



Spectrum High School Board Meeting Minutes

Date: June 28, 2018
Scheduled Time: 5:30 p.m.

Attendance:

Position	Name	Arrive	Depart
Chair	Dave Lucas	Absent	
Vice Chair	Tom Sagstetter	Present	
Secretary	Jessica Kemnitz	Absent	
Treasurer	Kathy Reed	Present	
Member	Rob Bergfalk	Absent	
Member	Scott Gangl	Present	
Member	Paula Bernard	Present	6:14 p.m.
Executive Director	Dan DeBruyn	Present	
Financial Advisor	Nick Taintor, BerganKDV	Present	6:10 p.m.
Staff	Dawn Sorenson	Present	
Incoming Board Member	Bert Sepulveda	Present	
Guest	Andrew Krane, Associated Benefits	Present, 6:00 p.m.	6:25 p.m.

I. Call to Order: 5:36 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

Due to the absence of members Lucas, Kemnitz, and Bergfalk, it was requested that item D. under New Business – Election of Officers – be moved to the July meeting of the Board.

On a motion duly made and seconded, Reed/Bernard, the Spectrum High School Board of Directors unanimously approved the June 28, 2018 meeting agenda as amended.

V. Consent Agenda

A. Interim Financial Transactions – None

B. Important Documents and Policies

- 2017-2018 Annual Safety Drill Reports
 - 6th Grade Building
 - High School Building
- Annual Designation of Authority Items – BerganKDV
- Annual Pledge of Allegiance Policy
- Field Trip Policy
- 3rd Party Billing – A Chance To Grow, Inc.
- Amended Spectrum High School Bylaws

On a motion duly made and seconded, Reed/Bernard, the Spectrum High School Board of Directors unanimously approved the consent agenda items as listed in section B and as presented.

C. Spectrum Board Meeting Minutes – May 17, 2018

On a motion duly made and seconded, Reed/Bernard, the Spectrum High School Board of Directors unanimously approved the minutes of the May 17, 2018 meeting as presented.

VI. Employee Introduction & Recognition

None

VII. Public and Student Input

None

VIII. Ongoing Business

A. Phase V Expansion Project Update

Ms. Sorenson provided an update on the project for the Board. She noted that construction continues to move along at a pace such that substantial completion of the project is anticipated at the end of July/beginning of August. It is hoped that the gym addition will be ready in time for Open House on August, 23, 2018; however, due to the delay in receiving the permit from the State, and the need for the concrete to cure, they are slightly behind schedule. Mr. DeBruyn shared that the school was just notified that one of the subcontractors for the project had a finding on a recent inspection necessitating correction. RJM continues to push the project along as quickly as possible and reasonable to make up for the delayed permit.

Ms. Sorenson also reported that there was a break-in to the project site sometime the weekend of June 22-24, 2018. RJM calculates the loss at approximately \$20,000 and has filed a police report. RJM and Spectrum are in the process of consulting surrounding businesses to see if any of their security systems caught footage of whomever is responsible for the break-in.

B. College & Career Center Update

Mr. DeBruyn shared that the School recently received the shop drawings from RJM for the College & Career Center. The current HVAC system and existing steel girders are proving to be a challenge to increase the ceiling height. Ms. Sorenson stated that at the weekly construction meeting, the School's architect requested that the drawings be returned with a possible solution for constructing the HVAC system in such a way that the ceiling heights are not compromised. Mr. DeBruyn will continue to update the Board with information as it becomes available.

Ms. Sorenson went on to state that the permit for the College & Career Center still has not been received from the State. It is hoped that it will arrive soon so that construction may begin. She also reported that the architect noted that whomever at the State is reviewing the permit added comments that they School may need to retrofit other areas of the school to bring it into compliance with current ADA requirements. This could mean additional project cost. Mr. DeBruyn will continue to update the Board as information becomes available.

C. Budget Report

1. Finance Committee Meeting Minutes – None

Mr. Taintor reported that the Finance Committee did not meet in June; however, the Committee will meet on July 20, 2018.

2. May 2018 Financials/Management Report

Mr. Taintor presented the Executive Summary for the May financial statements. He noted that the working budget 2017-2018 projects an annual surplus in all funds in the amount of \$196,076. The School is currently budgeting 680 Average Daily Member (ADM), whereas actual ADM is at 679.14, which includes a few students who attended fulltime PSEO at an institution who counts the student as their member and therefore Spectrum does not receive the funding. Otherwise, overall, the School is right on track with 83.9% of expenditures spent year to date as compared to 91.7% of the fiscal year completed.

Due from the Building Company, in the amount of \$28,013, represents funds that have been paid for by the School on behalf of the Building Company. This amount will be carried over into the next year's budget; however, the monies are available and the School will be reimbursed.

