



St. Croix Preparatory Academy  
Board Meeting Agenda  
December 17, 2024

1. Call to Order	
2. Open Forum	
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Motion for assignment of fund balance (\$2M)	
D. Friends of Education 2023-2024 P/L	43
E. Succession Planning Committee Report	46
6. Adjourn Meeting	



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## ANNUAL BOARD CALENDAR 2024-2025

July	Responsible	Notes/Status
Public Hearing on Student Fees	K. Gutierrez	Completed
Family Handbook Approval	J. Gutierrez	Completed
Employee Handbook Approval	K. Gutierrez	Completed

August	Responsible	Notes/Status
Seat New Board Members	B. Hajlo	Completed
Change Cycle Management	Rebar Leadership	Completed
MDE Assurance of Compliance	J. Gutierrez	Completed

September	Responsible	Notes/Status
Status of School Opening	Principals	Completed
Review of MCA Test Scores	J. Gutierrez	Completed
MN State Statute Training	J. Gutierrez	Completed
Emergency Operations Plan Approval	Incident Command	November

October	Responsible	Notes/Status
Board Retreat	N. Donnay	

November	Responsible	Notes/Status
Audit Acceptance	K. Gutierrez	Completed
Development Update	K. Gutierrez	Completed
Emergency Operations Plan	Safety Team	Completed
Annual Report Approval – 2022-2023	J. Gutierrez	Completed
World's Best Workforce Approval	J. Gutierrez	Completed
Activities – Fall Overview, Winter Plan	K. Seim	Completed

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<b>December</b>	<b>Responsible</b>	<b>Notes/Status</b>
Affiliated Building Company Training	K. Gutierrez	
FSCPA and Building Overview	B. Blotske	

<b>January</b>	<b>Responsible</b>	<b>Notes/Status</b>
Board Election Timeframe Discussion	N. Donnay	
By-laws Training		

<b>February</b>	<b>Responsible</b>	<b>Notes/Status</b>
Financial Statement Review	K. Gutierrez	
Board Election Timeframe Discussion	N. Donnay	
Approve School Calendar	J. Gutierrez	

<b>March</b>	<b>Responsible</b>	<b>Notes/Status</b>
Approve Open Enrollment Period for Next Year	J. Gutierrez	
Approve Board Calendar for Next Year <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Election</li> <li>• Retreat</li> </ul>	Board	

<b>April</b>	<b>Responsible</b>	<b>Notes/Status</b>
Annual Budget Introduction		
Compensation Plan Introduction		

<b>May</b>	<b>Responsible</b>	<b>Notes/Status</b>
Q Comp Report Presentation/Approval	D. Thompson	
Financial Statement Review	3 K. Gutierrez	

Compensation Plan Approval	T. Smith	
Board Election Update	N. Donnay	
Approve Annual Budget	K. Gutierrez	
Approve Employee Handbook	T. Smith	
Introduction of Family Handbook	J. Gutierrez	
MSHSL Membership Resolution	J. Gutierrez	
Conflict of Interest Form Disclosure	K. Gutierrez	

<b>June</b>	<b>Responsible</b>	<b>Notes/Status</b>
Public Hearing on Fees - 2024	K. Gutierrez	
New Board Member Training	N. Donnay	
Read Well by Third Grade Approval	J. Karetov	
Approval of Family Handbook	J. Gutierrez	
Annual Finance Designations for Next Year <ul style="list-style-type: none"> <li>● Identified Official with Authority</li> <li>● Official Newspaper</li> <li>● Designation of Depository</li> <li>● Account Signatories</li> <li>● Collateralize Funds in Excess of FDIC Insurance</li> <li>● Delegation of Authority to Make Electronic Funds Transfers</li> </ul>		

Members Present: R. Hajlo, D. Keyes, N. Donnay, T. Gulbransen, R. Thorson, J. Johnson, A. Galati

Members Absent: M. Stiles, D. Smith

Member Online:

Ex-officio Members Present: J. Gutierrez

Guests: K. Gutierrez, K. Seim, C. Fiedler, R. Moore, B. Giles

## 1. Call to order

- a. R. Hajlo called the meeting to order at 6:05 PM.

## 2. Open Forum - None

## 3. [SCPA Board Calendar \(Updated\)](#) - November 2024

## 4. Consent Agenda

### a. Board Minutes

- i. [SCPA September 17, 2024 Board Minutes](#)
- ii. [SCPA Board Retreat Minutes October 12, 2024](#)

### b. Executive Directors

- i. SCPA Charter has been renewed
- ii. [Executive Director's Report November 2024](#)
- iii. [J. Gutierrez Professional Development 2024-2025](#)
- iv. [EDFO Board Report Nov 2024](#)

### c. Governance Policies - Final Reading and Policy Approval

- i. [415 Mandatory Reporting of Maltreatment of Vulnerable Adult](#)
- ii. [532 Use of Peace Officers and Crisis Teams to Remove IEP Students from School Grounds](#)
- iii. [417 Chemical Use and Abuse](#)

- iv. [710 Student Journalism](#)
- d. Governance Policies - First Reading
  - i. [711 Social Media Policy](#)
  - ii. [401 Equal Opportunity Employment](#)
  - iii. [404 Background Checks](#)
- 1. Motion to Approve: J. Johnson
- 2. Second: A. Galati
- 3. Approved: All

