

**Elk Rapids District Library Board of Trustees
December 21, 2020 Special Meeting held via ZOOM**

Approved 1/14/2021

1. Call to Order: By President Barb Johnson at 1:01pm

Members Present: Barb Johnson, Dick Hults, Karen Simpson, Liz Atkinson, Tom Stephenson, Julia Pollister Amos, Chuck Schuler and Diane Geddes

Also Present: This meeting was held on Zoom due to Corona Virus. Zoom showed 16 participants at the start of the meeting.

Members absent: None

2. Approval of Agenda:

Motion to approve the agenda by Geddes/Schuler.

Roll Call

Johnson: Yes

Pollister Amos: Yes

Hults: Yes

Schuler: Yes

Geddes: Yes

Simpson: Yes

Atkinson: Yes

Stephenson: Yes

Motion carried.

3. Public Comment:

No one wished to speak

4. Finance Committee Recommendation RE: Foster Swift Invoices

Schuler gave the report, the finance committee met for about an hour and a half . We went through all this . We had some disagreements, but then on the other hand in the end we were unanimous and at this time I would like to make a motion that we pay the Foster Swift Invoices

Motion: by Schuler/Geddes to pay the Foster Swift invoices.

Miller reminded that there would need to be two motions if you are going to pay part of it out of the operating fund and part of it out of the Expansion fund, then you will need a motion for each one.

Schuler asked if we should go back to the agenda and switch agenda item # 4 with #5 so we can

decide how we are going to pay it? Miller pointed out that you should have the money in the line item before you agree to pay out of it. Schuler stated that he kind of questioned that 4 and 5.

Motion withdrawn by Schuler. Geddes agreed.

Schuler asked to move to item 5 on the agenda which Johnson clarified was the Expansion Budget Amendment. Schuler stated that was how we were going to pay for it, Miller clarified that was a question that she was asked, is the stuff that is relating to the Foundation and the Friends going to be paid out of the Expansion Fund since it's a Capital Campaign Committee expense. That was the question, so she split it out and since we currently have no money in the Expansion Fund budget for Professional/Legal you can't pay it out of there unless you put money in that line item. The proposed amended budget that she sent the board has \$10,000.00 in that line item. That would cover the current bills, any bills that are still outstanding and we know there are at least \$637.00 of those that will be coming in December for Capital Campaign expenses and it will also pay for the audit that you approved. Schuler asked if that was all coming out of the Expansion Fund. Miller stated that was the question that she was asked, can it, or should it, because it is a campaign expense. Atkinson asked what agreement we have in place for any administrative expenses to be paid from the Expansion Fund. She stated that usually donated funds are a restricted use for that donation. Johnson said the funds we have are donated for the expansion and renovation. Atkinson asked if there was an agreement in place to cover these types of expenses that are unrelated to the expansion. Miller stated that they are related, they are just not digging a hole or putting in poles, but they are related. We have consulting in there, we have campaign expense, which is their publicity and all that kind of stuff, and we budgeted for all that. I'm not sure about an agreement. I don't know what that would be.

Schuler asked if we don't pass this then we don't have enough money to pay the Foster Swift account. Miller stated that we have enough money in our operating funds. The question was raised to her, should the campaign expenses be paid out of campaign expense fund, which is the Expansion Fund. That's a decision that the board has to make.

Atkinson said more research should be done to make sure is a legitimate expense to be covered by the Capital Campaign is a serious question and we have the fiduciary duty to follow through on what's proper use and what's not proper use of these funds. Johnson stated that the Campaign Committee has to have expenses, we can't expect them to raise money without having expenses. Atkinson stated that the question is whether these are legitimate Expansion Fund expenses. Miller said you can't spend taxpayer money on the expansion. You can't spend our operating money, mileage, that's operating only. Doing an expansion is not part of normal operating. Hults stated that if Miller was correct then we are spending 90% of this bill with 100% taxpayer money being spent on stuff that is an off shoot of all of these FOIAs and stuff which is an off shoot of the Capital Campaign. Schuler disagreed and said not necessarily. Johnson said she didn't agree either.