The State holdback for 2017-2018 fiscal year is estimated to be a receivable of \$661,384. The holdback amount is approximately 10% of total state aids. This amount will be paid back to the School in fiscal year 2019.

Finally, Mr. Taintor reported that he has spoken with Volunteers of America regarding having a report for the month of July. VOA agreed to have both the June and July reports presented in August to allow BerganKDV time for the School's audit and assurance of the accuracy of the reports. Both June and July reports will be made available and presented in August. The School's audit is scheduled to begin on September 10th.

Following discussion, on a motion duly made and seconded, Reed/Gangl, the Spectrum High School Board of Directors unanimously approved both the May, 2018 financials and Management Report as presented.

3. FY19 Legislative Update

Mr. Taintor presented an overview of the FY19 Legislative Session. He noted that the session ended on May 21st with little being accomplished, particularly with the governor's vetoes for many of the major spending bills that were passed. He shared the impact to charter schools as follows:

With regard to the Omnibus Spending Bill, FY19 Q-Comp (Alternative Compensation) Aid is based on schools that have been approved for the program, which Spectrum has. Because the number of students enrolled at these schools is growing, the current entitlement is short of funding all schools by about \$847,000. The Bill that was vetoed included funding to pay these funds at 100%. This will result in FY19 Q Comp Aid being prorated at about 98% for the next year.

In the area of FY18 Aid Entitlements, Mr. Taintor shared that each year the legislature routinely makes adjustments to update state aid appropriations for the current fiscal year. The adjustments are the result of aid entitlement calculation changes that have occurred between the end of last year's legislative session and the February forecast. With the veto of the bill, these adjustments will not take affect this summer when MDE calculates final aids earned for the FY18 school year.

Overall, there will be a net shortfall of about \$25 million in funds needed to pay 100% of aid entitlements. This shortage of funds will result in the following proration of aids that will need to be accounted for when schools prepare for their FY18 financial audits and will have a negative impact on current year revenues. The estimated proration for Special Education is 98.3% and Long Term Facilities Maintenance will be at 99.1%.

The November state revenue forecast will reflect the estimated need in the FY19 clean-up appropriation to meet the full FY18 entitlement, but the 2019 legislature will need to pass a forecast bill that will fully fund these entitlements. If the 2019 legislature approves this then schools will receive payments retroactively, but those payments won't help the 2018 audit numbers because the amount of revenue has not been established at the time that audits are completed, and the payments cannot be included in the FY18 revenue calculations. This will have a negative impact on fund balances as of June 30, 2018.

Included in the Bonding Bill was \$25 million for School Safety Grants. These competitive grants will be awarded by MDE on a first come, first served basis. Grant funds may be used to pre-design, design, construct, furnish, and equip school facilities, including renovating and expanding buildings and facilities.

Grants will be limited to \$500,000 for each qualifying school building. At least one-half of the grants must be awarded to school districts with administrative offices located outside the 11 MN counties, included in the Minneapolis-St. Paul-Bloomington metro area (Hennepin, Ramsey, Anoka, Washington, Dakota, Scott, Carver, Isanti, Wright, Sherburne, and Chisago counties.) More information related to the application process will be coming from MDE.

Finally, Mr. Taintor reported on the Pension Bill. He shared that the TRA (Teacher's Retirement Association) Plan had changes made in order to shore-up actuarial projections for the fund. These changes included augmentation provisions for retirees, early retirement subsidies, post-retirement cost of living adjustments (COLAs), and employer contribution rates. The rate of interest paid on refunds of employee contributions to former employees was reduced from 4% to 3%, and the actuarial assumption on the investment rate of return was decreased from 8.5% to 8% for TRA and to 7.5% for other retirement plans.

Beginning in FY19, employer TRA contribution rates will increase by .21% per year through FY24 (moving the rate from 7.5% to 8.75% over the next six years.) The employee contribution rate will change to 7.75% in FY24 and there is no phase-in of this increase. This increase will be partially offset by an increase in the Pension Adjustment component of General Education Revenue (based on TRA covered salaries paid during the previous school year.) Employer and employee contribution rates for PERA covered employees remain unchanged.

Lastly, many other items were considered by the legislature and some of them were included in bills that were vetoed – including the one-time emergency aid for schools. As a result, those items were not enacted into law and will not be implemented this year.

D. Executive Director's Report

Mr. DeBruyn presented the June Executive Director's Report.

In addition, he shared that he attended the Elk River Planning Commission meeting on May 22, 2018 and that Mr. Peterson attended the June 18, 2018 City Council Meeting for the purpose of seeking a 60 day extension for the athletic complex CUP (conditional use permit). The Planning Commission recommended approval, which was granted by the Council. However, it is anticipated that the ordinance will be modified to allow for recreation use prior to the 60 day extension so that a CUP will no longer be required. He also shared that Mr. Peterson met with the Park & Rec Department regarding the possibility of putting up an outdoor hockey rink and it is anticipated that Park & Rec will be in favor of Spectrum doing so.

