



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

Date: May 25, 2017
Scheduled Time: 5:30 p.m.

Attendance:

Position	Name	Arrive	Depart
Chair (SHS and SBC)	Dave Lucas	Present – 5:45 p.m.	
Vice Chair (SHS and SBC)	Tom Sagstetter	Present	
Secretary (SHS)	Kathy Reed	Present	
Treasurer (SHS)	Paula Bernard	Absent	
Member (SHS)	Kerry Jerred	Present	
Member (SHS and SBC)	Scott Gangl	Present	
Member (SHS)	Jessica Kemnitz	Present	
Ex-Officio	Vanessta Spark	Present	
Financial Advisory Staff	Nick Taintor, BKDA	Present	7:25 p.m.
	Dawn Sorenson	Present	
Incoming Board Member	Rob Bergfalk	Present	
Incoming Executive Director	Dan DeBruyn	Present	
Director of Facilities (SBC)	Rick Peterson	Present ---5:50 p.m.	
SBC Board Member (SBC Secretary)	Tony Brunt	Present – 5:50 p.m.	
Guest	Darrell Skog, Dean of Students	Present	5:50 p.m.

I. Call To Order: 5:40 p.m.

II. Reading of Vision and Mission Statements

III. Conflict of Interest Check

Vice Chair Sagstetter called for conflict of interest acknowledgement. None noted.

IV. Board Agenda

On a motion duly made and seconded, Kemnitz/Jerred, Spectrum High School Board of Directors unanimously approved the May 25, 2017 meeting agenda as presented.

V. Consent Agenda

- A. Interim Financial Transactions – None
- B. Important Documents and Policies
 - 2017-2018 Student Handbook
 - 2017-2018 Employee Handbook
 - 2017-2018 Volunteer Handbook
 - April 27, 2017 VOA Governance Visit Report
 - 2017-2018 MSHSL Resolution for Membership

- 2017-2018 Lancer Dining Services Contract
- 2017-2018 Indigo Education Services Contract
- Annual Approval of Pledge of Allegiance Policy

Mr. DeBruyn provided an in-depth overview of the changes made to the 2017-2018 Student Handbook. He stated that, in addition to the redlined changes noted in the handbook, there are some additional changes and he reported them as follows: He shared that on page 10, letter C, Personal Electronic Devices, will be changed to read, “Cameras on phones are specifically prohibited from use in locker rooms and restrooms.” In addition, Mr. DeBruyn stated that the last sentence of the “Turning in Hours” section on page 26 will be deleted as this isn’t the current practice. Mr. DeBruyn went on to comment on the other changes noted in the revised handbook that was provided to the Board for consideration of approval.

Mr. DeBruyn also reported on the Northstar Bus Lines Contract as well as the Lancer Dining Services Contract. He noted that the cost for bus transportation quoted in the contract is less than what would have been the cost had the School remained with Vision Transportation. With regard to the Lancer Dining Services, Mr. DeBruyn shared that the student lunch price will remain the same in 2017-2018 as in 2016-2017; however, the cost for the staff lunch will increase based on federal requirements.

Following discussion, *on a motion duly made and seconded, Gangl/Kemnitz, the Spectrum High School Board of Directors unanimously approved the consent agenda items as listed in section B and as presented. The 2017-2018 Student Handbook was also unanimously approved as amended.*

- C. Special SHS Board Meeting Minutes – May 10, 2017
On a motion duly made and seconded, Kemnitz/Reed, the Spectrum High School Board of Directors unanimously approved the Spectrum Board Meeting Minutes of May 10, 2017 as presented.

VI. Employee Introduction & Recognition

Ms. Spark read a letter of thanks and gratitude for the work of Spectrum’s employee, Darrell Skog, Dean of Students. She thanked him for his outstanding ability to build relationships with students and staff, his strong character, and his wonderful sense of humor. Thank you Darrell – you are greatly 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, Gangl/Jerred, the Spectrum High School Board of Directors unanimously moved to recess the meeting at 5:50 p.m.

CONVENE Special Joint Spectrum Building Company and Spectrum High School Board of Directors meeting. Chair Lucas called the meeting to order at 5:50 p.m.

