



Spectrum School Board Workshop Meeting Minutes

Date: October 3, 2015
 Scheduled Time: 9:00 am

Position	Committee Member	Arrive	Depart
Chair	Dave Lucas	Present	
Vice-Chair	Tom Sagstetter	Absent	
Secretary	Kerry Jerred	Present	
Treasurer	Robin Schelske	Present	11:00 am
Member	Tony Brunt	Present	
Member	Jessica Kemnitz	Present	
Member	Kathy Reed	Present	
Ex-Officio	Vanessta Spark	Present	
Staff Member	Dawn Sorenson	Present	
Guest	Nick Taintor	Present	11:00 am
Guest	Ellen McVeigh	Present, 10:00 am	

1. Meeting called to order at: 9:00 am by Chair Lucas. It was noted that the entire training was being recorded so that members not able to be present or needing to leave early may view the training at their convenience.

2. Finance Training

Nick Taintor of Beltz, Kes, Darling & Assoc. took the Board through an in-depth training regarding Minnesota Public School financing, providing review for current members, and conducting initial training for new members. Throughout the training, Mr. Taintor referenced “Financing Education In Minnesota 2014-2015” as a resource for additional information on school finance.

Mr. Taintor covered the 2015 Legislative Update, state sources of revenue, as well as federal sources of revenue for the school. In regards to the 2015 Legislative Update on charter school finance, he noted that the Legislature approved a 2% increase in general education funding: FY2016 \$5,948 and FY2017 \$6,067 per pupil. He also stated that Extended Time Revenue has been approved for charter schools; however, this doesn’t apply to Spectrum. Finally, he stated that the language related to charter schools begins on line 101.33 of the state statute, and that 124D.10 and 124D.11 has been re-codified as 124E as Charter School Law.

Mr. Taintor also stated that long term facilities maintenance revenue will be available beginning in FY2017 as follows: FY2017 \$34/pupil unit; FY2018 \$85/pupil unit; and FY2019 and later \$132/pupil unit. These monies will be deposited into the school’s general education fund.

Mr. Taintor reported on State and Federal sources of revenue, noting that Charter Schools are eligible for some but not all state aids available for traditional public schools. Charter Schools are not eligible for any revenue based on property tax levies; however, they are eligible for Building Lease Aid revenue. Mr. Taintor advised that all Board members be familiar with general education aid, charter school lease aid, and state special education aid. Mr. Taintor then went on to report on each of these areas in detail. He also reported on State Aid Payment Holdback, noting that the holdback is 10% of the current year state aid revenues, and the prior year holdback is paid back 30% on August 30th, 40% on September 30th, and

30% on October 30th. He stated that these payments are tracked as receivables, and the percentage is accounted for through MARSS reporting and checked quarterly by the Minnesota Department of Education.

Mr. Taintor also covered Federal Revenues which include Special Education Grants, Title Program Grants, Federal REAP Grant and E-rate Grant, and Federal Food Service Funds. Mr. Taintor shared that charter school enrollment is very important to the success of any charter school, especially when it comes to funding. He stated that the process for reporting enrollment is as follows: The school has a MARSS Coordinator who tracks enrollment using a student reporting system. MDE will review this data to ensure that the school is reporting accurate numbers and that the school is being funded accurately. The monthly financial reports that are prepared for the Board's review include a summary of the enrollment out of the student reporting system and are presented on a monthly basis.

Mr. Taintor then went on to provide the Board with an in-depth look at the current budget for the Board, answering many questions related to the budget process. He stated that charter schools are required by statute to approve the next year's annual budget prior to June 30th of the previous year. Each spring, school leadership, with the assistance from the finance manager, work on the next fiscal year's budget in order to prepare it for review by the school's Finance Committee prior to recommendation for approval by the full Board. Mr. Taintor stated that it is important for Board members to pay attention to enrollment, total revenues, total expenditures, specific expenditures such as salaries, benefits, contracted services, and athletics, as well as annual surplus, fund balance percentage, debt service coverage ratio, and short term vs long term focus. Mr. Taintor also trained the Board in the area of interpreting charter school financial statements, i.e., balance sheet, revenue and expense statements, cash flow and enrollment projections. He stated that the characteristics of financial health for the school include an adequate fund balance in case of state holdback more than 10%, to avoid short term financing to meet current obligations, unforeseen state aid or local revenue changes during the year, and program expenditures that are not anticipated.