## 5. Agenda

### a. Emergency Operations Approval - C. Fiedler and R. Moore

- i. C. Fiedler and R. Moore gave an extensive explanation of processes and procedures and fielded questions from board members.
  - ii. [Master Incident Command Structure](#)
  - iii. [Safety Protocols 2024](#)
1. Motion to Approve: A. Galati
  2. Second: R. Thorson
  3. Approved: All

### b. Activities Overview - K. Seim

- i. K. Seim gave an update and overview of the Fall sports season and the upcoming Winter season.
- ii. [November 2024 Activities](#)

### c. Succession Planning Committee: T. Gulbransen, T. Smith

- i. [ED Position Posting Items - Board Submission](#)
- ii.
- iii. [Vacancy Brochure SCP](#)
- iv. [ED Search Process Working Doc, Nov 14, 2024](#)
- v. [MSBA Revelus Instructions July 2024](#)
- vi. [Board Member Confidentiality Agreement](#)
- vii. [Committee Member Confidentiality Agreement](#)
- viii. [SPC Meeting Minutes - Oct 16 - Nov 13, 2024](#) - Some adjustments:

- a. February 4 – Board selects candidates for Round 1 interviews (candidate names become public at this point).
- b. February 18 & 19 in the evening OR February 22 (Saturday) Board conducts Round 1 interviews and determines who will continue with the interview process to Round 2.
  - i. **Decision: Saturday, February 22, 2024**
- c. **February 25** – Q&A “Meet the Candidate” Community Session(s) with Round 2 candidates led by a moderator to be named with questions submitted and screened in advance. Candidates will be invited to tour the school earlier in the day with a break before their Q&A “Meet the Candidate” Community Session.
- d. **February 26** – Board conducts Round 2 interviews and names final candidate to begin negotiations.
- e. **March 4** – Board approves ED contract.
- f. A competitive compensation and benefits package, with a salary range of \$160,000-\$200,000, will be negotiated commensurate with experience and qualifications. Contract length is negotiable as provided in Minnesota statute. Additional benefits available may include Medical / Dental / Vision /Life / Long-term disability insurance / AD&D coverage; Personal / Sick/ Vacation / Bereavement days; Phone allowance; PERA or TRA retirement plans.
- g. **Interview Questions:**
  - i. 1. Describe your educational philosophy and how it has evolved over time. Include any classical education experiences and how these experiences relate to your educational philosophy.
  - ii. 2. Describe your leadership style. Share an instance where you had to adapt your leadership style. Provide an example and explain the impact this had on your team. What did you learn from this experience?
- h. Job Description: [ED Job Description - Branded](#)

## 2. Motion to Approve: D. Keyes

3. Second: J. Johnson
  4. Approved: All
- d. 2023-2024 Annual Report - First Reading: J. Gutierrez**
- i. [SCPA 2023-2024 Annual Report DRAFT](#)
  - ii. [2023-2024 Administration and Faculty](#)
1. Motion: A. Galati
  2. Second: T. Gulbransen
  3. Approve: All
- e. [2023-2024 Comprehensive Achievement and Civic Readiness Report \(World's Best Workforce\)](#)**
1. Motion to Approve: B. Hajlo
  2. Second: J. Johnson
  3. Approve: All
- f. 2024 Financial Statements -- Audit Review: K. Gutierrez**
- i. [2024 Final Audit Presentation](#)
  - ii. [2024 Final Executive Governance Summary](#)
  - iii. [2024 Final Annual Financial Report](#)
1. Motion to Approve: A. Galati
  2. Second: J. Johnson
  3. Approved: All
- g. Finance Committee - K. Gutierrez**
- i. [Finance Committee Minutes October 8, 2024](#)
  - ii. [SCPA September 2024 Financial Report - Nov. 15, 2024](#)
- h. [Foundation and Development Work - K. Gutierrez and Bobbi Giles](#)**

**Adjournment: 8:41PM**

- Motion to adjourn: A. Galati
- Second: J. Johnson
- Approved: All

Respectfully Submitted by A. Galati, St. Croix Preparatory Academy Board Clerk



## Executive Director’s Report to the Board

**Date of Report:** December 2024

**Report Prepared By:** Jon Gutierrez

### Operational Items:

- Succession Planning Work –attended meetings when appropriate
- Finance Committee Work – document legal/financial flow between SCPA and FSCPA, the affiliated building company. Conducted training for the administration, finance committee, and at the December board meeting. Working on training materials to explain the changes in compensation (e.g. one time pay adjustments, increasing the Comp Plan and the associated need for proactive fund raising to meet the approved Compensation Plan, etc.)
- Governance Work – some work drafting/approving required policies, assisting committee with their processes, setting up schedule for annual review and cyclical review (3 years) for other policies
- Charter Renewal Agreement – continued communication and work on the charter renewal agreement which needs to be approved/executed by the board prior to June 30, 2025.
- Development/Foundation work – continued work with consultant on Foundation initiatives – case statement, board development, brochure review, meetings, meeting with potential board member, etc.
- Curriculum Committee. Attended meetings when appropriate.
  - Jon – 40 hours between Nov 5-Jan 31 with Great Oaks Academy
- Enrollment information for the 2024-2025 school year, associated wait lists, and applications received for the 2025-2026 school year are:

