



# MINNESOTA EARLY LEARNING ACADEMY

## Board Meeting Agenda • October 2016

Meeting of the Board of Directors October 13, 2016, from 4:00 – 6:00 p.m. MELA

6717 85th Ave North • Brooklyn Park, MN 55445

Attending:

- Joe Scherer, New Board Chair
- Deb DeVries, Board Chair (Remote)
- Jackie Gaare, Board Treasurer
- Signe Anderson, Board Secretary
- Brienna D'Angelone, Board Member & MELA staff (Remote)
- Nicole Schmidt, CFO, CliftonLarsonAllen
- Scott Frauenheim, VP/CEO, Distinctive Schools
- Andrew Parket – Exec. Dir. of School Partnerships & Development
- David Sundstrom, Distinctive Schools
- Antonio Zambrano, Director of Operations, Distinctive Schools, MELA
- Mariela Spejh, DS Managing Dir. Multicultural Learning & MN Development Ops (Remote)
- Jennifer Mitchell, MELA School Dir.
- Matt Mayer; auditor

### 1. Call to Order & Introductions (4:05 pm)

### 2. Approval of the Agenda

2.1 Joe moved to approve the agenda, Jackie 2nd; passed unanimously.

### 3. Approval of the Minutes of the previous board meeting

3.1 Jackie moved to approve the last meetings minutes, Joe 2<sup>nd</sup>; passed unanimously

3.2 Jackie moved to acknowledge the Special Board Meeting 9/23 passed QComp resolution, Sig 2<sup>nd</sup>, passed unanimously

3.3 Sig will update August minutes to reflect correct spelling of Mr. Scherer's last name.

### 4. Reports to the Board

#### 4.1 Board Chair Report

4.1.1 **Resolution Reports to the Board:** Deb officially resign as board chair and Joe was appointed as board chair; **Sig moved to approve Joe as the new board chair, Bri 2<sup>nd</sup>; motion passed unanimously.** Jackie and the board thanked Deb for time and leadership; this meeting is also Jackie's last one; Deb and board thanked her for her efforts. The board needs 5 board members, so Deb will stay on as board member. Joe will focus on getting more board members, which is a very high priority. Looking for local people, parents and teachers.

4.1.2 **Distinctive Schools Announcements:** (Scott): DS is very impressed with MELA and publicly stated gratefulness for MELA employees and board; Cathy Kichenloe is no longer with DS based on feedback from partners; Andy Parker is Executive Director of New School Development and will be here weekly. There is a Director of Personalized Learning (Kathryn Mongan-Rallis) and Mariela Spejh all things Operations with Antonio Zambrano and DS Chicago team coming out based on needs. There will be social/emotional support; classroom management support as needed. DS is using fall data to drive instructional change and they're excited about budget and playground; Nichole & CLA team have been fantastic; very grateful for support, relationship and patience. DS thanked Deb & Jackie for their work. Board expressed interest in making Antonio a board member; but if he's employed by DS there's a conflict of interest.

4.1.3 **Board Development Plan:** High priority; Mariela will be a big part of Joe's plan to build the board out; Board expressed approval that DS is transitioning many services from Chicago to MN.

#### 4.2 Committee Reports

4.2.1 **Finance Committee** (Matt Mayer; auditor): Walked the board through the audit; clean report and internal control is strong because we hired CLA. Legal compliance was also clean. Audit looked into if we complied with budget; over-budget with expenditures mainly due to CSP grant (no off-setting revenue with expenditures; transportation

was also much more expensive). Anything past 50% deficit is statutory operating debt. The board loses a bit of autonomy until we get out of it; we will be contacted by state and Nichole already has a plan for this; ideally we'll have 10-25% fund in the coming years. **Joe made a motion to accept the independent audit report as presented, Jackie 2<sup>nd</sup>; passed unanimously;** board thanked Nichole for leadership and hard work.

**4.2.2 FY17 Budget Updates** (Nichole): May FY17 budget updates; won't be approved until December or January; enrollment is at 212 and original budget is at 225; 100K profit this year and over \$200K profit next year; confident in revenues; they're conservative; LY didn't budget any "other" revenues and we're not going to do that TY either; Nichole feels really good about the budget; very conservative and lots of thought; DS payment plan starts this month; we are current with payments

- Transportation: LY budgeted for 4 bus routes and it was 6; extra vans etc. TY we have issues but the financial part is much better; more economical bus service; even if we need to add an extra bus we already have that factored in the budget; new vendor; you pay a premium for good times and driver shortages

**4.2.3 Financial Packet Review** (Nichole) – Payment schedule proposal for DS presented; line of credit is at zero balance; we will ask for an increase of credit from 100K to 150K; all CSP money is extra (so all over-budget items are being funded by CSP revenue). Walked us through assets and liabilities; need to have Benefits decided by 12/01/2016 – 8% increase depending on who gets elected; we'll have a special board meeting to approve if needed; **Jackie moved to approve the financial packet presented by Nichole, Sig 2<sup>nd</sup>; motion passed unanimously**

