



MINNESOTA EARLY LEARNING ACADEMY

Board Meeting Agenda • August 2016

Meeting of the Board of Directors August 11, 2016, from 4:00 – 6:00 p.m. MELA

6717 85th Ave North • Brooklyn Park, MN 55445

Remote link: <https://www.gotomeeting.com/join/459270229>

Attending:

- Deb DeVries, Board Chair
- Jackie Gaare, Board Treasurer
- Signe Anderson, Board Secretary
- Donna Swedin, Board Member (Remote)
- Brienna D'Angelone, Board Member & MELA staff
- Nicole Schmidt, CFO, CliftonLarsonAllen
- Milo Cutter, IQS-our authorizer
- Scott Frauenheim, VP/CEO, Distinctive Schools
- Cathy Kincheloe, Executive Director for MN, Distinctive Schools
- Antonio Zambrano, Director of Operations, Distinctive Schools, MELA
- Jennifer Mitchell, Executive Director, MELA

1. Call to Order & Introductions (4:06 pm)

- 1.1 Need to confirm Laverne Knighton's correct contact information

2. Approval of the Agenda

- 2.1 **Bri moved to approve the agenda, Jackie 2nd; passed unanimously.**
- 2.2 Sig will take board meeting minutes from now on; Deb & Sig will work together to create minutes for the May meeting (budget was approved; needed for audit) and send to rest of board for approval (due: 8/16/16 evening). Notes will be published to MELA website and Binder of minutes will be updated accordingly. Sig can print and submit once minutes are approved.
- 2.3 Future meeting: Need to clarify process for Notes / Documents physical location.

3. Approval of the Minutes of the previous board meeting

- 3.1 Could not approve because minutes are not available to us due to Jim Stafford's resignation.

4. Reports to the Board

4.1 Board Chair Report

- 4.1.1 **Distinctive Schools Announcements:** Mary Stafford, Jim Stafford and Dean Kephart have all resigned from Distinctive Schools, so Scott and Cathy will continue leadership in Chicago & MN; they are excited about the future of all their schools and especially MELA; New Org chart was passed to the board (**See Appendix A**). Deb recognized the MELA staff for their continued focused preparation; the board truly appreciates their work. Also thanked Dean K for his involvement in the board and his efforts. Jackie voiced her concern about bussing. Antonio confirmed the plan is to have staff ride buses 1st week of class; MELA is working with a new bus company he found (American Transportation) and that the relationship is much more positive than last year. The bus company is very involved (coming to open house, have gone over specific kids/stops and routes)
- 4.1.2 **Policy Manual: approval of Deposit and Money Handling Policy:** This policy will be added to the board policy passed last meeting. Antonio (Director of Operations / Office Manager) said anything in the internal control policy has to have a board policy to back it up. We want to make sure there is not just one person is collecting money. With Nichole (CLA) we have a check and balance of duties and she is present when money is being taken to the bank. **Jackie moved to approve the Deposit and Money Handling Policy, Bri 2nd; passed unanimously.** Like the budget, this policy was approved with the caveat that Distinctive Schools and MELA staff could adhere to it. If the staff feel they cannot uphold any part of the policy, the board will re-visit those parts.
- 4.1.3 **Addendum B:** amount is so small it doesn't have to be approved, but was recommended to be approved by Nichole (lease is already signed/approved). **Context:** MELA had planned to add two portables, but the one-time

cost didn't make sense so MELA asked the church for more room and nursery space is now shared as well as the room the board used for meetings. Addendum was created by the church and reflects the financial impacts of the changes; dollar amount was calculated based on square footage; Antonio confirmed the numbers are accurate. **Action:** Church in agreement to do due diligence to find out if timeline for build-out should be increased; board would like to include language that if we didn't need the two new rooms after the build-out, then we wouldn't need to be charged for additional footage outlined in Addendum B. This will be presented in October meeting. DS will seek legal counsel for wording of request, Deb will e-sign. We will need this for Lease Aid reimbursement for additional 2 room charge. **Jackie moved to approve, Sig 2nd, approved unanimously**

4.1.4 Board Development Plan: Board needs to identify someone to take Jackie's treasurer place; Jackie can stay on until October board meeting with the intent that we will find a suitable replacement. Board will explore Chamber of Commerce connections. Ideally we'd have a business leader in the community. Dean put out on Pollen to recruit new board members (two people have volunteered & Deb will follow up with those individuals)

4.1.5 Chairman Change: Because Deb is also chair on DS school Forten, she has advised that Joe Scherer will return to assist with MELA workload for about 8 months. This will be formalized at October board meeting. Because currently Kit & Jackie are the members who can sign for our account, **Jackie made a motion that the Board Chair INCLUDING the Dir. Or Operations MELA will be signers on bank account and line of credit; Bre 2nd and motion passed unanimously. Upon further discussion, Jackie moved to amend this first motion to a Board Member INCLUDING the Dir. Or Operations MELA will be signers on bank account and line of credit; Bri 2nd the motion and the motion carried without issue. Signe made a motion to regretfully accept Deb's resignation effective the October board meeting (10/13); Bre 2nd; passed unanimously. Sig made a 2nd motion that Joe S become a board member as of today (08/11); Bre 2nd; passed unanimously. During the October meeting the board will move to make Joe S board chair.**

4.2 Committee Reports

4.2.1 Finance Committee

Mary Stafford & Nichole extended our line of credit with Western Bank from June to October; bank extended without fees or problems. Jackie will remove Mary & Jim Stafford as account signers.