Mr. DeBruyn went on to note that the School was just notified that Mr. Padraic McMahon has chosen to leave Spectrum for a teaching position elsewhere.

Mr. DeBruyn provided a brief update on the search for a new athletic conference. He noted that we have applied to four conferences, but have received letters of denial from all four. The School will continue to pursue this endeavor. He also noted that Spectrum will remain part of the MCAA into the future until a conference better suited to Spectrum's size and athletic offerings can be found.

Lastly, Mr. DeBruyn updated the Board regarding the hockey program at Legacy Christian. He shared that the School received a recent update and that, for the time being, Legacy has chosen to continue with the program.

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

E. Committee Reports

1. Technology Committee

None

2. School Improvement Team/World's Best Workforce Committee

None

IX. Old Business

A. Bylaws

None

X. New Business

A. Seating of Newly Elected Board Members

Mr. Tom Sagstetter, parent member, was re-elected to a three-year term ending June 30, 2021 and was re-seated on the Board.

Mr. Bert Sepulveda, parent member, was elected to a three-year term ending June 30, 2021 and was seated on the Board. The Board welcomed Mr. Sepulveda.

B. Acknowledgement and Gratitude for Paula Bernard's Service on the Board

Vice Chair Sagstetter read a letter of thanks and gratitude for the work and service that Ms. Bernard provided during her tenure on the Board. Thank you!

C. Annual Insurance Review and Approval of FY19 Insurance Proposal

Mr. Andrew Krane, the School's insurance broker from Associated Benefits and Risk Consulting, presented an overview of the proposed changes to insurance for the FY19 school year. Mr. Krane shared that he and his colleague, Kathy Wagner, met recently with Administration to complete a thorough assessment of insurance coverage needs for the School.

Mr. Krane shared that, with the addition of the third school building, there was an adjusted increase in FY18. He went on to share that the worker's compensation insurance premium has been reduced as the School's experience modification (set by the State of Minnesota) has been reduced to 1.24 from 1.65 which is an approximate savings in premium costs of \$10,000. Overall, the FY19 insurance package cost is \$87,743.

Following discussion, on a motion duly made and seconded, Reed/Gangl, the Spectrum High School Board of Directors unanimously approved the FY19 insurance proposal as presented.

D. Public Hearing – Binder Fee Resolution

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

WHEREAS, Minnesota Public School Fee Law, Minnesota Statutes, section 123B.35 does not allow the payment of fees, except as authorized by Minnesota Statutes, sections 123B.36 (Authorized Fees), 123B.37 (Prohibited Fees), and 123B.38 (Hearing); and

WHEREAS, Spectrum High School, following proper notice of a public hearing regarding its intent to charge for a student organizational binder and its contents;

NOW, THEREFORE, be it resolved that it is the intent of the Spectrum High School Board of Directors to charge a (not to exceed) price of \$30.00 for the student organizational binder only and a (not to exceed) price of \$58.00 for the organizational binder and its contents for the 2018-2019 school year.

E. Three Rivers Foundation Grant Resolution

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

WHEREAS, the Three Rivers Foundation requires annual formal action by the Spectrum High School Board of Directors indicating approval for application of the grant;

NOW, THEREFORE, be it resolved that the Spectrum High School Board of Directors does hereby authorize Administration to apply for the Three Rivers Community Foundation Grant in support of its AVID program in the requested amount of \$5,000 or the amount allowed by the grant.

F. 2017-2018 Q-Comp Annual Report

Following discussion, on a motion duly made and seconded, Gangl/Sepulveda, the Spectrum High School Board of Directors unanimously approved the 2017-2018 Q-Comp Annual Report as presented.

G. FY19 Northstar Bus Lines, LLC Contract

Mr. DeBruyn shared that Spectrum has asked Northstar to add an additional route, now up to 7, for the intended purpose of shortening some route times. However, it won't be known until several weeks into school whether or not this will indeed be the case. If not, Mr. DeBruyn stated that, depending upon cost,

the school may choose to run a couple of its vans out to pick up students. He will continue to update the Board as information becomes available.

Following discussion, *on a motion duly made and seconded, Reed/Gangl, the Spectrum High School Board of Directors unanimously approved the FY19 Northstar Bus Lines, LLC Contract as presented.*

H. FY19 Indigo Contract

Mr. DeBruyn shared that he reviewed the Indigo contract in detail and has requested amended language to the contract to which Indigo has agreed. They did not present the school with a new contract, which includes this new language; however, they did agree via an email message which will be retained as part of the FY19 contract. With the amended language, it provides an equitable outcome for both parties should the contract be canceled by either party. In addition, the amended language allows for one half of the fee to be paid at the start of the contract and the other half due after the start of 2019.