Grade	2024-25 Enrollment	2024-25 Waitlist	2025-2026 Applications
Kindergarten	90	179	241
1 <sup>st</sup> Grade	90	101	52
2 <sup>nd</sup> Grade	90	113	53
3 <sup>rd</sup> Grade	90	85	58
4 <sup>th</sup> Grade	90	100	47
<b>LS Total</b>	<b>450</b>	<b>578 (+10)</b>	<b>451 (+115)</b>
5 <sup>th</sup> Grade	93	84	41
6 <sup>th</sup> Grade	93	112	71
7 <sup>th</sup> Grade	93	78	37
8 <sup>th</sup> Grade	93	49	41
<b>MS Total</b>	<b>372</b>	<b>323 (+2)</b>	<b>190 (+56)</b>
9 <sup>th</sup> Grade	100	0	48
10 <sup>th</sup> Grade	102	0	4
11 <sup>th</sup> Grade	104	9	7

12 <sup>th</sup> Grade	86	0	0
<b>US Total</b>	<b>392 (-1)</b>	<b>0</b>	<b>59 (+17)</b>
<b>School Total</b>	<b>1,215 (-1)</b>	<b>901 (+12)</b>	<b>700 (+188)</b>

**Comments on Enrollment**

- Shared Time students
  - 5<sup>th</sup> grade – 4
  - 6<sup>th</sup> grade – 2
  - 7<sup>th</sup> grade – 1
  - 8<sup>th</sup> grade - 1
- PSEO Grade 10 – 1 Part-time
- PSEO Grade 11 – 8 Part-time; 6 Full time
- PSEO Grade 12 – 11 Part-time; 2 Full time

Professional Development: *See Attachment*



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**J. Gutierrez**  
**Professional Development Plan**  
**2024-2025**

Month	Category	Title	Description/Comments
July 2024	Videos – 6 hours	The Power of Myth, by Joseph Campbell	
	Book	The Anxious Generation: How the Great Rewiring of Childhood is Causing an Epidemic of Mental Illness, by Jonathan Haidt	Technology, smart phones, social media, gaming – created kids who have difficulty with friendships, miss rites of passage, are fearful/insecure, seeking approval in a virtual world, and being overprotected in a physical world
	Short Story	Harrison Bergeron, by Kurt Vonnegut	Story about government making everyone equal, the same, by giving “handicaps” to those more gifted and talented. – themes of democracy, government over reach, meritocracy, socialism, etc.
	Lectures (3 hours)	Lectures, analysis and panel discussions on Harrison Bergeron	
	Lectures/Videos (2 hours)	Lectures, videos and analysis on Sir Gawain and the Green Knight	Arthurian fantasy, about chivalry, loyalty, honesty, and sacrifice – Middle Ages
	Book	Bad Therapy: Why the Kids Aren’t Growing Up, by Abigail Shrier	Explains aspects of the mental health crisis and how therapy can undermine the recovery/growth of kids
	Book	Sir Gawain and the Green Knight, translated by J.R.R. Tolkien	
	Movie	The Green Knight – based on Sir Gawain and the Green Knight	
September	Book	A Wrinkle in Time, by Madeleine L’Engle	Curriculum book, but reading it for its adaptation to our school play
	Conference	Law Conference – 6 hours – case law, Title IX, Free speech vs. Establishment clause, Politics in School, data retention in the electronic age, AI and implications in the school, student discipline.	
	Webinar – 1 hour	AI and Education, Jon Fila	
October	Book	Lord of the Flies, by William Goulding	
	Lecture – 1 hour	Lord of the Flies summary and analysis	
November	Book	Animal Farm, by George Orwell	
	Lecture – 1 hour	Animal Farm - -Analyzing a Revolution, by the Canvas	
	Book	The Stand, Stephen King – Book 1, 400 pages	Has themes similar to Lord of the Flies and Animal Farm – societal collapse, good vs evil, leadership, group dynamics;



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## **Executive Director of Finance & Operations Report to the Board**

**Date of Report:** December 2024

**Report Prepared By:** Kelly Gutierrez

### **Operational Highlights:**

- Development/Foundation work – work with Bobbi Giles, development consultant on the following items:
  - First Annual Appeal to SCPA stakeholders including current and alumni families. 2000 appeal letters mailed
  - Create eblast content
  - Continued work on donor data base tool (Bloomerang)
  - Board member recruitment on going
  - Planning for annual Gala
- Succession Planning Committee - meetings
- SCPA Compensation Committee- meeting and meeting prep
- SCPA Garden Committee- meeting and meeting prep including:
  - Grant Planning
  - Site Visits
- Support to direct reports: HR Director, Communications Manager, Facilities Director, Sr. Accountant, Food Service Director
- Marketing/Communications. Review of Prep weekly, coordinate design of marketing postcard to recruit Upper School students.
- Financial Management
  - Life Cycle Replacement Schedule update in coordination with Facilities Director.
  - IRS 990 Prep
  - Annual Line of Credit renewal
  - MDE Student Accounting Audit coordination
- Office of State Auditor Task Force- monthly meeting and meeting prep.
- Leadership in the Valley- Education Day Committee – monthly meeting and meeting prep.
- Administrator Consulting: 2 hours/week (Charter Source); 1 hour/week Seven Hills