Motion A: by Schuler/ Stephenson (later) to pay the Foster & Swift invoices - either up or down, you agree with it or you don't agree with it. Miller is saying that we have the money that we can pay for it. Atkinson asked if a motion had been made about a new policy that we are going to adopt going forward. Schuler said no we did not. Pollister Amos asked Schuler how much we

are paying from the expansion fund? Miller clarified that it would be \$1,218 from the Expansion Fund and \$8,234 from the operating fund for a total of \$9,452.00. We know the \$672.00 is still outstanding and we will most likely be billed for that and those are foundation expenses from last September. So if we are going to pay any of this out of the Expansion Fund it would come out of there too. Which makes it about \$1,800 we have spent on legal fees out of the Expansion Fund.

Schuler asked for a second on his motion that was on the floor.

Pollister Amos asked Schuler if his motion was to pay these bills according to the numbers that Miller just gave us because, thus far, your motion just says to pay the Foster Swift invoices, it doesn't say how much from each account. Schuler said that when the finance committee met Miller had told us that's how we would do it. She's the one that's dealing with the finances, and I am still looking for a second to my motion. Simpson asked Schuler if he wanted to amend his motion so that it states exactly what Miller just said would come out of each account? Schuler said he would agree with that and he would accept that amendment.

Miller reminded that Atkinson asked if this is legal to do that and that question should be answered maybe. Schuler said there is no reason for the meeting to go on if we don't think it's legal. Johnson stated that we are having this meeting today to authorize paying Foster Swift and she thinks that's what we need to do. They need to be paid now.

Miller suggested paying it out of Operating Fund today and then do some research, find out if we can use money from the Expansion Fund for things like professional fees like the audit, the legal fees, campaign expenses, consulting expenses, can we pay for that out of the Expansion money. If those are the questions we can find that out. That would get the bills paid today. Simpson thought that was a good idea and then we would pay the bills and then paying back at a later time. Atkinson said all these questions should be answered prior to releasing the checks. We have maybe an estimated \$3,000 to \$5,000 more coming in legal fees that were incurred in December I think we have an obligation to find out the answers prior to paying these bills. They can't be in too big of a rush, some of these... Schuler interrupted and said he wanted to go back to his motion, he is looking for a second. If we can't get a second then this meeting, in my opinion, is over.

Johnson asked for a second. There wasn't one.

Motion B: Schuler moved that the meeting be adjourned. Johnson said we can't do that, we have to get these bills authorized and paid. Liz I am tired of you saying they can wait. They cannot wait. We need to approve these bills. That's why we had the meeting today.

Motion A. seconded by Stephenson.

Pollister Amos asked for clarification. Is your motion to pay the bills all from one account or is your motion to pay the \$1,218 out of the Capital Campaign (Expansion Fund) and the \$8,234 out of the operating funds?

(Motion clarification) Schuler said no, it's to pay it all of the library account and then at a later

date we can transfer that money if possible.

Pollister Amos said she did not understand the point of doing that, I'm not trying to be difficult but if we amend the budget and there's money in the Capital Campaign why not pay it out of that now? We have to assume that all of these invoices Geddes interrupted and said we haven't amended the budget yet. Pollister Amos agreed, that's why I am asking the question, if we want to do that so we can pay the portion that we know is supposed to be Capital Campaign. She is assuming that all of these invoices have been authorized by somebody. If you made the phone call, or you talked on the phone call, or you sent an email, then that was an authorization for them to bill us. Correct? Johnson said when you talk to the lawyers they will bill you. Pollister Amos then to say that we have to wait until we have approval makes no sense, the person who made the phone call gave the approval for that line item. I don't see any sense in paying for Capital Campaign - Expansion Fund things from the general account. It makes no sense to me. If we know what the numbers are then we should do it the right way to start with. Simpson agreed and asked if we should amend that budget first? Geddes said yes. Simpson asked if Geddes if she wanted to make a motion to amend ? Geddes pointed out that there was a motion on the floor already. Johnson pointed out that the (Schuler's) motion was made and seconded and that was to pay the bills. Schuler said that the finance committee met for an hour and a half, we discussed this thoroughly, Miller was there, we discussed what bills we should pay and so forth, the three of us... the final analysis was "pay the bills" and that was agreed by everyone on the finance committee. My point is this, if you don't agree with it you say no, if you agree with it you say yes. When I am done speaking we can debate should we pay the bill or should we not pay the bill? I you say we should then give reasons why and if you say no I want to know reasons for saying no. We can get this over with and when we vote we'll find out who is on first and who is on second. Miller reminded Schuler that he had quantified his motion by saying he wanted a certain amount paid out of each account, so it's not just paying the bills it's also do you want a certain amount out of the Expansion Fund and a certain amount out of the operating fund. That's your motion - correct? Schuler said correct and I assume that can be done, if it can't be done then I can withdraw my motion. Miller said she did not know that answer. Johnson said we have always paid for legal fees and things like that out of our regular budget. They have always been paid that way. I think we need to make a motion to I think someone mentioned that we could transfer money later on but we need to make a motion that the bills will be paid now. Simpson stated that there is a motion on the floor Barb, to pay for part of it coming out of the Capital Campaign and part coming out of the library fund, so that's the motion on the floor. If this motion passes then we can amend the budget - does everyone agree with that? Schuler and Johnson said yes. Pollister Amos asked Geddes what she thinks. Geddes would like it clarified if we can pay bills from the operating costs bills that should be paid by the expansion. Atkinson asked if there was an agreement and if there was what does it say? Miller said there is no agreement. Geddes asked Simpson if she was still co-chair of the Capital Campaign. Simpson said she is interim chair, yes. Geddes asked Simpson if she knows of anything that would cover this situation? Simpson replied no, this is board stuff. The board determines what gets paid out of that, I don't have any idea, we pay for consultants.... Atkinson interrupted said if there isn't an agreement on paying expenses out of donated funds then we can't have expenses paid from donated funds. Those are restricted funds. Schuler recommended that we vote on the motion that he made. If you feel it should be defeated then you defeat it, if you feel it should go on fine, that's the way it is. Johnson called for a vote. Simpson said Schuler could amend his motion to pay the bills out of the library fund and then we can look into it. Geddes asked if it would be a