Following discussion, *on a motion duly made and seconded, Reed/Gangl, the Spectrum High School Board of Directors unanimously approved the FY19 Indigo Contract as presented.*

I. Friends of Spectrum, Inc., 501(c)(3) – Legal for Good Retainer & Fee Agreement

Mr. DeBruyn reported on the purpose of the separate 501. He shared that the intent of the corporation is support all Spectrum activities and that all fundraising monies such (c)(3) as the Spectrum Sting Swing, Spectrum Stride 5K, etc., extracurricular, and all other fundraising accounts will run through this organization. In preparation for setting up the entity, Mr. DeBruyn shared that he sought out recommendations for attorneys who are experienced with non-profit law as well as Minnesota charter school law. He stated that he and Ms. Sorenson had an initial phone conversation with attorney Jenn L. Urban and felt confident in her abilities to shepherd the process to ensure that all legal aspects are covered appropriately. He went on to share about the possible Articles of Incorporation and Bylaws that have been drafted, but have not yet been seen by the attorney. If approved by the Board to enter into the agreement with Legal for Good, these documents will be reviewed by the attorney as a part of the retainer. Finally, Mr. DeBruyn stated that the attorney cost would not be greater than \$2,500 and more likely less.

Following discussion, *on a motion duly made and seconded, Sepulveda/Reed, the Spectrum High School Board of Directors unanimously approved the Legal for Good Retainer & Fee Agreement as presented.*

XI. Charter School Updates & Training

A. Data Practices Training

Ms. Sorenson and Mr. DeBruyn presented training via a video produced by the Minnesota Department of Administration Data Practices Offices. In addition, the Board received a copy of the School's current Data Practices policies, as well as its Records Retention and Destruction policy. Following the video, Mr. DeBruyn shared practical areas related to data privacy relevant to Board work. Following the meeting, Ms. Sorenson stated that she would share the link to the video to the Board to review again at their leisure and as a resource for questions should they arise regarding data practices.

XII. Board Goals 2017-2018 (approved by the Board on July 27, 2017)

A. 2017-2018 School-Wide/VOA Academic Contract Goals

1. By May, 2018, the percentage of all students enrolled on October 1 in grades 6-11 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 by **1.5 percentage points** to a minimum score of **64.5%**.

2. By May, 2018, the percentage of all students enrolled on October 1 in grades 6-11 at Spectrum High School who earn an achievement level of Meets the Standards or Exceeds the Standards on all **Reading** state accountability tests (MCA, MOD, MTAS) will increase by **2 percentage points** to a minimum score of **74.4%**.
3. By May, 2018, the percentage of all students enrolled on October 1 in grades 6-11 at Spectrum High School who earn an achievement level of Meets the Standards or Exceeds the Standards on all **Science** state accountability tests (MCA, MOD, MTAS) will increase by **2 percentage points** to a minimum score of **58.4%**.

B. 2017-2018 Board Goals

In addition to the school-wide academic goals stated above, the Board will pursue the following non-academic goals for the 2017-2018 school year:

1. By January, 2018, the Board will develop a succession plan and recruitment procedure for potential board members. **Completed**
2. By May, 2018, the Board will develop a process for establishing ongoing planning for Charter School Updates and Training to include the specific areas the Board will be trained.
3. By May, 2018, the Board will complete a thorough and in-depth review of the Strategic Plan 2019 for the purpose of amending/adjusting, as needed. **Completed**

XIII. 2017-2018 Board Calendar and Next Meeting Agenda Input

A. Board Calendar – None

B. Next Meeting Agenda

1. 2018-2019 Executive Director Goals
2. 2018-2019 Board Goals
3. Election of Officers
4. 2018-2019 Spectrum Building Company Board of Director’s Roster Review
5. Acknowledgement of Meeting Dates/times (4th Thursday, unless otherwise indicated, at 5:30 p.m.) for 2018-2018 school year
6. Director Conflict of Interest
7. Director’s Code of Conduct
8. Board Ad-Hoc Committee Assignments
9. 2019 VOA-MN School Network Conference – January 10-11, 2019
10. FY18 Climate Survey Results
 - a. Parent
 - b. HS Student
 - c. MS Student
 - d. Staff
11. 18-19 Student Handbook
12. 18-19 Employee Handbook
13. Friends of Spectrum, Inc. 501(c)(3) Update

XIV. Adjournment

On a motion duly made and seconded, Sepulveda/Reed, the Spectrum High School Board of Directors unanimously adjourned the meeting at 7:25 p.m.



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A handwritten signature in black ink, appearing to read 'Jessica Kemnitz', is written in a cursive style.

Board Secretary Certification, Jessica Kemnitz