December 5, 2024

Jon Gutierrez, Director  
St. Croix Preparatory Academy #4120  
4260 Stagecoach Trl N  
Stillwater, MN 55082

Dear Jon Gutierrez,

This is to confirm our appointment regarding the student accounting audit for school year 2022-2023 scheduled to begin December 9, 2024 at 8:30 am at St. Croix Preparatory Academy #4120. Please have an individual available during the audit who can respond to questions regarding student data. **At a minimum, the data and documentation listed below will be needed to complete the audit. Additional data could be requested as needed. Gathering the pertinent data prior to our arrival will assist in completing the audit. This data pertains to all students enrolled at the school for fiscal year (FY) 20XX:**

1. FY 2023 school calendar per grade and building level. The calendar must identify actual instructional days, non-instructional days, and other days (early dismissals, late starts, vacations, test week schedule, etc.).
2. FY 2023 student bell schedules for the school year identifying hours per day, per grade/class, per building (starting and ending times, including meals).
3. Information pertaining to parent/teacher conference days and teacher in-service days.
4. Information from student cumulative files for school year 2022-2023 including:
  - Daily attendance for a randomly selected sample of students enrolled at the school in FY 2023.
  - Documents identifying entry and withdrawal dates; such as student transfer forms, Change in Enrollment form, and/or school registration forms, for a randomly selected sample of students.
  - Student grade reports/transcripts for a randomly selected sample of students.
  - Student daily class schedules for a randomly selected sample of students.
5. Early childhood special education students, documentation should cover school year 2022-2023:
  - a. Individual Education Program Plans (IEP).
  - b. Individualized Family Service Plans (IFSP).
  - c. Records of daily attendance (see items 1-4 above).
  - d. Worksheets converting days to reported hours.

6. Kindergarten students with disabilities, documentation should cover school year 2022-2023:
  - a. Individual Education Program Plans (IEP).
  - b. Records of daily attendance (see items 1-4 above).
  - c. Worksheets converting days to reported hours.
7. Postsecondary Enrollment Options Students:
  - a. Students' daily class schedule for school year 2022-2023 identifying credit-bearing courses taken in your district and the dates of enrollment in those courses.
  - b. Number of credits a student needs to graduate.
8. A list by category identifying name, grade level and pertinent dates (entry and withdrawal) for the following students for school year 2022-2023:
  - a. Shared time students (working papers pertaining to reported MARSS data).
  - b. Homebased/homebound (students taught at home).
9. Homebound students:
  - a. Medical/doctor's slip for school year 2022-2023 requiring homebound services be provided.
  - b. Documentation for school year 2022-2023 that shows the actual dates of each homebound visit and the number of hours of instruction provided on each homebound visit.
10. The dated and approved board policy that allows the enrollment of students under the age of five as of September 1 of the school year for which the student seeks enrollment. Please provide a copy of the board policy and board minutes approving the policy, effective for school year 2022-2023.
11. Name and address of current board chair.

See Appendix H, "Record Keeping for Audits" in the Minnesota Automated Reporting Student System (MARSS) Manual published by the Minnesota Department of Education.

At the conclusion of our site visit we will discuss our preliminary findings and recommendations and address questions the district may have. Please note that follow up questions and additional data or documentation may be requested as the work is summarized in the office.

If you have further questions regarding the scheduled audit appointment, please contact Cathy Durkot, Auditor Principal, at (612) 279-3576.

Very truly yours,



Jennifer Glanz, Education Funding Audit Supervisor  
School Finance Division  
Minnesota Department of Education  
(651) 582-8271

CC: Kelly Gutierrez, Business Manager



## ST. CROIX PREPARATORY ACADEMY SOCIAL MEDIA Policy #SCPA-711

### I. PURPOSE

The purpose of this policy is to address the SCPA's expectations for professional and personal use of social media by SCPA employees.

### II. DEFINITIONS

- A. Social Media: Internet and mobile-based applications, websites, and functions, other than email, for sharing and discussing information, where users can post photos, video, comments, and links to other information to create content on any imaginable topic.
- B. Employee: Any person employed by the SCPA, as well as any Board member, agent, independent contractor, volunteer, or other person engaging in work for the SCPA.
- C. On Duty: Includes any time for which the employee is being compensated by the SCPA, excluding vacations, sick days, personal leave, and paid holidays.
- D. Post: To publish or share something on an employee's own social media account or profile, or to comment on, react to (*e.g.*, like, dislike, etc.), or respond to another user's post(s) on the other user's social media account or profile.

### III. GENERAL STATEMENT OF POLICY

- A. Employees must comply with SCPA policies and all state and federal laws when using social media.
- B. Employees must not use social media to post, publish, or disclose data classified as private or confidential under federal or state law, including but not limited to data



on SCPA students, parents, employees, or other representatives or agents of the SCPA.

