

**MELROSE AREA DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, MARCH 5, 2026 – 6:00 A.M.**

1. CALL TO ORDER/ROLL CALL

The Melrose Area Development Authority met in a Regular Meeting on Thursday, March 5, 2026 at 6:00 A.M. at the Melrose City Center pursuant to due notice being given thereof. Present were MADA Members Travis Frieler, Jerome Duevel, Joe Finken, Joe Woeste, Bob Mayers, Jose Morelos, Dave Rahn, City Administrator Colleen Winter and Community Development Director Sheila Hellermann. President Mayers presided thereat.

2. OATH OF OFFICE

The Council at its January 6, 2026, meeting reappointed Jose Morelos to the Melrose Area Development Authority for a six-year term. President Mayers administered the oath of office to Mr. Morelos.

3. APPROVAL OF THE AGENDA

A motion was made by Secretary Rahn, seconded by MADA Member Woeste, and unanimously carried to approve the agenda.

4. APPROVAL OF MINUTES

A motion was made by Vice President Duevel, seconded by MADA Member Frieler, and unanimously carried to approve the minutes from the MADA February 10, 2026 Meeting.

5. REPORTS

5a. Community Development Director Report

Community Development Director Hellermann provided the following update. The new Jennie-O plant has been sold. Genex in the industrial park has been sold to a company out of Nebraska. The number one question she gets around the city is about the proposed bakery. There is potential for the bakery to open in the summertime. We now have two smoke shops in town, the one on Main Street still has a stop work order. The second is getting all of his required documents in. The old Bohlig Cleaners building Phase 1 Environmental Review came back and it is as bad as we thought it was. The building is also structurally unsound. We are working with the owner of the building to find him resources. She has received three calls in the last six months from people interested in buying Rose Park. However, the owner is not interested in selling. The city application for the Small Cities Grant has gone through round 1. We have been asked to do a full round 2 application. Melrose is doing this grant on our own without any outside consultant.

5b. City Administrator Report

City Administrator Winter provided the following update. She stated that she has put in her resignation with the City of Melrose. Her last day will be April 3. She is leaving to

take a County Administrator position. The City Council and Public Utilities Commission met last week in a joint meeting and decided that Police Chief Craig Maus will serve as the point of contact for the city until a new city administrator is hired. There is another joint meeting coming up where the City Council and the Public Utilities Commission will meet with Pat Melvin from David Drown and Associates, an executive search firm, to interview them to conduct the hiring process for the next city administrator.

President Mayers asked why a search firm would be used in the process? City Administrator Winter stated that to her knowledge a search firm has always been used in the hiring of city administrators in the past. President Mayers stated just because it has been done in the past does not mean it would need to continue to be done. City Administrator Winter stated that the search firm mostly assists with finding a larger pool of good candidates. She also stated that the city administrator in Melrose is a unique position compared to other communities of our size. We have our own utilities and so that is an extra duty for the city administrator to manage.

President Mayers stated that if the electric utility is potentially moved to being under the administration of Missouri River Energy Services, would that be less of a concern? City Administrator Winter stated that the city will still be managing the capital, rate structure, and the projects. The staffing would be handled by MRES, but the city would still be in charge of overall management. President Mayers asked why we would not continue to hire staff ourselves? City Administrator Winter stated that it is a competitive field and it is hard to get people and compete with other employers. MRES has more resources and ability to attract and pay quality staff than what the city can.

President Mayers asked if that will raise electric rates substantially in the city if MRES staff will be paid more than city staff? City Administrator Winter stated that rates would not go up substantially, the city has done a rate study. President Mayers questioned why we would not pay a higher rate to hire the same staff MRES would hire then if rates would not go up substantially? City Administrator Winter said that the city has negotiated with our union about pay and has pay equity rules to follow which means the city cannot raise pay in the manner other employers can. She stated that for the proposed contract with MRES, the cost of going with MRES is not much different than what the city has been paying now to staff the Line Department ourselves. MRES is still working with us now, they already provide us consulting services. The cost to switch to MRES will be an increase but not significantly more.

Secretary Rahn asked a question about whether the proposed contract with MRES is a long-term decision or whether in the future the city could switch back to hiring the Line Department ourselves? City Administrator Winter stated that conditions in the market are making this tough, many cities are having the same issues of having to move away from an internal line department as the industry has become more competitive. Some cities our size have gone years without a fully staffed line department.

Secretary Rahn questioned why the city cannot then move up to paying the prevailing wage to attract workers to our Line Department? MADA Member Finken stated that to answer that question, you should talk to Jeremy and Eric from the Public Utilities Commission. MADA Member Finken stated that the Public Utilities Commission has the final say over anything electric, water, and wastewater in the city. City Administrator Winter stated that since the Line Department is in a union with the Water/Wastewater Department, the State of Minnesota measures the pay equity of what is being paid to members. If one department is being paid more than another department it causes

issues. MADA Member Finken stated it is like a teeter-totter. We have to raise the rates on all sides.

