 2) Five (5) year loan term
- 3) Monthly payments, first payment due 10/15/2025
- 4) Loan to be secured by personal guarantee

Rock River Apothecary has submitted the proper paperwork and meets all of the requirements for this loan.

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

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

**F. ADJOURNMENT**

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

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

**G. SIGNATURES**

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Patrick T. Baustian, President

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Holly J. Sammons, EDA Director