

Spectrum School Board Minutes

Date: June 20, 2013

Scheduled Time: Immediately following the Spectrum High School Building Company Meeting, if needed.

Attendance:

Position	Committee Member	Arrive	Depart
Chair	Dave Lucas	Present	
Vice-Chair	Rob Rogers	Present	
Treasurer	Eric Bubna	Present	8:20 p.m.
Secretary	Don Stauffer	Present	
Member	Kerry Jerred	Present	
Member	Mike Wiyninger	Absent	
Ex-Officio	Vanessta Spark	Present	
Ex-Officio	Patty Jorris	Absent	
Ex-Officio	Nick Taintor	Absent	
Advisor	Rick Peterson	Present	
Staff Member	Dawn Sorenson	Present	
Member Elect	Tony Brunt	Present	
Guest	Jessica Kemnitz	Present	7:45 p.m.
Guest	Cori Morrow	Present	7:45 p.m.
Guest	Darrell Skog	Present	7:30 p.m.

1. Meeting called to order with quorum present at: 5:30 p.m.
2. Reading of Mission and Vision Statement
3. Consent Agenda

On a motion duly made and seconded, Stauffer/Rogers, the minutes of the May 16, 2013 Board meeting, and consent agenda, were unanimously approved as presented.

4. Public Input
None
5. Spectrum Student Input
None
6. Budget Report

6.1 BELTZ, KES, DARLING & ASSOC. APRIL, 2013 FINANCIAL REPORT

Mr. Bubna provided an in depth financial overview for the month of May, 2013. He noted that the working budget projects revenues exceeding expenditures in all funds by \$300,647. State revenues have been based on 506 students, with a contingency for PSEO students. He stated that year to date, 84.4% of expenditures have been spent, which is normal for this time of year. The school is 91.7% of the way through the fiscal year.

Mr. Bubna stated that the beginning balances shown on the Balance Sheet are based on the audited ending information as of June 30, 2012. Mr. Bubna also reported that the school will reimburse the Building Company \$64,492 in June of 2013 for improvements that have been made to the school.

Mr. Bubna went on to state that the state holdback for 2011-2012 fiscal year in the amount of \$2,328 is the portion that would have been collected to date had there never been a 35.7% holdback. These funds will be paid by MDE in May 2013. The state holdback for the 2012-2013 fiscal year is estimated to be \$352,928. 75% of the total amount accrued by June 31, 2013 will be paid to the School on July 15, 2013. The remaining 25% will be paid at various times during the fiscal year 2014.

Following discussion, *on a motion duly made and seconded, Stauffer/Rogers, the Spectrum High School Board of Directors unanimously approved the May 2013 Financial Statements as presented.*

6.2 FINANCE COMMITTEE MEETING Minutes, June 18, 2013

Mr., Bubna stated that the Finance Committee discussed the amount that had been budgeted for property taxes was lower than what the actual tax amount. The amount budgeted was based off of information that was received from the City of Elk River, yet the amount was higher than what had been budgeted. As a result, there is a \$40,000 shortfall this year, and there will be approximately a \$30,000 shortfall the following. The taxes are only required until the Building Company receives its tax exempt status.

Mr. Bubna also reported that the Committee discussed at length rolling over athletic and activity monies that have been fund-raised in the previous fiscal year. He stated that he anticipates a policy being drafted with regard to this issue, and that it will come before the full Board at the July or August meeting for its consideration.

Following discussion, *on a motion duly made and seconded, Rogers/Stauffer, the Spectrum High School Board of Directors unanimously accepted the Finance Committee meeting minutes of June 18, 2013 as presented.*

6.3 EDUCATIONAL FINANCE UPDATE: 2013 Legislative Changes

Mr. Bubna presented a PowerPoint presentation created by Nick Taintor, CPA, of Beltz, Kes, Darling & Association regarding the recent legislative changes in the area of funding that relate to Spectrum High School. Some of the funding changes do not impact Spectrum, as they aren't relevant.

Mr. Bubna took the Board through the presentation, noting that in the area of pupil accounting, effective for year 2014, it requires a school district to have at least 165 days of instruction for grades 1 through 11 in each school year unless the commissioner of education has approve a 4 day week schedule under MS 124D.26. Currently, Spectrum High School observes a calendar of 175 student days and has since the inception of the school. Mr. Bubna also noted that the law now eliminates the ability of school districts and charter schools to generate extended time revenue for programs designed to accelerate grade level advancement so that students graduate before their peers.

