



Spectrum School Board Workshop Meeting Minutes

Date: September 6, 2014
 Scheduled Time: 9:00 am

| Position | Committee Member | Arrive | Depart |
|--------------|------------------|----------|----------|
| Chair | Dave Lucas | Present | |
| Vice-Chair | Tom Sagstetter | Present | |
| Secretary | Kerry Jerred | Present | |
| Treasurer | Jeff Uecker | Present | |
| Member | Tony Brunt | Present | |
| Member | Jessica Kemnitz | Present | |
| Member | Schelske | Present | |
| Ex-Officio | Vanessta Spark | Present | |
| Staff Member | Dawn Sorenson | Present | |
| Guest | Nick Taintor | Present | 11:30 am |
| Guest | Ellen McVeigh | 11:15 am | 2:30 pm |

1. Meeting called to order at: 9:10 am by Chair Lucas

2. Finance Training

Nick Taintor of Beltz, Kes, Darling & Assoc. took the Board through an in-depth training regarding Minnesota Public School financing, providing review for current members, and conducting initial training for new members. Throughout the training, Mr. Taintor referenced "Financing Education In Minnesota 2013-2014" as a resource for additional information on school finance.

Mr. Taintor reported on State and Federal sources of revenue, noting that Charter Schools are eligible for some but not all state aids available for traditional public schools. Charter Schools are not eligible for any revenue based on property tax levies; however, they are eligible for Building Lease Aid revenue. Mr. Taintor advised that all Board members be familiar with general education aid, charter school lease aid, and state special education aid. Mr. Taintor then went on to report on each of these areas in detail. He also reported on State Aid Payment Holdback, noting that the holdback is 10% of the current year state aid revenues, and the prior year holdback is paid back 30% on August 30th, 40% on September 30th, and 30% on October 30th. He stated that these payments are tracked as receivables, and the percentage is accounted for through MARSS reporting and checked quarterly by the Minnesota Department of Education.

Mr. Taintor also covered Federal Revenues which include Special Education Grants, Title Program Grants, Federal REAP Grant and E-rate Grant, and Federal Food Service Funds. Mr. Taintor shared that charter school enrollment is very important to the success of any charter school, especially when it comes to funding. He stated that the process for reporting enrollment is as follows: The school has a MARSS Coordinator who tracks enrollment using a student reporting system. MDE will review this data to ensure that the school is reporting accurate numbers and that the school is being funded accurately. The monthly financial reports that are prepared for the Board's review include a summary of the enrollment out of the student reporting system and are presented on a monthly basis.

Mr. Taintor then went on to provide the Board with an in-depth look at the current budget for the Board, answering many questions related to the budget process. He stated that charter schools are required by statute to approve the next year's annual budget prior to June 30th of the previous year. Each spring, school leadership, with the assistance from the finance manager, work on the next fiscal year's budget in order to prepare it for review by the school's Finance Committee prior to recommendation for approval by the full Board. Mr. Taintor stated that it is important for Board members to pay attention to enrollment, total revenues, total expenditures, specific expenditures such as salaries, benefits, contracted services, and athletics, as well as annual surplus, fund balance percentage, debt service coverage ratio, and short term vs long term focus. Mr. Taintor also trained the Board in the area of interpreting charter school financial statements, i.e., balance sheet, revenue and expense statements, cash flow and enrollment projections. He stated that the characteristics of financial health for the school include an adequate fund balance in case of state holdback more than 10%, to avoid short term financing to meet current obligations, unforeseen state aid or local revenue changes during the year, and program expenditures that are not anticipated.

Lastly, Mr. Taintor reported on factors that may require a Board to revise their fund balance policy which include planning for future program and/or school expansions, facility improvements and upgrades, future technology equipment replacements/upgrades, and changes in state aid payments or funding levels. Factors to consider when drafting a fund balance policy include does the policy provide for enough of a reserve for the school to operate, is it current based on state funding and aid payments, and does it meet the mission of the school for future programming/school expansion?

The Board thanked Mr. Taintor for his thorough training in the area of school finance.

3. Board Governance and Employment Law Training

Ellen McVeigh of Borenstein and McVeigh Law Office LLC took the Board through a thorough training in the area of Board Governance and Employment Law. Ms. McVeigh provided a review of required legal structure and operation of Minnesota charter school Board of Directors, reviewed the provisions of Minn. Stat. Chapter 13D, Open Meeting Law, as applied to charter schools, reviewed applicable requirements regarding data privacy and public access to information, and reviewed some key employment law concepts/requirements of which charter schools must be aware, including 2014 changes to state law.

