



Special Joint Spectrum High School (SHS) and Spectrum Building Company (SBC) Board Meeting

Date: February 23, 2017
Scheduled Time: 5:30 p.m.

Attendance:

Position	Name	Arrive	Depart
Chair (SHS and SBC)	Dave Lucas	Present	
Vice Chair (SHS and SBC)	Tom Sagstetter	Present	
Secretary (SHS)	Kathy Reed	Present	
Treasurer (SHS)	Paula Bernard	Present – 5:36 p.m.	
Member (SHS)	Kerry Jerred	Present	
Member (SHS and SBC)	Scott Gangl	Present – 5:35 p.m.	
Member (SHS)	Jessica Kemnitz	Present	
Ex-Officio	Vanessta Spark	Present	
Financial Advisory	Nick Taintor, BKDA	Absent	
Staff	Dawn Sorenson	Present	
Incoming Executive Director	Dan DeBruyn	Present	
Director of Facilities (SBC)	Rick Peterson	Present	
SBC Board Member (SBC Secretary)	Tony Brunt	Absent	
Guest	Dr. Speiker, VOA	Present	
Guest	Liane Kondrak	Present – 6:30 p.m.	

I. Call To Order: 5:30 p.m.

II. Reading of Vision and Mission Statements

III. Conflict of Interest Check

Chair Lucas called for conflict of interest acknowledgement. None noted.

IV. Board Agenda

On a motion duly made and seconded, Kemnitz/Reed, Spectrum High School Boards of Directors unanimously approved the February 23, 2017 meeting agenda as presented.

V. Consent Agenda

- A. Interim Financial Transactions – None
- B. Important Documents and Policies
 - Lunch Charge Policy
 - Non-Discrimination-Title IX Policy
 - Not Public Data Policy

On a motion duly made and seconded, Sagstetter/Reed, the Spectrum High School Board of Directors unanimously approved the amended policies as presented.

- C. January 26, 2017 Regular Board Meeting Minutes
- D. February 13, 2017 Special Joint SBC Meeting Minutes

On a motion duly made and seconded, Reed/Jerred, the Spectrum High School Boards of Directors unanimously approved the January 26, 2017 and February 13, 2017 meeting minutes as presented.

VI. Employee Introduction & Recognition

Teacher Cori Morrow, who teaches Mathematics, including CaSH level Mathematics classes was recognized for her years of dedicated service to Spectrum High School. Although Ms. Morrow was unable to attend the Board meeting, Ms. Spark read out loud the letter of gratitude that will be presented to Ms. Morrow. Thank you, Cori – you are appreciated!

VII. Public and Student Input

None

VIII. Old Business

None

RECESS Chair Lucas called for a motion to temporarily recess the Spectrum High School Board of Directors Meeting.

On a motion duly made and seconded, Reed/Kemnitz, the Spectrum High School Board of Directors unanimously moved to recess the meeting.

CONVENE Special Joint Spectrum Building Company and Spectrum High School Board of Directors meeting. Chair Lucas called the meeting to order at 5:40 p.m.

IX. Ongoing Business

A. Phase V Expansion Project Update

1. Purchase agreement for property at 17823 Industrial Circle NW, Elk River, MN
Mr. Peterson, Mr. DeBruyn, and Ms. Spark presented an in-depth report on the status of the purchase agreement between Spectrum High School and Mr. Chad Johnson for the real property located at 17823 Industrial Circle NW, Elk River, MN.

It was noted that the Spectrum's offer of \$1,800,000 was initially accepted; however, Mr. Johnson, owner of the building located at 17823 Industrial Circle NW, needed to secure a settlement with the tenant currently leasing the building. In order to do so, Mr. Johnson stipulated that Spectrum will need to pay \$5,500/month through September until the School closes on its bonds. The actual fee would be \$11,000/month, but Mr. Johnson will cover half. If the School closes on its bonds earlier than September, as an incentive to do so, the overall amount owed, approximately \$38,500, will be reduced by \$5,500 per month for every month sooner that the School is able to close on the bonds.