Mr. Bubna stated that one of the biggest changes is in the area of per pupil funding, which was simplified. Weights are 1.0 for pre-k through grade 6, and 1.2 for grades 7 through 12. Formula rates increased to offset the reduction in weighted student count. Also, the marginal cost pupil units were eliminated and replaced with a new declining enrollment revenue at 28%. Mr. Bubna stated that Spectrum would only be impacted if we had a significant decrease in enrollment, and we currently have waiting lists in the majority of grades.

In the area of Teachers Retirement Association (TRA) the aid reduction for 1997 change in employer contribution rate to TRA and other pension rate changes has been eliminated. Districts with below average reduction for pension adjustments provide pension adjustment revenue to guarantee a state average gain from the elimination of the pension adjustment. Mr. Bubna stated that the basic formula has been adjusted to neutralize the overall statewide impact. The amount of pension adjustment in FY 13 was about \$32.75. FY 14, the formula allowance increased by \$75 to \$5,302 (1.5%), and the old pupil units and formula structure remain in effect. For year 2015, the formula increases to \$5,806 (1.5% after adjusting for new pupil weights and other changes.) The formula allowance was determined by calculating the state total general education revenue FY 2015 with an \$80 (1.5%) increase in the formula allowance, and no change in pupil weight or other formula changes. Also, setting the formula allowance at the amount that generates the same state total general education revenue with the new pupil weights, pension adjustment change and other formula changes in place. Of the \$504 increase of FY14, \$80 is for inflation at 1.5%, and the remaining \$424 is to adjust for the pupil weight change, pension adjustment change, and other structuring.

Other changes in the law will see extended time allowance increased from \$4,601 to \$5,017, Gifted & Talented allowance will increase from \$12 to \$13, operating capital adjusted from \$73 plus \$00 times building age index to \$79 plus \$109 times building age index. In addition, equity sliding scale was increased from \$75 to \$80, and equity flat rate increased from \$46 to \$50.

In the area of Q-Comp, Mr. Bubna stated that the stated rolled Q-Comp out of the general education revenue program to a new categorical beginning FY 2015. He believes that the state is looking to scrutinize the Q-Comp program by doing so.

Also, there has been a change in the area of pupil transportation FY14, in that it allows school districts to transport PSEO pupils to and from the postsecondary institution if the pupil is participating in an articulated program. In addition, cost allocation allows a school district that contracts for transportation services to allocate certain transportation expenses based on contract rates if the rates are reasonably consistent on a cost per mile, cost per hour, cost per student, and/or cost per route basis. Districts must maintain records to document rate consistency to auditors.

Mr. Bubna stated that in the area of audit reporting requires an independent audit report to include audited financial data of an affiliated building corporation or other component unit. Also, the law clarifies that supplemental information included with the audit report is to include a copy of agreements with the parent company, including administrative, financial and staffing services.

Finally, Mr. Bubna reported on the changes in the areas of lease aid, special education tuition billing, school lunch aid, and accelerated repayment of education aids. He stated that the accelerated

repayment creates a mechanism for a one-time repayment of education shifts based on September 30, 2013, and Minnesota management and budget estimate of any positive unrestricted budgetary state general fund balance as of June 30, 2013. The repayment of aid shift, if any, would occur in October 2013, and repayment of tax shift, if any, would occur in June 2014.

Mr. Lucas inquired as to whether or not the funding changes as noted above have been accounted for in the school's LRB model. He requested that Mr. Bubna seek clarification from Beltz, Kes, Darling & Assoc. as to whether or not it has been accounted for. Mr. Bubna will report back his findings at the July meeting of the Board.

7. Old Business

FACILITIES UPDATE

Mr. Peterson provided an update on the state of the facilities, as outlined in his report submitted to the Board for their consideration. He reported that there are still outstanding items from all three phases of construction that have yet to be addressed. He continues to press Charter School Property Solutions and Dew Construction for resolution of the named items.

Mr. Peterson noted that there were several items the state fire inspector wanted complete in order for our lease aid to be processed. He reported that all items have been addressed, we have received our inspection report, and that our lease aid has been submitted to MDE.

