



Spectrum Board of Director’s Meeting Minutes

Date: January 23, 2020
Scheduled Time: 5:30 p.m.
Attendance:

Name/Position	Monthly Attendance												
	J	A	S	O	N	D	J	F	M	A	M	J	
Chair Dave Lucas	P	P	A	A	A	P	P						
Vice Chair Tom Sagstetter	P	P	P	P	P	P	P						
Secretary Tony Brunt	P	P	P	P	A	P	P						
Treasurer Kathy Reed	P	A	A	P	P	A	A						
Member Rob Bergfalk	A	P	P	A	P	A	P						
Member Jessica Kemnitz	P	P	P	P	P	P	P						
Member Bert Sepulveda	P	A	P	P	P	P	A						
Exec. Director Dan DeBruyn	P	P	P	P	P	P	P						
Finance Adviser Nick Taintor/Tyler Dehne	A	P	P	P	P	P	P						
Exec. Admin. Dawn Sorenson	P	P	P	P	P	A	P						

Guests Present: None

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

On a motion duly made and seconded, Bergfalk/Brunt, the Spectrum High School Board of Directors unanimously approved the January 23, 2020 meeting agenda as presented.

V. Consent Agenda

A. Interim Financial Transactions – None

B. Important Documents and Policies

- ARVIG Phone Quote
- 2018-2019 Combined World’s Best Workforce Summary and Achievement & Integration Progress Report.

C. Spectrum Board Meeting Minutes

- December 19, 2019 Regular Spectrum Board Meeting Minutes

On a motion duly made and seconded, Sepulveda/Kemnitz, the Spectrum Board of Directors unanimously approved the minutes of December 19, 2019 meetings as presented.

VI. Employee Introduction & Recognition

None

VII. Public and Student Input

None

VIII. Ongoing Business

A. Budget Report

1. Finance Committee Meeting

a. Minutes – January 17, 2020

Mr. Taintor presented the minutes of the January 17, 2020 Finance Committee Meeting. He stated that the Committee reviewed and received an update on the FY20 Committee goals, reviewed the December Financials, as well as the Management, Contracted Services, and Food Service reports. In addition, the Committee reviewed in detail the revised mid-year FY20 budget and received annual financial training.

Lastly, he noted that the Committee is recommending approval of the December Financials, Management Reports as presented, as well as the revised mid-year FY20 budget.

Following discussion, on a motion duly made and seconded, Kemnitz/Bergfalk, the Spectrum Board of Directors unanimously accepted the January 17, 2020 Finance Committee Meeting minutes as presented.

b. December Financials

Mr. Taintor presented the Executive Summary of the December financials. He stated that the school is currently budgeting 775 Average Daily Membership (ADM), and actual membership as of December 20th is 784, with a current ADM of 786, which includes full time PSEO students attending other institutions for which the school does not get reimbursed from the State. The 2019-2020 working budget, following the work of Spectrum administration in conjunction with BerganKDV, now projects an annual surplus (revenues to exceed expenditures) in all funds in the amount of \$144,738, with a projected cumulative fund balance of \$2,277,459 or 24% of total budgeted expenditures. Overall, the school is right on track with 44% of expenditures spent year to date as compared to 50% of the fiscal year completed. Mr. Taintor then went on to share that the projected days cash on hand is 65 days (minimum requirement is 30 days) and the projected debt service coverage ratio is at 1.27x (minimum requirement is 1.10x), which is excellent financial news for the school.

Mr. Taintor then went on to report on the school's balance sheet. He noted that the beginning balances show on the balance sheet are based on the audited ending information as of June 30, 2019. Due from the Building Company, in the amount of

\$229,238, represents funds that have been paid for by the school on behalf of the Building Company. A portion of this amount will be paid back to the school during the FY20 fiscal year. The State holdback amount for FY20 is estimated to be a receivable of \$415,807, which is approximately 10% of total state aids. The remaining holdback amount will be paid back to the school in fiscal year 2021.

Following discussion, on a motion duly made and seconded, Brunt/Bergfalk, the Spectrum Board of Directors unanimously approved the December financials as presented.

c. December Management Report

The Board reviewed the December Management Report.

Following discussion, on a motion duly made and seconded, Kemnitz/Bergfalk, the Spectrum Board of Directors unanimously approved the December Management Report as presented.

d. Mid-year FY20 Adjusted Budget

Mr. Taintor and Mr. DeBruyn explained in detail each of the adjustments made to the mid-year FY20 budget for the Board. They noted the following changes:

- Salaries and wages – actual costs reflect some money moved to Q-Comp line item, as well as actual costs for both salaries and benefits.
- Contracted Services – significant savings in this area, including \$90,000 in cost savings for PSEO/concurrent enrollment and a \$2, 000 savings in anticipated legal fees.
- Staff Development and Training – This line item was increased by \$14,700 to account for summer curriculum development opportunities.
- Curriculum materials was decreased by \$23,000 to reflect actual costs and needs.
- Pupil transportation vehicles – \$40,000 was added to this area as the school is in need of purchasing two vans to replace two current school vans that are exceeding their allowable life (10 years) for transporting students. Mr. DeBruyn stated that one of the old vans will likely be transitioned into a van for the maintenance staff’s use, and the other will be sold.
- Technology equipment – This item was reduced by \$5,000 based on projected needs.
- Transfer from food service – This item was increased by \$18,605 to \$30,000, which is similar to what was needed in FY19.
- Building/land improvements – this line item was added and \$40,000 included to cover the cost of purchasing the previously Board approved wooden boards to construct the planned outdoor hockey rink at the Spectrum athletic field complex. The cost for installation will be budgeted in FY21.