Ms. McVeigh presented the Board with a case study for the purpose of defining the law, noting that Minnesota charter schools are public schools, are Minnesota nonprofit corporations (MN Stat Chapter 317A), and that MN Stat Sections 124D.10 and 11 specify the law pertaining to Minnesota charter schools, that charter schools are exempt from all statutes and rules applicable to a public school, school board or school district unless a statute or rule is made specifically applicable to a charter school or is included in MN Stat. Section 124D.10. She went on to note that a charter school is also subject to the terms of its authorizer contract.

Ms. McVeigh then went on to present on the composition of charter school Boards of Directors, covering board elections, conflict of interest, and the role of the Board of Directors: duty of care, duty of loyalty, and the duty of obedience. She stated that Board members must discharge their duties in good faith, in a manner the director reasonably believes to be in the best interest of the school, and

with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs these duties is not liable by reason of being a director of the school according to MN Stat. section 317A.251.

Ms. McVeigh reported in great detail on what constitutes a quorum for Board meetings and Minnesota Open Meeting Law, which applies to all school districts, however organized. Meetings must be open to the public, that notice of meetings of public bodies be provided to the public, and that materials considered at open meetings and information regarding votes of members on agenda items be available to the public. Ms. McVeigh also shared information on how to close a meeting and that meetings MUST be closed to the public if data is being discussed that would identify alleged victims or reporters of criminal sexual conduct, domestic abuse or maltreatment, or to consider allegations or charges against an individual subject to its authority. If the members conclude that discipline of any nature may be warranted, further meetings must be open. Also, meetings must be open if the individual who is the subject of the meeting requests it. Otherwise, educational, health, medical, welfare or mental health data which is not public data is discussed must be conducted in a closed meeting. She went on to note that meetings may be closed to the public to evaluate the performance of a person subject to its authority. The person must be identified prior to closing the meeting. The conclusions must be announced at the next open meeting. The meeting must be open if required by an individual, and Attorney-client privileged communication may take place in a closed session. Ms. McVeigh stated that before closing a meeting, state on the record the specific grounds permitting the meeting to be closed and describe the subject to be discussed. All closed meetings, except those closed as permitted by the attorney-client privilege, must be electronically recorded at the expense of the public body, and unless otherwise provided by law, the recordings must be preserved for at least three years after the date of the meeting.

Ms. McVeigh then went on to report on data privacy vs. public access to information, and the Board's duty to manage the school as it relates to at-will employment, best practices in hiring an administrator, and the 2014 legislative changes concerning the Women's Economic Security Act and what that means for the school.

The Board thanked Ms. McVeigh for her thorough and in-depth training she provided for the Board covering legal structure and operation of the Board of Directors, Open Meeting Law, Data privacy and public access to information, and key employment concepts/practices for charter school boards.

4. Student, Addison Cross' Senior Project Discussion

Ms. Spark reported that senior, Addison Cross, came to her with a proposal for her senior project, which encompasses a trip to Chicago for senior students. After hearing the scope of the project, the Board asked that Ms. Spark contact the student to present before the Board at its meeting on September 18, 2014 with more information before the Board can make a final decision on approving the scope of the project, which includes students missing school, substitute pay for staff chaperoning the trip, etc.

5. Sting Swing Golf Classic Hole Sponsorship

Ms. Spark stated that the school had been approached by a company to sponsor one of the holes at the golf tournament; however, the sponsorship was by Mexican Moonshine, which is a craft Tequila

company. Following discussion, the Board asked Ms. Spark to contact Brenda Schulze, tournament organizer, and share that the Board cannot endorse the sponsorship due to the nature of the business. The Board was open to the company supporting the tournament through a donation to the silent auction.

4. Ad Hoc Committee Opportunities for 2014-2015

The Board decided on the following:

Nominating Committee: Tony Brunt and Tom Sagstetter

Succession Planning Committee: Kerry Jerred, Dave Lucas, Tony Brunt, and community members Don Stauffer and Rob Rogers.

Annual Executive Director Review Committee: Dave Lucas, Robin Schelske, Kerry Jerred, Jessica Kemnitz

Annual Meeting Committee: Robin Schelske, Kerry Jerred, Dawn Sorenson

Annual Board Self Evaluation Committee: Jeff Uecker and Kerry Jerred

Policy Review Committee: Robin Schelske, Kerry Jerred, Dawn Sorenson

Bylaws Committee: Robin Schelske, Kerry Jerred, Dawn Sorenson

5. Board and Director Goals

Following discussion, it was decided that this item be moved to the September 18, 2014 meeting for a final decision making.

6. Adjournment: The workshop meeting of the Board adjourned at 3:00 p.m.



Board Secretary Certification, Kerry Jerred