Mr. Peterson went on to note that there is a church interested in renting our gym space; however, we are seeking bond council permission before the school moves forward with a rental agreement.

With regard to the heating and cooling difficulties within the school, Mr. Peterson reported that he has been in contact with the company, hired by Charter School Property Solutions that installed the HVAC system within the school. They have stated that the system is balanced mechanically, but Mr. Peterson questions whether or not the system is balanced functionally. As a result, he has sought the opinion of other experts in the field as to what to do. The recommended fix is a split heat pump and air conditioning system. Mr. Peterson stated that he has identified the 11 worst areas, and the cost to install the units in these areas would be \$83,000, and we currently have \$100,000 budgeted for HVAC improvements. The Board felt that it would be best to test the units in rooms with varying difficulties to ensure success prior to purchasing all of the units necessary.

Following discussion, *on a motion duly made and seconded, Stauffer/Bubna, the Spectrum High School Board of Directors unanimously approved the purchase of split heat pump and air conditioning units for four classrooms of varying difficulties, the Director's Office, and the Server Room, provided that the cost of the unit for the server room is under \$6,500, as presented.*

Following discussion, *on a motion duly made and seconded, Rogers/Stauffer, the Spectrum High School Board of Directors unanimously accepted the Facilities Report as presented.*

SPECTRUM BUILDING COMPANY FACILITIES REPORT

Mr. Peterson presented a detailed report on what bond monies have been spent to date, and what remains. Mr. Peterson noted that there was one area that was over spent from the budget amount and that was in the

area of school security. With the installation of panic alarms and bullet proof glass, the cost to update these security measures was more than what had been budgeted.

Mr. Peterson then presented some additional items requested that weren't originally budgeted for the Spectrum Athletic Site. He asked the Board to help prioritize these items in order of need, beginning with a fence to protect the site, followed by drain tile, a running track, more parking stalls, and a gate.

Following discussion, on a motion duly made and seconded, Roger/Jerred, the Spectrum High School Board of Directors unanimously approved the installation of a 4' fence provided there is funding available.

Following discussion, on a motion duly made and seconded, Rogers/Jerred, the Spectrum High School Board of Directors unanimously accepted the Spectrum Building Company Facilities Report.

8. Director's Report

Ms. Spark presented her Directors Report for the Board. She mentioned that she met with the St. Cloud State today regarding the agreement for the CaSH World History Course that will be taught by Jake Hammond. In addition, she reported that the admissions office has been very diligent in their efforts to keep the enrollment list as current as possible. Ms. Spark stated that she wants to begin the year with enrollment at 536, as she knows there will be some attrition yet to come.

Lastly, Ms. Spark reported that she received a message from Stephanie Olsen at Volunteers of America that following the 13-14 school year, NWEA testing will no longer be a requirement for the school. In addition to less student test preparation, the cost savings to the school will be approximately \$4,000.

Following discussion, on a motion duly made and seconded, Rogers/Stauffer, the Spectrum High School Board of Directors unanimously approved the Directors Report as presented.

9. New Business

Legislative Changes – Conflict of Interest

The Board discussed at length the recent changes to the area of conflict of interest as it relates to Board eligibility. It noted that as of July 13, 2013, when the new law goes into effect, Mike Wiyninger will no longer be eligible for service on the Board as his wife is employed with the school. In addition, once Don Stauffer's daughter is married to teacher Andy Nyquist on August 24th, he too will be ineligible for service on the Board. The Board will seek candidates to fill the open seat terms for those members of the Board who are no longer eligible for service.

School Security

Pursuant to MS 13D, subd. 3, the Board moved into a closed session for the purpose of discussing school security. Mr. Darrell Skog, at the request of the Board, provided expert information for discussion.

Pursuant to MS 13D, subd.3, the Board came out of a closed session at 7:30 p.m. where it discussed school security.

9.1 Board Structure Discussion

The Board discussed the current composition of the Board. Following discussion, it was so noted that no changes are necessary to the current Bylaws.

Open Teacher Seat Candidate Presentation

Teacher candidates, Jessica Kemnitz and Cori Morrow, presented before the Board as to why they would be interested in serving on the Board in the teacher seat/term vacated by Sara Peloquin in March. Following their respective presentations, they were excused from the meeting.

