July 14, 2015
Council Workshop
12191 Magnolia Springs Hwy
Magnolia Springs, AL
5:00 P.M.

1. **Call to Order**
   Mayor Underwood called the meeting to order at 5:00 p.m.

2. **Roll Call**
   Members present – Mayor Underwood - Council Members: Dotty Johnson, Jim May, Bob Holk, Donna Esslinger and Ben Dykema. Also present: Town Clerk - Karen S. Biel and Legal Counsel – Brad Hicks

3. **Invocation and Pledge** – led by Mayor Underwood

4. **Discussion – Library**
   Mayor Underwood read a statement that he prepared about the library with reference to the establishment and the town’s financial accountability for future funding of the library. Please see attached.
   Along with our legal counsel Brad Hicks, also attending the meeting was Matt Taylor from our auditing firm, Grant, Sanders & Taylor. They will answer any questions that the council members may have.
   Councilmember Holk asked Mr. Taylor if the options the mayor read about will meet the requirements that the town has for accountability on any funds the town is spending and if it gives a good reporting method. Mr. Taylor said that either option would be fine. He added that the question is a reporting entity definition for the town. In the past funding was minimal and now we are approaching material level of funding which causes it to be viewed differently from an audit aspect. Councilmember Holk said that in reading some of the legal’s information that it can get real confusing if there is one account. If someone made a donation you wouldn’t know if it was donated to the town library or the 501c(3). Brad added that the town needs to make sure the funds that are solicited by the 501c(3) board are not being commingled with town library funds. Councilmember Esslinger stated that the information received from Brad’s office really clarified the problem with commingling funds.

Mayor Underwood moved Public Comment up to this point in the meeting.

5. **Public Comment**
   Director of the Magnolia Springs Public Library, Alida Given, asked the mayor to state the two options that are to be considered.
   1. The town would assume responsibility of paying all budgeted items that were presented by the Library Board ($25,000.00)
   2. The Library Board would have two accounts and the town would dispense funds quarterly into one account to pay the bills. The library would have to report all activity to the town so that it would be recorded on the town’s books for the annual audit.

   Mrs. Given asked the mayor if he didn’t have a problem with the state code saying that “the board shall have full power and authority to control the expenditures of all funds”. Mayor Underwood stated that he did not and that he has checked with other small towns and they also pay all the bills for the library. Mayor Underwood stated that the town has the responsibility to account for monies received and expended. Brad Hicks stated that the code does not say that the library board is the exclusive entity that can have any control over things, it just has that authority. He added that the Library Board is the town and it is not a separate corporate body.

   Steve Gillis director of the Orange Beach Public Library spoke about the process that the City of Orange Beach uses to support their library.

   Ron Chamberlin stated that he had concerns about the Bay Street drainage. He said that when there is a heavy rain it runs through Charlie McClary’s driveway. Mr. Chamberlin suggested grading the road so that the water runs on the other side of the street. Councilmember Holk said that he agreed that there is a problem and he will be making a proposal to the Public Works Committee to start on that part of Bay Street. Mr. Chamberlin stated that the ditch on the other side of the street was much deeper at one time and needs to be that deep again. He also added that there is brush trimming that needs to be done along that road and in other places in town.
Frances Cleverdon said that in all her days of working no one has ever questioned how the funds were handled. No one could do a better job with the library than Alida. It has been the only thing done for the children since incorporation. Mrs. Cleverdon went on to complain about the town looking bad and not doing anything for the children of Magnolia Springs. She also said that the town does not support the library. Councilmember Dykema told Mrs. Cleverdon that she could sit on his dock on the weekend and watch all the kids swimming off Magnolia Landing. Councilmember Holk stated that he supports the library personally, and he doesn’t like it when people say to him “why doesn’t the town support the library”. He added that when he tells them the town gave the library $17,000 last year they say “that’s not what we hear”, so I can only imagine that they are hearing it from the library or the board. Mrs. Cleverdon said the town was questioning whether the library was being honest and the whole council said no one has said that. Councilmember May stated that no one was questioning anyone’s integrity. Mayor Underwood added that the town supports the library and does not understand why the library board has such a negative attitude towards the town. Mayor Underwood ended the discussion.

6. Discussion of minutes – June
Workshop Meeting – 6/9/2015
Regular Council Meeting – 6/23/2015

7. Discussion of Financials and Expenditures - June
The clerk provided the council with a copy of the nine month budget vs. actual monies spent for their review.

