

**Canton City Council Special Meeting Minutes
June 30, 2021**

The Canton City Council met in special session on June 30, 2021, at the Canton Town Hall. Members present: Mayor Nick Prestby, Carl Ernst, Randy Gossman, Josh Nordsving and Cindy Shanks. City staff present: Brock Bergey and Barb Kerns. Visitors present: Fillmore County Attorney Brett Corson, Sarah Barth, Jennifer Dowling, Steve Hanson, Butch Helgeson, Donivee Johnson, Evelyn Johnson, Vergene Kelly, Randeem Pastwa, Jim Richardson and Kristy Ziegler.

Mayor Prestby called the meeting to order at 6 p.m. He stated the purpose of the meeting was to discuss a potential settlement in the criminal matter involving the former city clerk/treasurer, Lolly Melander. Fillmore County Attorney Brett Corson told the council he believed a resolution was near, with Melander's next court appearance set for July 8. Melander has pleaded not guilty to 26 felony counts of theft and embezzlement. According to the criminal complaint, Melander is accused of taking \$134,639 between 2011 and 2019. The complaint states, in her role as clerk/treasurer, she misappropriated assets through payroll and employee reimbursement transactions. Attorney Corson outlined the tentative proposal/agreement whereby Melander would plead guilty to one count of felony embezzlement and two counts of felony theft (with additional admissions in the City of Whalan file). He explained Melander would be required to admit to the offenses with a stay of adjudication on the embezzlement charge and a stay of imposition on the two felony theft charges. Under the tentative terms, Attorney Corson stated Melander would be required to pay restitution totaling \$61,837 (for charges stemming from the Canton and Whalan files combined). He noted this would be in addition to the \$24,000 that she has already paid/repaid to the City of Canton. Additionally, Attorney Corson said he would be asking for 45 days of jail time, immediately, with nine days of jail time every three months if Melander does not make the restitution payments of \$1,545 every three months.

Councilmembers voiced their desire to recover as many of the misappropriated funds, Melander is accused of taking, as possible – noting they were not as concerned about jail time. Attorney Corson said it would be working Melander's attorney ahead of the July 8 court hearing on the settlement details. He stated it certainly wasn't a perfect resolution, but he told the council the settlement was "pretty close to where it should be" and would avoid the case going to a jury trial.

Motion by Gossman, second by Ernst to adjourn at 7:06 p.m.; motion carried.