

Spectrum School Board Minutes

Date: January 23, 2014

Scheduled Time: Immediately following the Spectrum High School Building Company Meeting, if needed.

Attendance:

Position	Committee Member	Arrive	Depart
Chair	Dave Lucas	Absent	
Vice-Chair	Rob Rogers	Present	
Member	Tony Brunt	Present	
Member	Kerry Jerred	Present	
Member	Cori Morrow	Absent	
Member	Robin Schelske	Present	
Member	Tom Sagstetter	Present	
Ex-Officio	Vanessta Spark	Present	
Ex-Officio	Patty Jorris	Absent	
Ex-Officio	Nick Taintor	Present	7:50 p.m.
Advisor	Mark Beltz	Present via phone 6:45p.m.	6:55 p.m.
Advisor	Rick Peterson	Absent	
Staff Member	Dawn Sorenson	Present	
Guest	Don Stauffer	Present	7:50 p.m.

1. Meeting called to order with quorum present at: 6:40 p.m.
2. Reading of Mission and Vision Statement
3. Conflict of Interest
Mr. Rogers called for Conflict of Interest declarations from the Board. None were noted.
4. Consent Agenda
Mr. Rogers requested that the approval of the Resolution be moved up on the agenda to item number 7.

On a motion duly made and seconded, Jerred/Sagstetter, the minutes of the December 19, 2013 and January 17, 2014 Board meetings and consent agenda, with the change so noted in the agenda, were unanimously approved as presented.

5. Public Input
None
6. Spectrum Student Input
None
7. **RESOLUTIONS FOR JOINT ADOPTION BY BOARDS OF DIRECTORS OF SPECTRUM HIGH SCHOOL AND SPECTRUM BUILDING COMPANY.**

**DECLARATION OF OFFICIAL INTENT WITH RESPECT TO REIMBURSEMENT OF TEMPORARY ADVANCES
MADE FOR CAPITAL EXPENDITURES TO BE MADE FROM SUBSEQUENT BORROWINGS**

WHEREAS, Treasury Regulation §1.150-2 (the “Reimbursement Regulations”), issued pursuant to Section 150 of the Internal Revenue Code of 1986, as amended, (the “Code”) prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of “bonds” under Section 150 of the Code (“Obligations”) used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed “spent” for purposes of Sections 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Issuer (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that any Reimbursement Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Reimbursement Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, The Board of Directors of Spectrum Building Company (the “Borrower”), a Minnesota non-profit corporation which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, which is exempt as a supporting organization to Spectrum High School, a Minnesota public charter school that it wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved by the Board of Directors of the Borrower:

Section 1. Definitions. The following definitions apply to the terms used herein:

“Allocation” means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to reimburse the Borrower for such payments. “To allocate” means to make such an allocation.

“Capital Expenditure” means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

“Declaration of Official Intent” means a written declaration that the Borrower intends to fund Capital Expenditures with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

“Issuer” means either a governmental unit that is reasonably expected to issue Obligations, or any governmental entity or 501 (c)(3) organization that is reasonably expected to borrow funds from the actual issuer of the Obligations.

“Reimbursement” means the restoration to the Borrower of money temporarily advanced from other funds, including moneys borrowed from other sources, of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. “To reimburse” means to make such a restoration.

“Reimbursement Bonds” means Obligations that are issued to reimburse the Borrower for Capital Expenditures, and for certain other expenses permitted by the Reimbursement Regulations, previously paid by or for the Borrower.

“Reimbursement Regulations” means Treasury Regulations §1.150-2 and any amendments thereto or superseding regulations, as applicable, prescribing conditions under which the proceeds of Obligations may be allocated to reimburse the Borrower for Capital Expenditures and certain other expenses paid prior to the issuance of the Obligations such that the proceeds of such Obligations will be treated as “spent” for purposes of Sections 103 and 141 to 150 of the Code.

Section 2. Declaration of Official Intent.

(a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which were paid no earlier than sixty (60) days prior to the date hereof, or which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by Spectrum Building Company, in a maximum principal amount to be determined.

(b) The Capital Expenditures to be reimbursed are to be used to finance the costs of the purchase and renovation of real estate and facilities to be used as a public schoolhouse, located in Elk River, Minnesota, which shall be leased to Spectrum High School, a public charter school and a Minnesota nonprofit corporation that is exempt from federal income taxation under Section 501 (c)(3) of the Internal Revenue Service.

Section 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity, with respect to the Capital Expenditures for the purposes described in Section 2(b).