IX. Ongoing Business

A. Phase V Expansion Project Update

1. Financing option for facility expansion (including the 10 acre parcel of property located on the north side of 181st Avenue NW, Elk River, Minnesota) at the 17823 Industrial Circle NW, Elk River, Minnesota

Mr. DeBruyn began by providing an update on the affidavit process with MDE. He shared that he contacted MDE to see if they would be willing to consider a January, 2018 occupancy date rather than the fall of 2018. According to State Statute, the affidavit must be received by October 1 of the previous year in order for occupancy to take place the following fall. He reported that MDE is not willing to accommodate our request and therefore the School will not be able to move 7th and 8th grade students over to the new location until the fall of 2018. He went on to note that this means the School will need to carry the interest longer prior to receiving Lease Aid, which it can do, but would have preferred to have occupancy beginning in January, 2018. However, it also means there is more time for construction, receiving permits, etc., which will be nice.

Mr. Peterson then shared with the Board that he and Mr. DeBruyn met with Mr. Johnson, owner of the building we're seeking to purchase, about the possibility of Mr. Johnson completing the build-out of the building for the School. Mr. Johnson provided some ballpark information, but stated he would have more detailed and final construction cost analysis available by the following Wednesday. Mr. DeBruyn shared that, if Mr. Johnson's proposal does not prove to be advantageous for the School, it would be the recommendation of Administration that the Board consider approval of moving forward with the bonding process.

Mr. DeBruyn then went on to share about the various bond runs that were provided by Nick Hagen of PiperJaffray. He stated that he asked the runs to be calculated on a 6.2M total construction project, which includes \$200,000 for the 10 acre parcel of property located on the north side of 181st Avenue NW, as well as the purchase of the 17823 Industrial Circle NW building and adjacent open lot of land. The 6.2M is more conservative and therefore more easily affordable for the School. Following this information, Mr. DeBruyn contacted Mr. Hagen via speaker phone. Mr. Hagen provided a detailed and in-depth report on each of the runs citing both BB+ and Non-Rated options and the costs associated with each scenario. It is felt that the best option to pursue would be to bond for an amount that would allow for taking the amount of money needed to pay off the current bonds and place it in escrow until the time the current bonds could be paid off without penalty. The two current bonds have a lock-out and are not able to be prepaid until June 1, 2020. The money placed into escrow would be invested into treasury bonds, which are extremely sound and more marketable. Mr. Hagen shared that the bond market is very strong at this time, and that Spectrum's name is very well known as a solid investment option. In addition, Mr. Hagen stated that Minnesota bonds are attractive for investors and therefore he feels especially confident regarding the School's ability to bond.

Following discussion with Mr. Hagen, Mr. Taintor took the Board through additional analysis of funding the project. He stated: BB+ Current Market plus 50bps, would require a maximum

annual debt service of \$1,579,887.50. To maximize lease aid, SHS would need approximately 945 students (1,082 pupil units) or pay \$100,000 from general funds.

If the school were to go with BB+ Current Market, with a maximum annual debt service of \$1,489,750, to maximize lease aid, SHS would need approximately 845 students (988 pupil units). This would maximize lease aid and very little, if any, funds would be paid from general funds.

Non-Rated Current Market plus 50bps, with maximum annual debt service of \$1,703,050, to maximize lease aid, SHS would need approximately 1,000 students (1,166 pupil units) or pay \$230,000 from general funds.

Non-Rated Current Market, with a maximum annual debt service of \$1,579,887.50, to maximize lease aid, SHS would need approximately 945 students (1,082 pupil units) or pay \$100,000 from general funds.

Following discussion, the BB+ Current Market with a maximum annual debt service of \$1,489,750 and 845 students to maximize lease aid would be the best option for the School.

The School will await to hear the final construction cost detail from Mr. Johnson. Once known, the School can then make a decision on whether to move forward with the bonding option.

Following an in-depth discussion, on a motion duly made and seconded, Reed/Ganql, the Joint Spectrum Building Company and Spectrum High School Boards of Directors unanimously approved authorizing staff to pursue bonding pending the final construction bid from Chad Johnson.

2. Special Joint SBC and SHS Board Meeting Minutes – April 27, 2017 The joint Board’s reviewed the April 27, 2017 Board meeting minutes.

On a motion duly made and seconded, Kemnitz/Jerred, the Spectrum Building Company and Spectrum High School joint Boards of Directors unanimously approved the joint SBC and SHS Board Meeting Minutes from April 27, 2017 as presented.

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, Sagstetter/Jerred, the Spectrum Building Company and Spectrum High School Boards of Directors unanimously adjourned the joint meeting at 7:15 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. Finance Committee Meeting Minutes

- May 19, 2017 Finance Committee meeting minutes.
Mr. Taintor reported on the work of the Finance Committee at their meeting held May 19, 2017. He stated that the Committee reviewed the April, 2017 financials in detail and is recommending approval by the Board. In addition, the Committee reviewed the 17-18 Long Range Budget in detail and is also recommending approval by the Board.