Mr. DeBruyn went on to note that the purchase agreement is currently being reviewed by the School's council for revision to accommodate the additional stipulation monies and to ensure

that the wording is accurate and reflective of what has been agreed upon. Mr. DeBruyn stated that the price listed within the purchase agreement will be an amount of \$1,838,500 to accommodate the settlement stipulation.

Following an in-depth discussion, *on a motion duly made and seconded, Reed/Gangl, the Spectrum Building Company and Spectrum High School joint Boards of Directors unanimously approved the purchase agreement for real property located at 17823 Industrial Circle NW at the agreed upon purchase price of \$1,838,500.*

2. PiperJaffray Letter of Engagement

Mr. DeBruyn presented the Letter of Engagement received from Nick Hagen of PiperJaffray. He shared that the letter is similar if not same to the letters received and signed by the School in the past as all of its bonding projects have been handled by Mr. Hagen of Piper.

Following discussion, *on a motion duly made and seconded, Kemnitz/Sagstetter, the Spectrum Building Company and Spectrum High School joint Boards of Directors unanimously approved the signing of the Letter of Engagement with PiperJaffray as presented.*

Mr. DeBruyn then went on to explain the Standard and Poors (S&P) rating evaluation process and the cost incurred to do so. He reiterated for the Board that S&P has recently implemented and new rating system for bonding. To date, Spectrum's bonds have not been rated under the new system and the School and bond counsel are unsure if the new rating system will allow the School to maintain its BBB- rating.

In order to make this advanced determination, S&P has developed a rating evaluation system. The cost to the School will be \$20,000 to undergo the rating evaluation with S&P, with a \$5,000 credit if the School moves forward with the bonding within 6 months following the determination. Mr. DeBruyn shared that through this new rating system, Mr. Hagen shared that Spectrum's current rating would be modified if the evaluation determines something other than the current rating of BBB-.

If the school were to pursue bonding at this time and S&P were to downgrade the rating as a result, it would have a negative impact or devalue the current bonds. Spectrum's current bond documents do not allow additional debt to be incurred if that debt would cause the current bonds to be devalued.

So, in the end, it is better for the School to undergo the rating evaluation with S&P to ensure that we do not incur significant bills related to the bonding process if the bonds could not be sold due to a lower bond rating.

If the bond rating is lowered due to the new S&P evaluation process (and not additional debt), initial analysis by Piper Jaffrey indicates that bonding may be able to continue.

Finally, Mr. DeBruyn shared that it will be important to move forward with the pre-rating process as quickly as possible as the rating takes approximately 2-3 weeks in order to receive a decision.

The timeline for submitting the Conditional Use Permit to the City of Elk River is February 27th. It will then be presented to Planning and Zoning on March 28th, and will go before City Council for a vote on April 17th. Mr. DeBruyn disseminated the conceptual drawings provided by our architect, Deb Rathman. He noted that future building plans are called out to ensure the City is aware of these plans to expand facilities in advance as part of this CUP.

ADJOURN having no further business before the joint Spectrum Building Company and Spectrum High School Boards of Directors, Chair Lucas called for a motion to adjourn the joint meeting.

On a motion duly made and seconded, Saqstetter/Peterson, the Spectrum Building Company and Spectrum High School Boards of Directors unanimously adjourned the joint meeting at 6:07 p.m.

RECONVENE Chair Lucas reconvened the open regular Spectrum High School Board of Directors meeting.

B. Budget Report

1. Finance Committee Meeting Minutes

- a. February 17, 2017 Finance Committee meeting minutes. Mr. DeBruyn shared that the Finance Committee met on Friday, February 17, 2017; however, the minutes from the meeting were not yet ready for presentation at the Board meeting. The minutes will be presented for the Board to accept at its meeting in March, 2017.

2. January, 2017 Financials

Mr. DeBruyn shared that Mr. Taintor, of BKDA, was not feeling well and therefore was not able to present the January, 2017 financials. The Executive Summary and detail were provided for the Board ahead of the meeting.