- C. Employees must not post images on social media of other SCPA employees or students without prior consent of the employee or the student's parent, unless permitted by law or SCPA policy.
- D. Employees must not use social media to disclose floor plans, blueprints, emergency response plans, or any other data that, if disclosed, could jeopardize the security or safety of students or staff at school.
- E. The SCPA's Executive Director, or their designee is the SCPA's authorized spokesperson. Employees must not use social media to speak for, or on behalf of, the SCPA or represent that they speak for, or on behalf of, the SCPA before, during, or after their duty day, without the Executive Director, or their designee's prior approval.
- F. Employees must not use or post the SCPA's logos on social media or create a social media account that represents the SCPA without prior approval from the Executive Director or their designee.
- G. Employees must be respectful and professional in all communications (by word, image, implication, and other means). When employees engage with SCPA students, families, fellow employees, or members of the general public on social media, they must maintain professionalism and remain responsible for addressing inappropriate behavior or activity on these networks, including requirements for mandated reporting. Employees must not post material that is pornographic; promotes harm or violence; promotes criminal or illegal activity; promotes discrimination; or could reasonably be predicted to create a material and substantial disruption to SCPA operations or an environment that is not conducive to learning.
- H. Employees must maintain professional boundaries with students on social media. Employees may not engage in communications with students that give the impression of being peer-to-peer communications, unless the employee and student are related. Employees should refrain and limit extensive social involvement or develop personal or private relationships with individual students through social media, unless they are related. Upon a student's graduation, employees establish more informal connections via social media.



- I. When employees express themselves pursuant to their official job duties, they speak as SCPA representatives. When employees speak in this capacity, they must follow their supervisor's directives and the SCPA's mission. Employees may be disciplined for expression that is inconsistent with their supervisor's directives and the SCPA's mission or that is made pursuant to their official job duties and is not otherwise protected under the Constitution or a federal or state law.
- J. Even when employees express themselves when they are not on duty, their right to express themselves is balanced against the SCPA's right to maintain efficient operations and an environment that is conducive to working and learning. Employee speech is not protected if it creates disharmony in the workplace; impedes an employee's ability to perform his or her job duties; significantly impairs the working relationship with other employees; or significantly harms the SCPA's image in the community. Employees may be disciplined for speech that implicates these non-protected forms of expression.
- K. Employees must be mindful that the public may have difficulty discerning between personal and professional social media activity. Employees must be mindful of the risk of harm to their professional reputation, and to the SCPA's reputation, which can occur from engaging in inappropriate use of social media. Employees must be mindful that information published on social media can be widely distributed and easily accessible for a long period of time. Employees must notify community members that their views are their own and do not necessarily reflect the views of the SCPA.

#### **IV. OFFICIAL SCHOOL SOCIAL MEDIA ACCOUNTS**

- A. The SCPA may establish official accounts on select social media platforms. The SCPA's Executive Director or their designee must approve all official SCPA social media accounts.
- B. With prior approval from the Executive Director or their designee, employees may post for the SCPA on the SCPA's official social media accounts, subject to the following restrictions:
  - a. Employees must not use obscene, profane, or vulgar language on any SCPA-sponsored social media.



- b. Employees must not engage in communication or conduct that is obscene, pornographic, harassing, threatening, bullying, libelous, defamatory, or that encourages any illegal activity, the inappropriate use of alcohol, the use of illegal drugs, sexual behavior, sexual harassment, or bullying.
  - c. Employees must not post images of a student on SCPA-sponsored social media accounts if the student or, if the student is a minor, the student's parent or guardian, has opted out of image use of their child or has not provided the appropriate approval. Exceptions to this rule include images of students taken in public arenas such as sporting events or fine arts public performances where names are not included.
  - d. Employees must comply with all applicable SCPA policies and all laws, including, but not limited to, copyright laws, privacy laws, and laws governing the use of another person's name, likeness, or other personal attributes.
  - e. Posts on SCPA-sponsored social media must be secular in nature.
- C. The SCPA's official social media accounts are the property of the SCPA. The SCPA may monitor and regulate the content of information on its sites and accounts. Employees are prohibited from taking accounts with them when they leave the SCPA or attempting to change the account name or password on these social media accounts.

## **V. EMPLOYEE USE OF SOCIAL MEDIA**

- A. Use of social media during the duty day.
  - a. Employees may use social media for legitimate educational purposes, including promoting student learning and implementing the SCPA's approved curriculum, during the duty day.
  - b. Employees must comply with all applicable state and federal laws and SCPA policies when using social media during the duty day.