On a motion duly made and seconded, Jerred/Schelske, the Spectrum High School Board of Directors unanimously approved the Declaration of Official Intent with Respect To Reimbursement of Temporary Advances Made for Capital Expenditures To Be Made From Subsequent Borrowings resolution as presented.

- 8. Old Business
 - 8.1 Facility Update

In Mr. Peterson's absence, the Board reviewed the Facilities Report and Phase IV construction proposed timeline, which were included in the materials received by the Board prior to the meeting. Mr. Mark Beltz, from Beltz, Kes, Darling, and Assoc. was present via phone to answer Board member questions regarding financing of the proposed Phase IV construction project – both short and long-term finances. The Board discussed at length the proposed building and play field purchase, noting that the entire project is contingent upon approval of the Minnesota Department of Education, approval by the City of Elk River, and a successful bond sale. All three conditions must be met otherwise the project cannot move forward. Ellen McVeigh, legal counsel for the School, will be directed to write the purchase agreement so that it is conditional upon approval of MDE, City of Elk River, and a successful bond sale.

9. Budget Report

9.1-9.2 FY 13-14 Long Range Budget

Mr. Taintor provided an in-depth overview of the FY 13-14 LRB which takes into account the proposed Phase IV construction project. Ms. Spark provided the Board a high level view of the project utilizing a flow chart which denotes the various areas of responsibility for information purposes. Mr. Taintor reported that the FY 13-14 LRB does include \$50,000 to cover costs associated with hiring a project manager, as well as additional dollars for staff salaries who will be working on the project.

9.3 Spectrum Phase IV Construction Project Summary

Mr. Taintor gave an overview of the project utilizing the Phase IV Construction Project Summary.

9.4 Total Project Estimate Using Arrow Construction Phase IV Construction

Mr. Taintor reviewed the estimate with the Board.

9.5 Athletic Budget

Mr. Taintor noted that the School is moving closer to getting an exact cost associated with athletics and a cost per sport. Mr. Peterson and Mr. Taintor, along with Mrs. Jorris, Office Manager, have been working diligently to identify and code correctly the expenditures so that the School has an accurate accounting for each sport.

9.6 Spectrum Acquisition Fund

Mr. Taintor reported that there is approximately \$55,000 left in the acquisition fund that is earmarked to purchase additional heat pump units for installation in the remaining rooms in the building, as well as some technology equipment. Very positive reports have been received by those who had heat pumps installed in their respective classrooms/offices early last fall.

9.7 Budget Report – Beltz, Kes, Darling & Assoc.

Mr. Taintor presented the December, 2013 financials for the Board. He noted that the working budget projects revenues exceeding expenditures in all funds by \$266,458. State revenues are based on 533 students with a contingency for 5 PSEO students. Year to date, Mr. Taintor stated that 46.7% of expenditures have been spent, which is normal for this time of year. The School is 50% and 44.4% of the way through the fiscal year and school year, respectively.

Mr. Taintor went on to report on the Balance Sheet, noting that beginning balances shown are based on the audited ending information as of June 30, 2013. He also reported that the Spectrum Building Company owes the

School \$182,794. The School will be reimbursed these funds after the remaining funds are spent out of the Acquisition/Capital Expense Fund.

The State holdback for 2013-2014 fiscal year is estimated to be a receivable of \$194,842 as of the end of the reporting period. The current holdback percentage is 10%.

Accounts Payable represent amounts due for invoices received but not paid as of the end of the period. Payroll Deductions and Contributions represent amounts prepaid for taxes and benefits as of the end of the period on behalf of the employees.

Mr. Taintor also commented on the Statement of Revenue and Expenditures, noting that the report shows the budget approved for the year, the working budget, and year to day activity, and stated that no revenue or expenditure line items were worth noting. With regard to cash flow, Mr. Taintor stated that there wasn't anything significant to report. Lastly, Mr. Taintor reported on the Long Term Debt and Other Long Term Obligations noting that the FFE loan with First National Bank in Elk River has an outstanding balance of \$270,646 with an interest rate of 5.50%.

Following discussion, *on a motion duly made and seconded, Sagstetter/Schelske, the Spectrum High School Board of Directors unanimously approved the December financials as presented.*

9.8 Finance Committee Minutes

Mr. Taintor and Ms. Schelske provided a brief update on the work of the Committee. They reported that the Finance Committee recommends to the Board approval of the revised Credit Card policy.