MADA Member Finken stated that he would like to have a five-member line department. The largest issue is finding staff who are willing to be on-call. Larger organizations can have people on call much less often than what a small public utility can. Secretary Rahn asked if we could combine on call with Sauk Centre to reduce the workload. City Administrator Winter stated that we need to have someone in the community on call. Luverne had a similar problem to us, and they have now used MRES for three years. Secretary Rahn stated he was not sure why we are having problems with hiring people when other communities have not. Members discussed whether there were different options than MRES such as Stearns Electric that could have been considered in addition to MRES.

President Mayers stated that was always a selling point for Melrose that our rates were more reasonable than other places, and that we potentially could lose that. City Administrator Winter stated that we did a rate study and we were able to raise our rates by much less than many other cities did recently. The city having our own generation plant also helps with rates. The rate increases should be about four percent per year. President Mayers stated he is still concerned that rates could increase beyond what is expected since MRES would be taking over versus managing this ourselves in the city.

6. ACTION ITEMS

There were no action items discussed.

8. OLD BUSINESS

The following item was moved up in the agenda.

8b. Redevelopment Project

According to State Statutes, there are certain exceptions to the Open Meeting Law, which allow councils to close meetings. The Melrose Area Development Authority may, by majority vote in a public meeting, decide to hold a closed meeting to determine the asking price for real property to be sold by the public body, review confidential or nonpublic appraisal data; develop or consider offers or counteroffers for the purchase or sale of real or personal property. Prior to closing a meeting under any of the following exceptions, the public body must state on the record, the specific grounds that permit the meeting to be closed and describe the subject to be discussed and identify the particular property that is the subject of the meeting. The meeting must be tape-recorded and the property must be identified on the tape. The recording must be preserved for eight years and must be available to the public after all property discussed at the meeting has been purchased or sold or after the public body has abandoned the purchase or sale. A list of MADA members and all other persons present at the closed meeting must be made available to the public after the closed meeting. The actual purchase or sale of the property must be approved at an open meeting, and the purchase or sale price is public data.

The parcel numbers being discussed are:

66.37010.0770
66.37177.0000
66.37210.0000
66.37209.0000
66.37208.0000
66.37010.0769

The meeting was closed at 6:25 A.M. by unanimous consent.

Discussion continued about a possible redevelopment of property, including the most recent communications with the owner of the parcels, potential developers/partners with the city, contractor walk-throughs and discussions, environmental work, and grant applications & funding options.

The meeting was re-opened at 7:04 A.M. by unanimous consent.

7. NEW BUSINESS

7a. Childcare Center

Community Development Director Hellermann presented. MADA has been discussing a possible childcare center to be located at 900 Kraft Drive SE. There is an operator for the proposed daycare, Merry Moose. There are good numbers for getting this built out. Stearns Electric, who owns the building, would lease the building to the daycare operator. 94 children, 16 of whom would be infants, could be served by this center. Hellermann is currently writing a grant application to the Minnesota Department of Employment and Economic Development to support the building of this center, if we are selected for the grant it would be \$100,000. The Greater Melrose Community Foundation is starting a campaign to support the buildout. The overall cost of the renovation is estimated to be \$250,000. They are looking for contributions to support the renovation of the building. They are hoping to build this quickly and have it ready for the 2026-2027 school year. The grant decision will not be finalized until summer so a lot of work would already need to be done by then. Hellermann asked if MADA would be willing to write a letter of support for the center to include with the grant application.

A motion was made by MADA Member Woeste, seconded by Vice President Duevel, and unanimously carried to support writing a letter of support from MADA for the childcare center.

8. OLD BUSINESS

8a. Community Opportunities Committee Discussion

Community Development Director Hellermann presented. At the last meeting, MADA discussed bringing back the Community Opportunities Committee (COC) and appointing members to it. According to the most recent update to the MADA bylaws, adopted at the April 20, 2023 meeting, the COC is a committee appointed by MADA and must have three MADA members serving on it. Community members can also be appointed to the COC as needed. At the last meeting we decided to bring forward names of individuals who MADA members feel would be good COC members and who

would have interest.

There was discussion that managers of businesses in the city could be good candidates to be part of COC to provide input on development. President Mayers suggested Jake from Carstens could be a good candidate. Secretary Rahn recommended Tim Rahn as a candidate as well. MADA Member Frieler suggested that that candidates should provide contact information at the City Center so they can be included in meeting communications. MADA Member Woeste stated that an orientation could be done as well so new members know what to expect from joining COC.

9. INFORMATIONAL ITEMS

9a. MADA's next meeting is scheduled for Thursday, April 9, 2026, at 6:00 A.M.

10. ISSUES OF MADA MEMBERS AND STAFF

There were no issues discussed.

11. ADJOURNMENT

A motion was made by Secretary Rahn, seconded by MADA Member Frieler, and unanimously carried to adjourn the meeting at 7:17 A.M.

A handwritten signature in black ink, appearing to read "Connor Kockler", written over a horizontal line.

CONNOR KOCKLER – CITY CLERK