Lastly, Mr. Taintor reported on factors that may require a Board to revise their fund balance policy which include planning for future program and/or school expansions, facility improvements and upgrades, future technology equipment replacements/upgrades, and changes in state aid payments or funding levels. Factors to consider when drafting a fund balance policy include does the policy provide for enough of a reserve for the school to operate, is it current based on state funding and aid payments, and does it meet the mission of the school for future programming/school expansion?

The Board thanked Mr. Taintor for his thorough training in the area of school finance.

3. Strategic Planning – Financing

Ms. Spark stated that she wanted to take advantage of the opportunity of having both Mr. Taintor and Ms. McVeigh in the same location for the Board to ask questions regarding future financing options and/or possible financial roadblocks as it works to construct a long term strategic plan for the school. The Board will be conducting its formal strategic planning process at its meeting on Saturday, November 14th; however, again, Ms. Spark wanted the Board to have this opportunity to seek information as it contemplates the future direction for the school.

Ms. Schelske noted that the school's strategic planning facilitator, Jean Melancon, has been conducting interviews with strategic stakeholders, and she summarized the feedback gleaned from the strategic planning parent survey that was conducted within the past month with regard to the future direction for the school. She stated that only approximately 240 responses were received making the data somewhat unusable as it isn't a good cross-section of the parent population on which to draw conclusions. The Board discussed the findings, as well as asked questions of Mr. Taintor and Ms. McVeigh as to a possible third bonding process, possible grade expansion, as well as other potential educational offerings at the school.

Following discussion, the Board thanked Mr. Taintor and Ms. McVeigh for their time and expertise on this matter.

4. Board Governance and Employment Law Training

Ellen McVeigh of Borenstein and McVeigh Law Office LLC took the Board through a thorough training in the area of Board Governance and Employment Law. Ms. McVeigh provided a review of required legal structure and operation of Minnesota charter school Board of Directors, reviewed the provisions of Minn. Stat. Chapter 13D, Open Meeting Law, as applied to charter schools, reviewed applicable requirements regarding data privacy and public access to information, and reviewed some key employment law concepts/requirements of which charter schools must be aware, including 2015 changes to state law.

Ms. McVeigh presented the Board with a case study for the purpose of defining the law, noting that Minnesota charter schools are public schools, are Minnesota nonprofit corporations (MN Stat Chapter 317A), and that MN Stat Sections 124D.10 and 11, which are now MN Stat Sections 124E, MN Stat Sections 12 specify the law pertaining to Minnesota charter schools, that charter schools are exempt from all statutes and rules applicable to a public school, school board or school district unless a statute or rule is made specifically applicable to a charter school or is included in MN statutes. She went on to note that a charter school is also subject to the terms of its authorizer contract.

Ms. McVeigh then went on to present on the composition of charter school Boards of Directors, covering board elections, conflict of interest, and the role of the Board of Directors: duty of care, duty of loyalty, and the duty of obedience. She stated that Board members must discharge their duties in good faith, in a manner the director reasonably believes to be in the best interest of the school, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs these duties is not liable by reason of being a director of the school according to MN Stat. section 317A.251.

The Board thanked Ms. McVeigh for her thorough and in-depth training she provided for the Board covering legal structure and operation of the Board of Directors, Open Meeting Law, Data privacy and public access to information, and key employment concepts/practices for charter school boards.

5. Adjournment: The workshop meeting of the Board adjourned at 1:00 p.m.



Board Secretary Certification, Kerry Jerred