Mr. Taintor shared that the Committee reviewed the area of Food Service, specifically, the Lancer Contract, and is recommending approval by the Board. The Committee also heard about the FY18 Insurance Benefits for employees, and finally, the Committee discussed Arbitrage Earnings, which is a bond covenant requirement which must be completed no later than May 31, 2017 on the 2012 bonds. Mr. Taintor shared that the report must be completed by an independent consultant every 5 years to ensure that the School isn't earning more interest than the borrowing rate, and the cost to do so is \$4,000. This cost will be paid by SBC. The Consultant recommends that an analysis is done every year; however, at this time, it was decided to only complete what was required and to wait to see what transpires with the bonding process for the purchase of the new building.

Following discussion, *on a motion duly made and seconded, Reed/Kemnitz, the Spectrum High School Board of Directors unanimously accepted the May 19, 2017 Finance Committee Meeting minutes as presented.*

2. April, 2017 Financials

Mr. Taintor presented the Executive Summary of the April, 2017 financials for the Board. He noted that overall, the working budget projects revenues exceeding expenditures in all funds by \$170,491. The budgeted state revenues are based on 655 students as compared to as compared to ADM of 664, which is excellent. Year to date, 79% of expenditures have been spent, which is normal for this time of the year, and the School is 83.3% way through the fiscal year.

Mr. Taintor went on to report on the Balance Sheet. He noted that the beginning balances shown are based on the audited ending information as of June 30, 2016. Due from the Building Company, in the amount of \$205,331, represents funds that have been paid for by the School on behalf of the Building Company. Reimbursements to the school in the amount of \$177,748.71 have been processed in May, which will leave \$27,582 yet to be collected.

The State holdback for 2016-2017 fiscal year is estimated to be a receivable of \$591,477 at this time. The holdback amount is approximately 10% of total state aids. This amount will be paid back to the School in fiscal year 2018.

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

3. FY18 Long Range Budget

Mr. Taintor went on to report on the FY18 Long Range Budget (LRB), noting that the Board approved the salary line item of the FY18 LRB at their meeting in March. Mr. Taintor shared that the FY18 LRB is based off of 685 students, up from a budgeted amount of 655 in FY17. Per grade, the budget is as follows: Grade 6, 215; Grade 7, 120; Grade 8, 95; Grade 10, 90; Grade 11, 100, and Grade 12, 60.

State Aid General Education Revenue was increased by 1.5%, and there are no other significant increases to funding that are assumed for FY18. With regard to utilities, estimated based on historical data with an assumption for the additional space leased/purchased, an increase of 34% was assumed within the budget. Contracted Transportation was increased by 2.5% of the current bussing needs of an additional bus in FY18. Furniture and Other Equipment and Technology Equipment was decreased in the budget amounts from FY17 as most purchases for the fiscal year will be covered by the Federal CSP Grant.

Mr. Taintor went on to note that this is potentially the last year of qualification for the REAP grant funding. The federal government has capped funding to those schools with less than 600 average daily attendance. It is anticipated that Spectrum will receive one more year of funding and will then no longer be funded by this program. Finally, Mr. Taintor shared that the FY18 surplus is projected to be \$231,010, with a desired surplus of \$200,000 to meet the needs of the potential bond deal, and the projected cumulative fund balance is \$2,073,641, which is a 25% fund balance and in compliance with the School's financial policy.

Following discussion, *on a motion duly made and seconded, Kemnitz/Ganagl, the Spectrum High School Board of Directors unanimously approved the FY18 Long Range Budget as presented.*

C. Director's Report

Mr. DeBruyn presented the May Director's report. He shared that there are currently only 4 college/CaSH classes not offered at Spectrum, including PE and Health, in order for students to complete their AA degree. As a result, the students need to take the courses on line and the cost to the School is significantly higher than if we were able to offer them here. Since the School has an opening in the PE/Health area, the School is going to actively search for candidates with a Master's degree in an effort to offer the PE/Health CaSH course here at Spectrum. The other two courses are a science course (Astronomy or Chemistry) and art.

In addition, Mr. DeBruyn went on to note that the School just received the report back on the Special Education audit that was conducted. It is required that an audit be conducted every five years. He shared that there were no findings in the audit, which is due in large part to the excellent work of Spectrum's Special Education Department and Gigi Krause of Indigo Education who is the School's contracted Special Education Director.