Following discussion, on a motion duly made and seconded, Bubna/Jerred, the Spectrum High School Board of Directors chose, by majority vote, Cori Morrow to fill the vacant teacher seat term. Board member Rob Rogers requested that his vote be recorded as opposed.

Seating of Newly Elected and Re-elected Board Members

The Spectrum High School Board of Directors welcomed Tony Brunt, newly elected teacher Board Member, and Dave Lucas, re-elected member, to the Board.

Board Officer Elections

Following discussion, on a motion duly made and seconded, Rogers/Brunt, the Spectrum High School Board of Directors unanimously approved the tabling of Officer Elections until a time the Board is fully seated.

9.2 Annual Approval – Pledge of Allegiance Policy

Following discussion, on a motion duly made and seconded, Jerred/Brunt, the Spectrum High School Board of Directors unanimously approved the Pledge of Allegiance Policy as presented.

9.3 Insurance Policy Review

Mr. Rogers noted that the level of technology coverage is no longer relevant. The Board also wondered about whether or not the coverage's currently in existence extend to all facilities, whether owned or rented, as well as whether or not the \$5,000 cover per incident is adequate coverage and what does it exactly cover. The Board requested that the insurance broker with whom the school contracts present before the Board on the various coverage's and amounts. In the meantime, Dawn Sorenson will take the Board's questions to Patty Jorris for clarification, and request that Mrs. Jorris contact the insurance broker to set up a time to present before the Board.

9.4-9.6 Exit Interview/Survey Policy, Interviewer's Guide, and Questionnaire

Following discussion, on a motion duly made and seconded, Rogers/Stauffer, the Spectrum High School Board of Directors unanimously approved the Exit Interview/Survey Policy, Interviewer's Guide, and Questionnaire as presented.

Appointment of Formal Director Evaluation Committee

Following discussion, *on a motion duly made and seconded, Stauffer/Rogers, the Spectrum High School Board of Directors unanimously approved the tabling of the appointment of a formal Director Evaluation Committee until a time when the Board is fully seated.*

9.9 Student Climate Survey Results

The Board reviewed the recently completed Student Climate Survey results. The Board queried Ms. Spark on the findings in the survey, asking specifically if there are any changes that will be implemented as a result of the survey. She reported that we have made a change in catering vendors as a result of the survey. Also, Ms. Spark has appointed a committee to deal with bullying and teaching character traits so that students are treating fellow students with integrity, etc.

10. Charter School Updates & Training

10.1 The Board is considering having Nick Taintor present the Financial Training and Ellen McVeigh present the Governance and Employment Law training, which will hopefully take place sometime in September or October. Dawn Sorenson will email them regarding their availability. More information will be disseminated as it becomes available.

12. Board Calendar

Don Stauffer will update the Board calendar to include the yearly insurance review.

13. Board Goals

- Board Goal #1: By the April 2013 Board meeting, an assessment of technology will be completed, including assessment of the current state of technology, and a recommendation of how technology can better be applied. Completed ✓
- Board Goal #2: By the March 2013 Board meeting, the Board will have completed research to include similar size charter schools regarding pay structure and administrative structure, and provide recommendations for the following fiscal year cycle. Completed ✓
- Board Goal #3: By the October 2012 Board meeting, the Board will define a process for students to formally provide input at the Board level. Completed ✓

14. Previously Tabled Items

14.1 Employee Handbook Changes

Mr. Brunt reported his findings when he did a side by side comparison of the original Employee Handbook to the suggested changes by Roo Solutions. He noted that there were some minor grammatical and formatting changes, but nothing of significance.

Following discussion, *on a motion duly made and seconded, Rogers/Jerred, the Spectrum High School Board of Directors unanimously approved the Employee Handbook changes as presented.*

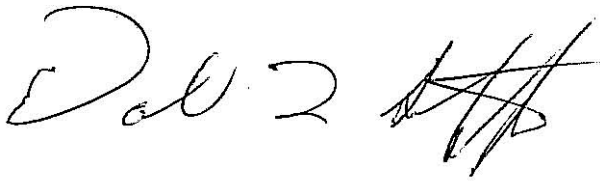
15. Miscellaneous

None

16. Next Meeting Agenda Input: July 18, 2013

17. Adjournment;

On a motion duly made and seconded, Stauffer/Rogers, the Spectrum High School Board of Directors unanimously adjourned the meeting at 9:00 p.m.



Board Secretary Certification, Don Stauffer