legitimate library expense to raise funds for the expansion? Johnson said we need to make a decision. Stephenson said we have to make sure that wherever we pull the money out of that, I wasn't aware that there was no amendment or any budget item in the ?(couldn't understand the word) to pull money out for the Capital Campaign. We have to have a legitimate place to pull the money from. Geddes said there is a line item in the Capital Campaign budget - 471-986 for Campaign expense \$20,000.00. Stephenson said okay. Miller said there's also 471-801 Professional/Legal fees. Geddes said yes, but there was no money in that. Miller said this really wasn't campaign expense, it was legal fees. Pollister Amos said she thinks it would be safe to do as Geddes said before. If we are going to do this then move the money , adjust the Capital Campaign Expansion Fund budget. Move enough money into legal to cover what you are going to do here. I don't like the idea of doing stuff after the fact. If you guys did your job and identified what was supposed to be Capital Campaign and what was supposed to be operating, or you didn't. If you did your job then we should do it today instead of going back later to transfer from one account to the other.

Schuler called the question. Geddes asked for the motion to be repeated. Schuler asked the secretary to repeat the motion. Pollister Amos pointed out that the motion had been amended a couple of times verbally. Your motion was to pay the Foster Swift bills period. Then you verbally amended it to pay \$1,218 out of the Capital Campaign (Expansion Fund) and the balance of \$8,234 out of the operating funds. Is that your motion now, or do you want to just pay the Foster Swift bills? Schuler said we would have to have an amendment to withdraw the amendment , or we can do this, we can go ahead and take a vote and then come back and I can make the motion that I made originally. Pollister Amos reminded Schuler that the original motion was to pay the Foster Swift bills period. Schuler said right. He called for the question with so much money out of each and so forth. There's a disagreement over how we can do that. So what I am saying is that we vote on this and if you don't want to do that you vote no and if everyone says no then I will come back and make my original motion. Johnson asked Schuler what his exact motion is. Schuler said exactly what Pollister Amos read. Johnson said, so we are voting on so much coming out of the Expansion and so much out of operating - correct? Schuler said yes. Johnson asked if there were amounts of money in the motion. Schuler said yes. Pollister Amos read \$1,218 out of the Capital Campaign (Expansion Fund) and the \$8,234 out of the operating funds. Miller asked that it be referred to as the Expansion Fund because it's not all Capital Campaign, it is only one element of the expansion. Pollister Amos agreed. I think most of us forget to make the distinction.

Johnson asked for the vote on the motion

Roll Call:

Pollister Amos: No

Schuler: Yes

Johnson: Yes

Hults: No

Simpson: No

Geddes: No

Stephenson: No

Atkinson: No

Motion failed.

Motion: by Schuler/ Stephenson to pay the Foster & Swift invoices and Schuler will not accept any amendments.