Per the Executive Summary for January, 2017, provided by BKDA, it is noted that the working budget projects revenues exceeding expenditures in all funds by \$170,498. The budgeted state revenues are based on 655 students. Year to date, 54.0% of expenditures have been spent, which is normal for this time of year, and the School is 58.3% of the way through the fiscal year.

The beginning balances shown on the Balance Sheet are based on the audited ending information as of June 30, 2015. Due from the Building Company, in the amount of \$178,835, represents funds that have been paid for by the School on behalf of the Building Company. As funds become available from the Building Company, payments will be made to the School.

The State holdback for 2015-2016 fiscal year is a receivable of \$56,909 at the time of the report. The holdback amount will be paid to the school through the next several months. State holdback for 2016-2017 fiscal year is estimated to be a receivable of \$433,157 at the time of the report and the holdback amount is approximately 10% of the total state aids. The amount will be paid back to the School in fiscal year 2018.

Salaries and Wages Payable represent the portion amount as of this reporting period owed to staff who receive a paycheck during the summer. The amount is an estimate and the actual will be calculated on or near June 30.

It was noted that the Finance Committee reviewed the January, 2017 financials at its meeting on February 17th and is recommending approval.

Following discussion, *on a motion duly made and seconded, Bernard/Kemnitz, the Spectrum High School Board of Directors unanimously approved the January, 2017 financials as presented.*

C. Director's Report

Mr. DeBruyn and Ms. Spark presented the February Director's Report. Mr. DeBruyn stated that it is interesting to note that although there were less attendees to the Information and Tour Nights from 15-16 to 16-17, the number of applications increased. It may be an indicator that those who are present at the events are more serious about actually attending Spectrum.

It was noted that the FY18 lottery took place on February 15th. There isn't currently room for expanding enrollment as the School is at capacity in its current facilities.

Following discussion, *on a motion duly made and seconded, Reed/Bernard, the Spectrum High School Board of Directors unanimously accepted the February Director's Report as presented.*

D. Committee Reports

1. Technology Committee – January 25, 2017

The Board reviewed the minutes of the January 25, 2017 Technology Committee meeting. It was noted that the Committee continues to work on pulling all of the information together for the purpose of rolling out a 1:1 Chromebook initiative – possibly during the FY18 school year. Ms. Bernard shared that she has access to information on possible insurance providers for the Chromebooks.

Following discussion, *on a motion duly made and seconded, Bernard/Sagstetter, the Spectrum High School Board of Directors unanimously accepted the January 25, 2017 Technology Committee minutes as presented.*

2. School Improvement Team/World's Best Workforce Committee – February 9, 2017

Ms. Reed reported on the February 9th meeting, sharing that the Committee recently reviewed and re-worked the questions for the Climate Surveys for parents, students, and staff which will be disseminated later this spring. In addition, she shared that the Committee is focused on taking one goal area of the Strategic Plan 2019, reviewing it thoroughly, and receiving updates on where the School is at in meeting the goals in an effort to keep the Strategic Plan a living document that guides the School well.

Following discussion, *on a motion duly made and seconded, Kemnitz/Jerred, the Spectrum High School Board of Directors unanimously accepted the February 9, 2017 SIT/WBWF Committee minutes as presented.*

3. Strategic Planning Committee

None

X. New Business

A. Board Election – April 3, 2017 -- Update

Mr. Sagstetter and Ms. Reed reported on the efforts of the Nominating Committee to date. They stated that teacher member, Jessica Kemnitz, has decided to run again for the open teacher seat, and Ms. Jerred has elected to step down from the Board at the end of her term after many years of dedicated service to the School. As such, the seat occupied by Ms. Jerred is open to be filled by either a parent or community member. Mr. Sagstetter shared that he reached out to the two candidates who ran in last year's election to determine their possible interest in running again this year. One individual no longer was interested in running due to time constraints within their schedule, and the other individual he had not yet heard back from. In addition, there is a possible community member who had expressed interest in being involved in the School in some manner, for which Mr. Sagstetter contacted and left a message; however, as of the date of the meeting, he had not yet heard back. A concerted effort by the entire Board will take place in an effort to recruit candidates to run in the upcoming election.