In all, the budget was adjusted such that instead of projecting a (\$3,976) deficit, the school will be able to add approximately \$144,738 to its fund balance. With this increase to the fund balance, the Days Cash on Hand and Debt Service Coverage Ratio both increase as well.

Following discussion, on a motion duly made and seconded, Bergfalk/Kemnitz, the Spectrum Board of Directors unanimously approved the Mid-Year FY20 Adjusted Budget as presented.

B. Executive Director's Report

Mr. DeBruyn presented the Executive Director's Report for the month of January. In addition to the items presented in the report, Mr. DeBruyn commented on the VOA-MN (Volunteers of America-Minnesota) conference for which he and Ms. Reed attended. Spectrum's choir members performed for the attendees of the conference. In addition, Mr. DeBruyn accepted the VOA Governance Award for FY19 that the school earned. He also mentioned that the school did not receive the VOA Finance Award for FY19 as we had hoped. It was learned that it was because the school ran a deficit budget for FY19, which was a fully managed and Board approved due to the expansion of the 7/8 building project.

Mr. DeBruyn then went on to share regarding upcoming meetings and events he is planning to attend on behalf of Spectrum. He reported that on Tuesday, February 10th a C@SH Information meeting is being held for students and parents, beginning at 6:00 p.m. at the high school building, after which parents are being invited to remain to hear about mathematics at Spectrum 6-12.

Mr. DeBruyn also shared that Spectrum, provided the Board approves, is planning to have a therapy dog from time to time at each of the school buildings. He stated that a schedule is being developed and will be advertised to students and families so that all are aware of when Mable will be available to students. Mable is a therapy dog belonging to one of Spectrum's families. Mabel and her owner are certified through Therapy Dogs International (TDI) and are insured. Mr. DeBruyn shared that Mable services many of the District #728 schools, as well as nursing homes and hospitals in the area, and there is no cost to the school. The Board was very receptive to the idea of having a therapy dog available to students to help with support and to lessen stress. He also stressed that the purpose of the dog is not for counseling.

Mr. DeBruyn then went on to describe a recent decision to purchase advertising time on one of the digital billboard signs along highway 169. He stated that the advertising would appear on both sides of the sign so that east and west-bound drivers would be able to view the sign. The purpose is to target and bring awareness to Spectrum's programs and build enrollment (especially in grade 6). The cost will be \$2,000 for a 4 week time period.

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

C. Committee Reports

1. School Improvement Team/World's Best Workforce Committee (SIT/WBWF) January 14, 2020 Meeting Minutes

The Board reviewed minutes from the January 14, 2020 meeting of the SIT/WBWF Committee. Mr. DeBruyn shared that a large portion of the meeting was dedicated to reviewing the FY20 Climate Survey questions. He shared that the surveys are being refined and he anticipates that the Committee will approve the revisions at their meeting in February so that the surveys may be disseminated and results reviewed at the April meeting. In addition, the Committee has completed its review of the Strategic Plan 2021 and the revised plan will be coming before the Board for consideration of approval at the February or March Board meeting.

Following discussion, on a motion duly made and seconded, Sagstetter/Brunt, the Spectrum Board of Directors unanimously accepted the January 14, 2020 SIT/WBWF Committee meeting minutes as presented.

2.2020 School Board Election

Ms. Sorenson reported that a full slate of candidates has been secured for the FY20 School Board Election, which will take place on Monday, April 20, 2020. She stated that for the two open parent/community member seats, incumbent candidate Kathy Reed will be running, as well as Michael Dillon, a Spectrum parent. Mr. Brunt shared that he just received an email message from a parent, Rob Stark, who was considering running for one of the open parent seats as well. If so, there would then be three parents running for two open seats. In addition, Nancy Moe, a Special Education teacher at the 6th grade building, has declared her candidacy for the open teacher seat on the Board, which will be uncontested. The Board will be kept apprised of additional information as it becomes available.