- c. Employees must limit personal use of social media during the duty day. If an employee's supervisor or the Executive Director determines personal use of social media is interfering with an employee's work, restrictions may be placed on an employee's use of social media at the discretion of the Executive Director or their designee.
- B. Use of social media outside the duty day.
- a. Employees may use SCPA equipment to access personal social media. Employees must be mindful that the SCPA monitors and inspects its computer systems and networks; and the SCPA reserves the right to inspect its equipment. Employees should have no expectation of privacy for any data stored or transmitted via SCPA computer equipment or networks.
  - b. Employees must not use their SCPA e-mail address for social media accounts that are not sponsored by the SCPA without approval from the Executive Director or their designee.
  - c. Employees must make clear that any views expressed on personal social media accounts are the employee's views and do not necessarily reflect the views of the SCPA. Employees must not act as a spokesperson for the SCPA or post comments as a representative of the SCPA on their personal social media accounts.
  - d. Employees must not use the SCPA's name, any SCPA trademark, or any other intellectual property belonging to the SCPA on their personal social media account.
  - e. Employees must not express themselves on social media in a manner that is intended to—or could reasonably be predicted to—undermine the efficient operations of the school and/or create an environment that is not conducive to working and learning.
  - f. Employees must not express themselves on social media in a manner that is intended to—or could reasonably be predicted to—create disharmony in the workplace; impede an employee's ability to perform his or her job duties; significantly impair the working relationship with other employees; or significantly harm the SCPA's image in the community.



## VI. CONSEQUENCES

- A. Employees who violate this policy may be subject to discipline, up to and including termination. The level of discipline will depend on the nature and severity of the offense.
- B. Employees must be mindful that the SCPA routinely monitors and inspects its computer system. Employees have no expectation of privacy in any data stored on or transmitted through the SCPA's computer system.
- C. Employees must be mindful that the SCPA may view and monitor an employee's publicly viewable social media, website, or blog at any time without an employee's consent or previous approval or knowledge.
- D. Employees must be mindful that data stored on the SCPA's computer system, including social media data, are subject to inspection and disclosure under applicable law including, but not limited to, the Minnesota Government Data Practices Act and Family Educational Rights and Privacy Act. Employee data may also be subject to disclosure in litigation or to law enforcement in connection with a criminal investigation.

### ***Legal References:***

Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)  
20 U.S.C. § 1232g, et seq. (Family Educational Rights and Privacy Act)  
34 C.F.R. §§ 99.1, et seq. (Family Educational Rights and Privacy Act)  
Minn. Rules Part 8710.2100 (Code of Ethics for Minnesota Teachers)  
Minn. Rules Part 3512.5200 (Code of Ethics for SCPA Administrators)  
*Garcetti v. Ceballos*, 547 U.S. 410 (2006)

### ***Cross References:***

District Policy XXX (Public/Private Personnel Data)  
District Policy XXX (Technology Acceptable Use)  
District Policy XXX (Prohibiting Harassment and Violence)  
District Policy XXX (Bullying Prohibition)  
District Policy XXX (Protection and Privacy of Pupil Records)  
District Policy XXX (Internet Acceptable Use Policy)  
District Policy XXX (Social Media for Student Participants)



## ST. CROIX PREPARATORY ACADEMY EQUAL EMPLOYMENT OPPORTUNITY Policy #401

### I. PURPOSE

The purpose of this policy is to provide equal employment opportunity to all applicants for employment and for all St. Croix Preparatory Academy (SCPA) employees.

### II. GENERAL STATEMENT OF POLICY

- A. The policy of SCPA is to provide equal employment opportunity for all applicants and employees. SCPA does not unlawfully discriminate on the basis of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, including gender identity or expression, age, family care leave status, or veteran status. The charter school also makes reasonable accommodations for disabled employees.

**[Note: The Minnesota Human Rights Act defines "sexual orientation" to include "having or being perceived as having a self-image or identity not traditionally associated with one's biological maleness or femaleness." Minnesota Statutes section 363A.03, Subd. 44.]**

- B. SCPA prohibits the harassment of any individual for any of the categories listed above. For information about the types of conduct that constitute impermissible harassment and SCPA's internal procedures for addressing complaints of harassment, please refer to SCPA's policy on harassment and violence.
- C. This policy applies to all areas of employment, including hiring, discharge, promotion, compensation, facilities, or privileges of employment.
- D. Every SCPA employee shall be responsible for following this policy.
- E. Any person having a question regarding this policy should discuss it with the Human Resource Director.

**Legal References:** Minn. Stat. Ch. 363A (Minnesota Human Rights Act)  
29 U.S.C. § 621 *et seq.* (Age Discrimination in Employment Act)  
29 U.S.C. § 2615 (Family and Medical Leave Act)  
38 U.S.C. § 4211 *et seq.* (Employment and Training of Veterans)



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38 U.S.C. § 4301 *et seq.* (Employment and Reemployment Rights of Members of the Uniformed Services)

42 U.S.C. § 2000e *et seq.* (Equal Employment Opportunities; Title VII of the Civil Rights Act)

42 U.S.C. § 12101 *et seq.* (Equal Opportunity for Individuals with Disabilities)

**Cross References:** Policy 402 (Disability Nondiscrimination)  
Policy 413 (Harassment and Violence)



## ST. CROIX PREPARATORY ACADEMY BACKGROUND CHECKS Policy #404

### **I. PURPOSE**

The purpose of this policy is to maintain a safe and healthful environment at St. Croix Preparatory Academy (SCPA). SCPA will seek a criminal history background check for applicants who receive an offer of employment and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to SCPA, regardless of whether any compensation is paid. SCPA may also elect to do background checks of other volunteers, independent contractors, board members, and student employees.