B. Annual Meeting – March 31, 2017 – Update

Ms. Sorenson shared that the Annual Meeting this year will be held in the Music Room, beginning at 6:30 p.m. and ending at 7:00 p.m. The presentations for this year will be shortened to ensure remaining within the allotted time frame. Following the formal presentations looking back over the 15-16 school year, and the progress made to date for 16-17 (i.e., goals, etc.), a short presentation on the upcoming Board election will take place followed by the election candidates providing a short presentation on why they are running for election. Following the Annual Meeting, Ms. Spark's Retirement Celebration will take place in the gymnasium beginning at 7:00 p.m.

C. Sting Swing Golf Classic Update – Liane Kondrak

Mr. DeBruyn and Ms. Spark introduced Ms. Kondrak to the Board, noting that she has been hired by the School to plan and execute the Sting Swing Golf Classic. Ms. Kondrak reported that just prior to meeting with the Board, she met with several volunteers who have stepped forward to assist with the planning and implementation of the event. She shared that the date of the event will be Friday, September 29, 2017, with a rain date of the following Thursday, October 5th, if needed, at Riverwood in Monticello. The tournament will be a shotgun start at 10:00 a.m., which will provide for the event to be completed around 5:00 -5:30 p.m. Ms. Kondrak went on to explain the details of the event asking that each Board member be responsible for pulling together a foursome to golf in the event.

Ms. Kondrak also talked with the Board about gathering network connections as possible sponsors for the event.

More information will be forthcoming; however, the Board thanked Ms. Kondrak for her enthusiasm in pulling all of the details of the event together.

CLOSED SESSION pursuant to Minnesota Statutes, section 13D.05, Subdivision 3(b)(3) the Spectrum High School Board of Directors moved into a closed session for the purpose of discussing a hire decision, benefits, and salary for the Incoming Executive Director, Mr. Dan DeBruyn, for the 17-18 school year.

On a motion duly made and seconded, Jerred/Reed, the Spectrum High School Board of Directors unanimously approved moving into a closed session at 7:20 p.m.

On a motion duly made and seconded, Reed/Kemnitz, the Spectrum High School Board of Directors unanimously approved moving out of a closed session at 7:45 p.m. and to take action upon the items discussed in the closed session of the Board.

As was discussed and decided within the closed session of the Board, on a motion duly made and seconded, Reed/Jerred, the Spectrum High School Board of Directors unanimously agreed to the hiring of Mr. Dan DeBruyn as Spectrum's Executive Director beginning July 1, 2017. Comparable salary and benefits were approved in line with the position. Staff are directed to develop the at-will letter for the Board Chair to sign once complete.

XI. Charter School Updates & Training

None

XII. Board Goals 2016-2017 (approved by the Board on July 28, 2016)

- A. By May 2017, the percentage of students enrolled on October 1 in grades 6-12 at Spectrum High School who earn an achievement level of Meets the Standards or Exceeds the Standards on all Math state accountability tests (MCA, MOD, MTAS) will increase from 62.7% to 64.7%. In process
- B. By January 2017, will assist the school in securing an event planner and a fall 2017 date, as well as form a committee to help plan and execute the 3rd Annual Spectrum High School Golf Extravaganza. Completed
- C. By January 2017, update the current process and procedure for holding school board elections with the consideration of moving to an on-line electronic voting procedure. Completed

XIII. 2016-2017 Board Calendar and Next Meeting Agenda Input

- A. Board Calendar – no changes or actions needed
- B. Next Meeting Agenda Input -- none

XIV. Miscellaneous

Ms. Jerred stated that the Board may anticipate receiving the Board Self Evaluation in March.

XV. Adjournment

On a motion duly made and seconded, Jerred/Sagstetter, the Spectrum High School Board of Directors unanimously adjourned the meeting at 7:48 p.m.



Board Secretary Certification, Kathy Reed