D. Report from Friends of Spectrum, Inc. (FoSI)

Mr. DeBruyn provided an update for the Board on the work of the Friends of Spectrum, Inc. (FoSI) Board. He shared that the Board met on January 14, 2020 regarding next steps in the process of getting the organization up and running. He reported that the FoSI bank account at US Bank is all set up and ready to accept funds, and that the Sting Swing golf tournament PayPal account is directly linked to the account. He shared that the fees involved in running the organization will require that 10% of all funds raised be set aside in an administrative account to cover the expenses such as annual tax filings, audits, QuickBooks software fees, bank fees, checks, postage/envelopes, Directors Insurance (Errors and Omissions/E&O), and other ancillary items. Mr. DeBruyn shared that these costs have always been present; however, in the past, they've been absorbed by Spectrum. Now, the organization itself will need to be responsible for these fees and cover the respective costs. He went on to report that communicating this change will be extremely important and that Spectrum is taking the steps necessary to make sure that everyone is informed of the change.

IX. Old Business

A. Sting Swing Update

Mr. DeBruyn provided a brief update based on the information sent to Board members by Kirsten Tuckey, Lead Event Coordinator. He asked Board members to consider participating and to get their registration and fees paid as soon as possible. In addition, he stated that the organizers of the event are still seeking corporate sponsorships. He encouraged the Board to share any information they may have, or contacts with organizations who may be interested in sponsoring the event, with Kirsten Tuckey at ktuckey@spectrumhighschool.org.

X. New Business

None

XI. Charter School Updates & Training

Mr. Taintor conducted annual Finance Training for the Board. He detailed how to interpret the annual audit report, as well as a review of the Days Cash on Hand and Debt Service Coverage calculations.

In the area of interpreting the annual audit report, Mr. Taintor explained the difference between Government-wide Financial Statements vs. Fund Financial Statements. He stated the major differences between the two, noting that Government-Wide reporting combines all funds (general fund, food service

fund, building company fund, etc.) into one. The report accounts for Pension Liability (Teachers Retirement Account and Public Employee Retirement Account), capitalized assets and depreciation, as well as for bond debt as long-term liability on the balance sheet.

Within the Fund Financial Statement, the report presents the funds separately (general fund, food service fund, building company fund, etc.) and does not include the accounting for the Pension Liability, long-term assets, which are capital assets, and long-term liabilities. These statements focus more on the annual operating of the school and are more related to the monthly statements, which are presented to the Board each month.

Then, Mr. Taintor went on to explain the Days Cash on Hand Report. He noted that there are two main financial related covenants that the school is required to follow. One of these is Days Cash on Hand. This calculation takes into consideration the amount of cash on hand that is in reserve to meet the school's obligations. It is required that Spectrum have at least 30 days cash on hand, which is calculated on June 30th of each year. The calculation is determined by taking the amount of cash per the audit report, divided by the quotient of operating expenses for the fiscal year ended June 30th, and dividing by 365. At the end of June 30, 2019, the school had 68 days cash on hand.

Mr. Taintor then trained on the Debt Service Coverage calculation and how it is derived. He shared that this calculation takes into consideration the amount of coverage (annual surplus) to cover the annual debt payments (principle and interest on the bonds). He stated that it is more of a snapshot of the annual results, whereas, the Days Cash on Hand takes into account reserves built up over time. Spectrum is required to have at least 1.0x times coverage, calculated on June 30th of each year. Below a 1.0x is considered to be in technical default and the bondholders could foreclose on the property. The calculation is made by taking the annual surplus (or deficit), adding back the debt payments for that year, adding back capital outlay (from the audit report), and dividing by the Debt Service on the 2017 bonds (debt payments for that year). At the end of June 30, 2019, Spectrum had a 1.26x coverage and met the requirements.

XII. Board Goals 2019-2020 (approved by the Board on October 24, 2019)

1. 2019-2020 Academic Goals (Volunteers of America – Minnesota Contract Goals)

- A. When compared to local schools with similar demographics that students might otherwise attend (grade levels and subject areas), Spectrum students will perform as well or better on state accountability tests.
- B. When compared to local schools with similar demographics that students might otherwise attend (grade levels and subject areas), Spectrum students will perform as well or better on the ACT test.
- C. Spectrum will maintain an average state-determined minimum growth score of -0.5.
- D. The difference between the “all-students” proficiency rate at Spectrum and any reportable subgroup proficiency rate on state accountability tests (MCA, MOD, MTAS) will be reduced over the term of the contract in both reading and math.

2. 2019-2020 School Board Non-Academic Goals

In addition to the school-wide academic goals stated above, the Board will pursue the following non-academic goals for the 2019-2020 school year:

- A. The School Board will work with the Executive Director and Captivate Media to define Spectrum's unique programs for marketing purposes resulting in four video presentations by November, 2019. **Captivate Media videos are complete and one was viewed by the Board.**

- B. The School Board will work with the Executive Director, in collaboration with the School Improvement Team/World's Best Workforce (SIT) Committee, to research a process for updating the strategic plan to begin in September, 2020.

XIII. 2019-2020 Board Calendar and Next Meeting Agenda Input

A. Board Calendar

None

B. Next Meeting Agenda – February 27, 2020

- Approval of the updated Strategic Plan 2021

XIV. Adjournment

On a motion duly made and seconded, Sagstetter/Brunt, the Spectrum Board of Directors unanimously adjourned the meeting at 7:16 p.m.

Anthony C. Brunt

Board Secretary Certification, Tony Brunt