4.2.1.1 FY17 Budget Updates

- Audit went really well.
- May Board minutes need to be updated and approved because the budget is in them.
- The auditor saw in the January Board minutes that the board had accepted an amended working capital agreement from Distinctive Schools. Because the board approved the agreement this Fiscal year, we need to go off of that in the audit. So, the board needs the signed original (\$50K) AND the signed amended version (\$320K) of the approved working capital agreement in Jan minutes. Jackie signed and gave the amended document (\$320K) to Jim, so the board doesn't have it. Nichole and Distinctive Schools will look for amended (Board has the signed original in the binder).
- Amount owed to Distinctive Schools: 3 sub-totals we didn't have all receipts for at time of audit; in April, Jim was going to look for back-up of these large lump sums (FedEx, AmEx, Board Expenses) on the balance sheet. Backup has been found for everything except for the board expenses (they're in the couple hundred-dollar range of closing the gap). No fines will be incurred if we can back up all expenses.

4.2.1.2 Financial Packet Review

- Deb thanked MELA for investment despite CSP revenue not coming through quickly; Auditors will come to board meeting and present at Oct board meeting
- July Enrollment 218 and climbing to 230; 3 large payments will hit Aug, Sept, and Oct (Aug will pay back line of credit) so in Oct we can go back for more credit (hopefully double what we had 1st time around). Next year we will pay down DS amount (\$528K – all start up and management fee that was sent at June end-of-month). Balance on LOC (\$60K) will be paid on first hold back payment. The \$528K includes the \$320K amended working capital agreement and the three lump sums we're working to back up.

- Scott stated DS will continue to invest as needed; but wants board to include a monthly payment of revenue to DS (DS has had no revenue from MELA for past 18 months and also didn't take the management fee). Deb stated the need for a timeline for repayment. This coming years' management fee is in the budget, and Nichole affirmed that the school can handle this expense.
- MELA started the fiscal year in statutory operating debt (-\$337K) and we have 2 years from January to get out of debt. Antonio, Cathy and Nichole have re-worked budget to get out of deficit next year or two.
- IQS does not evaluate debt but there will be an evaluation and they will be aware of it.
- \$4K is CSP revenue (added to revised budget) and \$8K owed in June finally came in; Nichole applied for \$88K CSP grant for school supplies / purchase orders.
- \$12K lease payment updated and school has added the difference to the August lease payment.
- \$528K includes benefits (medical, dental) Jennifer Vanyo from CLA set it up with Scott; most charter schools handle their own benefits locally & you can get a better deal. Jennifer will explore and setup for us.
- Scott said Jim set up minimal usage Google programs, but DS should find a way to find a proxy so that MELA teachers have MELA email addresses (not DS email addresses); Scott will have a price by October and a portion of that can be put into the CSP budget so we can get another one.

4.2.1.3 Audit Report

There are three items we need for the auditors. We now have a check registrar for these items. If we are still missing information, the board will reach out to Scott and he'll have a report at the next meeting. Jackie: punch list – these are the things we can report back on in Oct meeting. **Bre moved to approve the May, June, and July financial statements; Sig 2nd; motion approved unanimously.**

4.3 Authorizer Report: Milo advised IQS is streamlining authorizer requirements of all schools and will send implications for MELA. Biggest change is contract renewal (3 years; end of following year we will renew); IQS will not infuse values/expectations on school, but rather act more as a buffer for MN Department of Education and as another set of eyes for statutory compliance. Evaluation of school will balance unique ways MELA shines and statutory compliance. Tom is working on a tool for even top performing schools to find ways to score even higher. Board is responsible to renew contract; this annual report will be added to the October agenda. Jennifer and Cathy will lead that charge – it's due Sept 15 and there's some wiggle room. Board to send Milo and Tom current contact info of School Director and Board Chair. Because training is a great need for a lot of schools, IQS is offering it now offering training for consistency's sake; training is designed to meet school's need

4.4 Distinctive Schools Report: Scott addressed Mary Stafford, Jim Stafford and Dean Kephart leaving; didn't provide details as to why they resigned, but did assure that they have solid leadership still and they are excited for the 2016/17 school year, especially for MELA

4.4.1 Academic Update: Cathy talked the board through some performance slides (Overall growth; ELA – 1.02 schoolwide; Math – 1.39 schoolwide). ELA and Math growth shows drop in 1st grade ELA and 2nd grade ELA/Math; but growth rose for Kindergarten, and 1st grade Math – due to a more rigorous demand as the kids grow. CSP grant added training that will make a difference (curriculum that gives focus and common core standards). High growth is important – ELA academics have been adjusted to accommodate the growth goals and year one results are fantastic!

4.4.2 Professional Development Update: Bre said MELA is focused on ELA and reading system; ENVoY non-verbal classroom management is new; Ms. Mitchell has worked with it and it has amazing results; cuts down on office referrals and reduced stress in teachers and students; Benchmark Advance Literacy Curriculum; positive energy in the school

4.4.3 Organizational Chart and New Hires (Appendix B): New organizational chart (K, 1, 2/3) was passed around. Grades 2/3 have 3 teachers but 37-39 students per class. Catherine is the Director of Personalized Learning and will pilot her strategies in those classrooms.

4.4.4 Community Outreach and Philanthropy Update: N/A

4.4.5 Enrollment Update: Cathy wants to see 240 by start date. Adrian Leonard (recruitment specialist) and Ms. Caroline are working hard on this. Registration is very organized, but next year will be tighter in timeliness; make sure students come & they stay. School would like to secure additional instruments (esp. violins) this year.

4.4.6 Facility Update: Playground plan halted due to IRS payment, just waiting for cash; Cathy will work with Target Hispanic Business Council and Mariela will coordinate construction for hopefully September; Target will volunteer to build.

5. Other New Business

Governance 101 Notes: Sig will send out a soft copy and Board will revisit after October

6. Adjourn

Jackie moved to adjourn the meeting, Bre 2nd; motion passed unanimously