Mr. DeBruyn went on to note that a change will be made to Mr. Leland's title beginning in FY18. He will now have the title of Middle School Principal and all middle school teaching staff will now report to him.

Finally, Mr. DeBruyn thanked the Board for the support of the FY18 employee benefits program. A meeting was held today and staff appear to be very happy with the benefits package being offered.

Following discussion, on a motion duly made and seconded, Gangl/Kemnitz, the Spectrum High School Board of Directors unanimously approved the May Director's Report as presented.

D. Committee Reports

1. Technology Committee – April 26, 2017

Mr. DeBruyn shared that an oral report was given at the April Board meeting regarding the work of the Technology Committee at their April 26, 2017 meeting and the minutes are now being presented for acceptance.

Following discussion, on a motion duly made and seconded, Reed/Sagstetter, the Spectrum High School Board of Directors unanimously accepted the April 26, 2017 Technology Committee meeting minutes as presented.

2. School Improvement Team/World's Best Workforce Committee – April 27, 2017

Mr. DeBruyn again shared that an oral report was given at the April Board meeting regarding the work of the School Improvement Team/World's Best Workforce Committee at their meeting on April 27, 2017, and the meeting minutes are now being presented for acceptance.

Following discussion, on a motion duly made and seconded, Jerred/Sagstetter, the Spectrum High School Board of Directors unanimously accepted the April 27, 2017 SIT/WBWF Committee minutes as presented.

3. Strategic Planning Committee

The Board discussed whether or not there was still a need for the Strategic Planning Committee item to remain on the agenda as it was ad-hoc in nature and the work of the Committee is now completed with the culmination of the Strategic Plan 2019. Ongoing work and updating of the plan will continue at the Board level; however, it was felt that the Committee was no longer needed and therefore directed staff to remove the item from future agendas.

X. New Business

A. Crowd Funding Policy

Mr. DeBruyn reported that there is a need for to have a Crowd Funding policy in place to secure process and procedure for future fund raising for the School. As such, the policy before the Board for its consideration of approval was drafted to ensure consistent handling of funds.

Following discussion, on a motion duly made and seconded, Sagstetter/Kemnitz, the Spectrum High School Board of Directors unanimously approved the Crowd Funding Policy as presented.

B. Charter School Program Grant Update and Board Resolution

Mr. DeBruyn shared that as a part of the Federal CSP Grant, there are funds that need to be spent prior to the end of the fiscal year and that there may not be time to wait until the June meeting of the Board.

As a result, a resolution has been drafted to allow temporary authorization to make purchases expending CSP expansion grant funds.

Following discussion, on a motion duly made and seconded, Sagstetter/Jerred, the Spectrum High School Board of Directors unanimously approved the following resolution:

WHEREAS, Spectrum High School was found eligible by the Minnesota Department of Education to apply for the Federal Charter Schools Program (CSP) expansion/replication grant and was approved via a supplemental affidavit process for an installment of \$225,000 for planning in the 2016-2017 school year, and

WHEREAS, the fiscal 2016-2017 planning year is coming to a close on June 30, 2017,

NOW, THEREFORE, be it resolved that the Spectrum High School Board of Directors does hereby authorize Administration to expense all remaining planning year CSP funds, utilizing the Board approved Procurement Policy, not to exceed \$225,000, for authorized purchases under the CSP grant. Documentation for all final purchases exceeding the established threshold will be provided to the Board at its next regularly scheduled meeting. The list of vendors may include, but is not limited to: Virco, Office Max, Wenger, Scholastic, CDW, and Worthington Direct.

The Spectrum Board of Directors also authorizes Administration to make necessary grant budget revisions in line with the budget narrative, in order to account for changes in building plans, and to maximize available funds.

C. Lease Aid FY18 Application

The Board reviewed the FY18 Lease Aid Application compiled by Nick Taintor of BKDA.

Following discussion, on a motion duly made and seconded, Reed/Jerred, the Spectrum High School Board of Directors unanimously approved the FY18 Lease Aid Application as presented.

XI. Charter School Updates & Training

Mr. Lucas shared that he attended a training on Data Practices through his place of employment and found it to be very helpful and informative. It was felt that perhaps the School's attorney could complete a training with the Board on Data Practices. Staff will look into scheduling possible training in this area and report back on their findings at a future Board meeting.

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

XIV. Miscellaneous

None

XV. Adjournment

On a motion duly made and seconded, Sagstetter/Kemnitz, the Spectrum High School Board of Directors unanimously adjourned the meeting at 7:50 p.m.



Board Secretary Certification, Kathy Reed