### **II. GENERAL STATEMENT OF POLICY**

- A. SCPA shall require that applicants for school positions who receive an offer of employment and all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to SCPA, regardless of whether any compensation is paid, submit to a criminal history background check. The offer of employment or the opportunity to provide services shall be conditioned upon a determination by SCPA that an individual's criminal history does not preclude the individual from employment with, or provision of services to SCPA.
- B. SCPA specifically reserves any and all rights it may have to conduct background checks regarding current employees, applicants, or service providers without the consent of such individuals.
- C. Adherence to this policy by SCPA shall in no way limit SCPA's right to require additional information, or to use procedures currently in place or other procedures to gain additional background information concerning employees, applicants, volunteers, service providers, independent contractors, and student employees.

### **III. PROCEDURES**

- A. Normally an individual will not commence employment or provide services until SCPA receives the results of the criminal history background check. SCPA may conditionally hire an applicant or allow an individual to provide services pending completion of the background check but shall notify the individual that the individual's employment or opportunity to provide services may be terminated based on the result of the background check. Background checks will be performed by the Minnesota Bureau of Criminal Apprehension (BCA). The BCA shall conduct the background check by retrieving criminal history data as defined in Minnesota Statutes, section 13.87. SCPA



reserves the right to also have criminal history background checks conducted by other organizations or agencies.

- B. In order for an individual to be eligible for employment or to provide athletic coaching services or other extracurricular academic coaching services to SCPA, except for an enrolled student volunteer, the individual must sign a criminal history consent form, which provides permission for SCPA to conduct a criminal history background check, and provide a money order or check payable to either the BCA or to SCPA, at the election of SCPA, in an amount equal to the actual cost to the BCA and SCPA of conducting the criminal history background check. The cost of the criminal history background check is the responsibility of the individual, unless SCPA decides to pay the costs for a volunteer, an independent contractor, or a student employee. If the individual fails to provide SCPA with a signed Informed Consent Form and fee at the time the individual receives a job offer, or permission to provide services, the individual will be considered to have voluntarily withdrawn the application for employment or request to provide services.
- C. SCPA, at its discretion, may elect not to request a criminal history background check on an individual who holds an initial entrance license issued by the Minnesota Professional Educator Licensing and Standards Board or the Minnesota Commissioner of Education within the 12 months preceding an offer of employment or permission to provide services.
- D. For all non-state residents who are offered employment with or the opportunity to provide athletic coaching services or other extracurricular academic coaching services to SCPA, SCPA shall request a criminal history background check on such individuals from the superintendent of the BCA and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. The offer of employment or the opportunity to provide services shall be conditioned upon a determination by SCPA that an individual's criminal history does not preclude the individual from employment with, or provision of services to SCPA. Such individuals must provide an executed criminal history consent form.
- E. When required, individuals must provide fingerprints to assist in a criminal history background check. If the fingerprints provided by the individual are unusable, the individual will be required to submit another set of prints.
- F. Copies of this policy shall be available at SCPA and will be distributed to applicants for employment and individuals who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services upon request. The need to submit to a criminal history background check may be included with the basic criteria for employment or provision of services in the position posting and position advertisements.
- H. The individual will be informed of the results of the criminal background check(s) to the extent required by law.



- I. If the criminal history background check precludes employment with, or provision of services to SCPA, the individual will be so advised.
- J. SCPA may apply these procedures to other volunteers, independent contractors, board members, or student employees.
- K. At the beginning of each school year or when a student enrolls, SCPA may notify parents and guardians about this policy and identify those positions subject to a background check and the extent of SCPA's discretion in requiring a background check. SCPA may include this notice in its student handbook, a school policy guide, or other similar communication.

#### **IV. CRIMINAL HISTORY CONSENT FORM**

An on-line background check authorization form may be found on [www.stcroixprep.org](http://www.stcroixprep.org). A paper authorization form may be obtained at SCPA's main office and may be submitted in a sealed envelope.

**Legal References:** Minn. Stat. § 13.04, Subd. 4 (Rights of Subjects of Data)  
Minn. Stat. § 13.87, Subd. 1 (Criminal Justice Data)  
Minn. Stat. § 123B.03 (Background Check)  
Minn. Stat. §§ 299C.60-299C.64 (Minnesota Child, Elder, and Individuals with Disabilities Protection Background Check Act)  
Minn. Stat. § 364.09(b) (Exception for School Districts)