#### **4.2.4 DS and MELA 3 Year Payment Plan**

DS understands number and continues to support MELA; wants sustainable way to repay; David Sundstrom walked us through promissory note changes; waiving interest. Working capital loan repayment agreement; not a debt but a loan; this voids and rescinds any prior agreement; this supersedes everything; this is a benefit to both parties especially because it's now an interest free loan, not a debt, and a reasonable repayment schedule; **Joe moved to approve the capital loan re-payment plan and signing of the plan, Jackie 2<sup>nd</sup>; motion passed unanimously**

**4.2.5 E-rate and FY18 Assurance** (Scott and Antonio): we've had e-rate as consultant, but now we have our own bills with MELA & Infinity). Current Year and Last Year we cannot change. We could find a new vendor:

- If we sign with Jane, MELA will be billed by DS and the following round it will change from DS to MELA; willing to give MELA DS discount; same price as other DS schools even when we're billed directly; start developing our own relationships with vendors locally here in MELA (Not DS in Chicago)
- Board will start to transition as long as it's financially beneficial. **Signe moved that board approves DS to sign contract for e-rate service for this year and MELA will proceed to negotiate contract for benefits next year allowing Antonio to bring that to resolution to sign it; Jackie 2<sup>nd</sup>; motion passed unanimously**

**4.2.6 Health Benefits Transition Plan** (Mariela): proposal is for MELA to pay health and dental; other benefits still paid by DS for rest of year; we will pay those other fees; next year insurance renewal will be working with broker to see what we can add; medical and dental by 12/01/16 through CLA. DS willing to keep vision and flex spending – just need board confirmation they could continue paying that. On 07/01/2016 MELA can pick it up. Not good idea to change now; make short open enrollment for next year; DS will invoice MELA for vision and flexible; better options and cost saving for MN based options for both MELA and employees; 30/70 is a good spot. **Jackie moved to move forward with health plan as lined out, Joe 2<sup>nd</sup>; motion passed unanimously**

### **4.3 Authorizer Report: N/A**

#### **4.4 Distinctive Schools Report** (Jennifer)

**4.4.3 Curriculum update** – benchmark advance program; teachers and students like it; 10/25 PED using technology and Q&A session for teachers; clever launch; online app for kids; chrome books in every class room and kids login on classroom with badges

**4.4.4 Assessment update** – fall NWEA completed; over 50% low/low-average for reading and math – lots of work to do! New kids + summer slide; but confident in growth over the year; personalization with Christy Krier (DS) – action plan is in agenda packet; lots of new kids make it hard for spring data to be used; breaking data down kid-by-kid; Mariela said this year we have a solid approach and personalized instruction and data support; confident in their growth; PT conferences; think about how to reduce summer slip

**4.4.5 Prof development update** – N/A

**4.4.6 Staffing update** – new music (½ -day music and ½ interventionist – same with PE and Spanish is ½ Spanish and EL) and special education teacher (grandparent of a student here; yesterday hired another that starts on Monday

**4.4.7 Parent involvement update** – PTO meeting 2 weeks ago

- Playground; next Saturday teachers, volunteers and friends/families will come to build
- Soccer Shots: One parent is excited about fundraising; working on grant for school; had a demo lesson and hoping for a Wednesday after school program

- Shoe Bus coming –sells adult shoes for \$5 and kids for \$3; coat drive on 11/12-16 – selling concessions; PTO meet 1st Saturday of the month; Jennifer will have muffins once a trimester with parents; family game night is being planned

**4.4.8** Enrollment update – covered above (212 – possibly 214); very close to projection

**4.4.9** Transportation update – covered above; much better; struggled in beginning but getting better

**4.4.10** Facility update – playground; current layout of church isn't big enough for us; very positive relationship with church; approached in July about expansion plans potential growth; Original plan was 2 portables (costing close to \$80-100 K for just one year) church bank has go-ahead to build out; Jennifer and team packed it in to the building and parents complain about small classroom and large enrollment per classroom; Bank and architect for church gave a ballpark number of \$3.5M for expansion; zoning rules also prohibits; can only build up to 10,000 sq ft (need to decide solution quickly for church)

- **Sig moved that it is better to maintain good relationship that takes care of everyone's need and better for us to find another facility that fits the older students; board said it was okay that Scott reaches out to IFF to find other locations MN comeback for site selection; update church on timeline on what's possible and ask for 3 - 4-week window, schedule special board meeting on phone to discuss next steps; Joe 2<sup>nd</sup>; motion approved unanimously**
- **Question to ponder:** If church reconsiders and offers something more beneficial offer would we consider the 15-year lease?

**4.4.11** IQS score card – turn in by 11-01-2016; IQS won't ask for stuff but we need to present it to them; Jennifer wants to put together a binder for IQS; packet given out; what does the board need to do; evidence we can keep in binder; Jennifer and DS are working on it and a lot of the evidence is already in place; helpful for foundation laid to renew license but no value-add with having the evidence. Mariela will meet with Jennifer and Joe about the plan; it will be on agenda for next meeting

**5. Other New Business:** N/A

**6. Adjourn:** Joe moved to adjourn the meeting, Sig 2<sup>nd</sup>; Meeting adjourned 6:23 pm