Following discussion, *on a motion duly made and seconded, Jerred/Brunt, the Spectrum High School Board of Directors unanimously accepted the January 17, 2014 Finance Committee Minutes as presented.*

Ms. Spark asked that the minutes reflect her thanks to Mr. Peterson for the work he did on the Acquisition Fund report. She stated that he went above and beyond to make sure the report is accurate – spending approximately three days detailing and pinpointing each transaction in order to ensure that it was coded correctly. Thank you, Rick!

10. Directors Report:

10.1 DIRECTORS REPORT

Ms. Spark provided an overview of her Director's Report for the Board. She gave an update on enrollment numbers for the 13-14 school year, as well as the numbers for 14-15 school year. She said for the first time ever, a lottery is going to have to take place among siblings. The lottery that will be held in February will be conducted as though the Phase IV construction project and 6th grade expansion isn't taking place. Once determined whether the Phase IV Construction Project/Grade 6 expansion project has been approved, additional student space will be available and students will be moved up in the order in which they were drawn in the February lottery. Currently, we have 195 applications for the 14-15 school year. In addition, our admissions department sent out postcards to the community for which two applications were generated. Admissions also visited St. Andrews Catholic School, a K-5 private school in Elk River, to drop off applications for their 5th grade students.

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

11. New Business

11.1 COMMITTEE REPORTS

Technology Committee -- 12.3.13 and 1.9.14 Minutes

The Board reviewed the minutes of the meetings.

Following discussion, on a motion duly made and seconded, Schelske/Brunt, the Spectrum High School Board of Directors unanimously accepted the 12.3.13 and 1.9.14 Technology Committee minutes as presented.

School Improvement Team Committee – 1.9.14 Minutes

The Board reviewed the minutes of the meeting.

Following discussion, on a motion duly made and seconded, Saqstetter/Jerred, the Spectrum High School Board of Directors unanimously accepted the 1.9.14 School Improvement Team Committee minutes as presented.

11.2 Amended 2013-2014 School Calendar

Due to the three days that school has been closed because of cold weather, January 6, 7, and 23rd, the school calendar must be amended to reflect an accurate student contact day count – per quarter and total. In addition, Ms. Spark proposed that the February 14, 2014 date, which is currently scheduled as a non-student contact staff development day, be switched to a student contact day as a way to put another day back into the calendar with students.

Following discussion, on a motion duly made and seconded, Saqstetter/Brunt, the Spectrum High School Board of Directors unanimously approved the amended 2013-2014 school calendar with the addition of the February 14, 2014 date as a student contact day.

11.3 Amended Credit Card Policy

Following discussion, on a motion duly made and seconded, Brunt/Schelske, the Spectrum High School Board of Directors unanimously approved the changes to the Credit Card Policy as presented.

11.4 2014 Annual Meeting

Board members Robin Schelske and Kerry Jerred, along with Dawn Sorenson presented their Annual Meeting planning work to date. They noted that the Annual Meeting is currently scheduled for Friday, March 28th and proposed that the date be moved to Thursday, March 27th as they feel that the event will be better attended on a Thursday evening. They went on to note that this year's meeting will not be a fund-raiser like the past two years, but instead, will strictly be an informational meeting. Candidates running in the upcoming election will be introduced and invited to share information about why they are running, etc. In addition, various groups and programs within the school will be invited to have an information table for their respective group and/or event. Cake and coffee will be served at the end of the meeting, which will be served this year by music students.

Following discussion, *on a motion duly made and seconded, Schelske/Brunt, the Spectrum High School Board of Directors unanimously approved moving the Annual Meeting date from Friday, March 28, 2014 to Thursday, March 27, 2014.*

11.5 2014 Board Election

Mr. Sagstetter reported on the progress to date with regard to the upcoming Board election. He noted that both Mr. Rob Rogers and Ms. Kerry Jerred have both agreed to run again as incumbent candidates in the election. Ms. Morrow has chosen not to run for the open teacher seat. Mr. Brunt reported that he is in the process of contacting the other teaching staff to find out who would be interested in running in the election and will keep the Board updated as more information becomes available.

11.6 VOA Site Visit Report

The Board reviewed the November 11, 2013 VOA Site Visit Report.

12. Charter School Updates and Training

None

13. Board Calendar

The Board reviewed the calendar. No actions were noted at this time.

14. Board Goals 2013-2014 (as approved September 19, 2013)

The 2013-2014 Board Goals were acknowledged. No action necessary.

15. Previously Tabled Items

None

16. Miscellaneous

None

17. Next Meeting Agenda Input

None

18. Adjournment

On a motion *duly made and seconded, Sagstetter/Schelske, the Spectrum High School Board of Directors unanimously adjourned the meeting at 8:30 p.m.*



Board Secretary Certification, Kerry Jerred