Roll Call

Schuler: Yes

Pollister Amos: No

Johnson Yes

Geddes: No

Atkinson: No

Stephenson: Yes

Simpson: Yes

Hults: No

Motion failed

Motion: by Geddes/Schuler to move \$10,000 from Campaign Expense 986 of the Expansion Budget into the Professional/ Legal 801 of the Expansion Budget so that we can divvy up the bills to pay some from the Expansion Fund and some from the operating fund. Miller asked where it would be moved from . Geddes said from Campaign Expense into Professional/Legal. Johnson said this is the same as the motion that failed. Simpson clarified that this is different, it's an amendment to the budget. Miller asked why we would do this when the motion to pay the bills that way failed. Geddes said because then she would move to divvy up the expenses pay the bills some from the expansion and some from operating. Miller asked if Geddes thought it failed because the budget hadn't been amended yet? Geddes said yes because there was no money in Professional/Legal to pay it. We can't authorize payment from a fund that's not funded. Schuler agreed and seconded. Miller said this is not the draft she provided because she didn't take it out of Campaign Expense ... she didn't amend any of the other expense lines she took it off the balance at the bottom. We can do it this way, she just is pointing out that is not what was in the meeting packet. Geddes just wants to get \$10,000 into 801 Professional/Legal. Johnson asked Simpson if that made sense to her to move it out of Campaign Expenses and move it to Professional/Legal. Simpson asked why she was being asked the question and said she didn't do that stuff and doesn't know why Johnson is asking her. It's a board thing. Miller asked Simpson if she monitors the Campaign Expense. Simpson said she doesn't know why it would come out of one place or the other, it doesn't matter. Geddes said it has to come out of some place. Simpson asked if it mattered. Geddes said she chose Campaign Expense because she thought it was a Campaign Expense. Schuler agreed. Geddes called the question.

Roll Call

Simpson :Yes

Stephenson: Yes

Schuler: Yes

Hults: No

Atkinson: No

Geddes: Yes

Johnson: Yes

Pollister Amos: Yes

Motion carried.

Motion: by Geddes/Schuler to pay \$1218 from the Expansion Fund from Professional Legal line item 801 Geddes called the question.

Roll Call

Johnson: Yes

Schuler: Yes

Hults: No

Geddes: Yes

Pollister Amos: No

Simpson: Yes

Atkinson: No

Stephenson: Yes

Motion carried.

Motion: by Geddes/Schuler to pay \$8234 out of Operating Fund from Professional Legal from the library board money

Atkinson: No

Hults: No

Pollister Amos: No

Johnson: Yes

Geddes: Yes

Simpson: Yes

Stephenson: Yes

Schuler: Yes

Motion carried.

Miller asked if she could have someone come in Wednesday and sign the checks. Geddes will come in.

6. Board Comments

Hults said the board just paid for a MOU for The Friends that hasn't been identified with The Friends that Johnson has in her possession that none of us has seen. I don't know how much crazier this can get. We paid \$357 in legal expenses for a document that was never authorized, that Johnson has in her possession that she has never shared. That is a fact. Schuler said the ball game is over, we voted to do it and he learned a long time ago that when you are on any kind of a council, or whatever it is, if it doesn't go your way you just be quiet about it, take the loss and go on to the next thing. I don't know why you keep going on and on about that, you are not convincing me, you are turning it around the other way for me so please don't do that.

Pollister Amos said we should be given the Memorandum of Understanding that the lawyer said was given to Johnson. Why hasn't it been given to the rest of us? Johnson said she thought that she sent all those emails from Mike Zhart that contained it. Schuler said yes she did. Pollister Amos asked if everyone else has the MOU except Hults and herself because she has never seen it. Johnson said after our last meeting she went into her email and looked up all the things from

Mike Zhart and sent them to you (the board), but she will do it again. Simpson didn't see it attached and doesn't have it either. Schuler said he saw it. Johnson said she will resend it.

Hults said when you have board comments in any normally run meeting, everybody can voice their opinion on what they want to say whether it passed or didn't pass. He's voicing his opinion and he has a right to do that. So this censure and stuff is just totally dysfunctional by this board, I'm sorry. Schuler said you can carry on as long as you want, the ball game is over. We voted on it and if you have some points and so forth, that's fine, go ahead and complain.

Johnson said Merry Christmas and Happy New Year

7. Adjournment

Motion: to adjourn by Schuler/Stephenson at 1:40 pm.

Meeting adjourned by order of the chair.

Respectfully,
Julia Pollister Amos
Secretary of the Elk Rapids District Library Board

LibBdMin12.21.20APPROVED