8. Deputy Smith’s Monthly Report
Deputy Smith reported:

9. Discussion – Culvert Permit Application
Councilmember Holk stated that the draft is just about ready. There are a couple of changes that need to be made but we should have it at the regular meeting for adoption.

10. Committee/Commission Reports
a) Finance – Mayor Underwood stated that the committee will be meeting in a couple weeks to work on the budget for the next fiscal year.

b) Public Works & Safety – Councilmember Holk reported that the committee discussed:
1. Culvert Permit Application
2. Discussed drainage that comes down from Highway 98
3. Sidewalk – getting close to being completed. Volkert will do a walk through with the contractor and then with the town. Once the reflectors are down on the bridge then we will paint the walkway over the bridge (same color as sidewalk)

c) Public Lands – Councilmember Dykema said the committee discussed purchasing garbage cans for the boardwalk and Bay Street pier. Mayor Underwood added that he is meeting with Volkert about the Springs cleanup grant. Councilmember Dykema added that the committee will start meeting at 10:00 a.m. instead of 5:00 p.m.

Motion by Councilmember Johnson, 2nd by Councilmember Esslinger to adjourn. All in favor. Motion carried.

Meeting ended at 5:50 pm

Approved this the 25th day of August, 2015

[Signature]
Kenneth D. Underwood – Mayor

ATTEST:

[Signature]
Karen S. Biel – Town Clerk
Citizens of Magnolia Springs
(7/14/2015)

As we all know on July 26, 2011 the Magnolia Springs Town Council adopted Resolution No. 2011-07 "Establishing the Magnolia Springs Library Board and Its Members". This action was taken pursuant to the provisions of Title 11, Section 90-1 through 90-4 of the code of Alabama, as amended.

Since that action by the Town Council the library board has met all conditions and requirements of the Statute and has successfully established and operated the Magnolia Springs Public Library.

The Town has provided funding for the library since its establishment. The first few years funding by the Town was minimal and essentially covered facility rental fees. This current fiscal year the Town has budgeted $17,250 for support of the library. This funding level extends to the end of our fiscal year which ends on September 30. That funding level was requested by the library board and approved as a budget item.

The Library Board has requested that the Town take over funding a larger share of operating expenses for the upcoming fiscal year and beyond. Along with that request the Town received a detailed budget request for funding in our 2015-2016 budget cycle. After a preliminary review the Council members seem to be in agreement that the request is reasonable and affordable within our limited funding capability. That budget request was for a total of about $25,000 and contained 13 line items.

As the Council is responsible to our citizens for an accounting of all funds expended, we have agreed in principal to pay all expenses associated with each of the 13 line items in the budget request. Payment will be made by the Town from the general fund as bills are received. In this manner the Library Board would be relieved of the responsibility of paying those bills and furnishing paid receipts and bank statements to the Town for bookkeeping and audit purposes. A second potentially viable option would for the Library Board to establish an account wherein only Town provided funds would be deposited and disbursement made for only budgeted items. With this second option, the Library Board would be required to, either monthly or quarterly, furnish paid receipts and bank statements to the Town for bookkeeping and audit purposes.

The first option will require the same book keeping effort by the Town while providing the simplest funding, bill paying and book keeping solution for this activity and is therefore the option to be considered for adoption.

The independent “Friends of the Magnolia Springs Public Library” 501 (c) (3) corporation would be free to seek grants, donations and raise funds for support of the library without reporting those activities to the Town for audit purposes.

We think this proposal makes a very simple statement that this Town Council fully supports our
Magnolia Springs Public Library. Our financial support has grown over the years as we have gained understanding of our funding capabilities and the Library’s needs. We know about the great library services provided to our community and applaud our Library Board and all who generously donate their time and effort to making ours the best Library around.

I have asked our Town Clerk to investigate financial operations of other small town libraries and we have found that most operate similarly to the method we will be considering. Town clerks have access to many resources state-wide and results gleaned from that access has helped us over the years to develop procedures for our use.

We have with us tonight Brad Hicks, our Town attorney, and Matt Taylor of Grant, Sanders & Taylor, P.C. our auditing firm who will address any questions the Council may have at this time. During the Public Comment period to follow, citizen questions will be addressed.