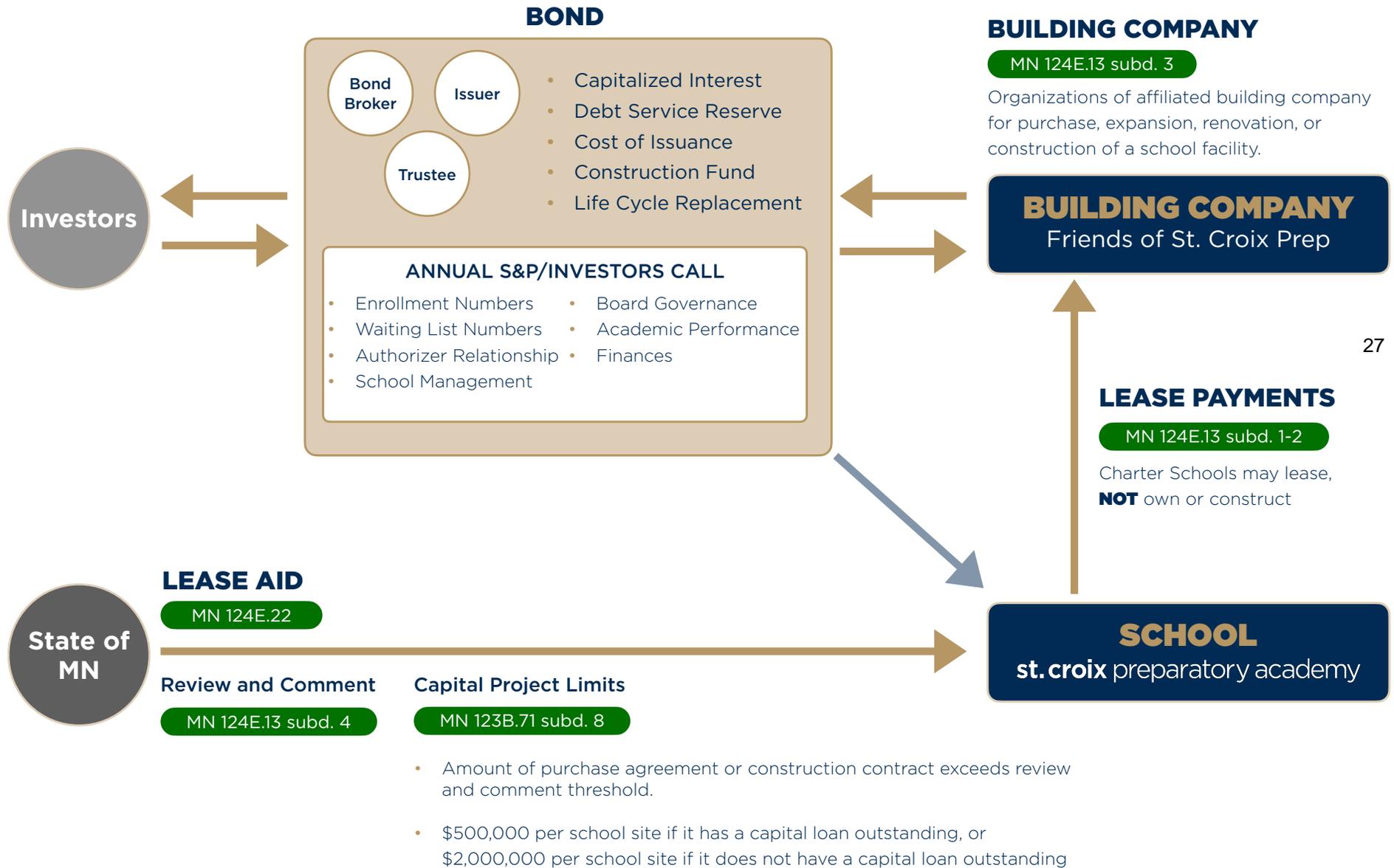
**Cross References:** None



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# Building Company and School Organization Flow

## Minnesota Statute 124E





## ST. CROIX PREPARATORY ACADEMY SCPA – FSCPA Financial Training

### General Information:

- FSCPA is the owner of the 59 acres and all buildings occupied by the School.
- FSCPA is the landlord; the School (Bob Hajlo, Board Chair) and FSCPA (Kelly Gutierrez, Treasurer) execute a memo of understanding to adjust lease payments to maximize lease aid.
- The School receives lease aid from the state of MN; this amounts to \$1,314 per pupil unit. Pupil units are different than # of students
- Pupil Unit (Minn Stat 126C.05) –
  - K – 6 students count as 1.0 pupil unit
  - 7 – 12 students count as 1.2 pupil units
  - PSEO students count as 1.2 pupil units

### Bond Payments and Financial Implications:

- All lease payments are sent to FSBT Checking Account; UMB sweeps this account to make payments to the bondholders.
- The bond debt service (payment to the bondholders) is based on 1,272 pupil units
- This year's lease agreement is based on 1,314 pupil units.
- The difference yields an additional \$55k (annually) that remains in the FSBT account after it is swept for payment to the bondholders
- PSEO generates 36 additional pupil units; this generates an additional \$47k (annually) that remains in the FSBT account after it is swept for payments to the bondholders.
- By maximizing lease aid there is an additional \$100k in FSCPA checking accounts.

### Bond Trustee, Capital Improvements Fund, and Reserve Fund

- Capital Improvement Fund. Per the bond agreements, approximately \$120,000 a year is placed in a Capital Improvement Fund. UMB, the trustee, controls the disbursement of the fund; access to these dollars must be requested and receive UMB approval prior to receive reimbursement. Note: The FSBT accounts are not subject to trustee approval.
- Reserve Fund, held with the Trustee (UMB). At the time of the bond offering, the last year of bondholder payments are held in reserve. These funds cannot be accessed prior to the last year of the bond payments.

### Short Term Strategy for Increasing Staff Compensation

- **FSCPA funds can ONLY be used for investments/expenditures that relate to facilities.**
- FSCPA has paid for facilities related expenses (as noted in the FSCPA minutes (e.g. LS SPED remodel, landscaping, sod replacement, refinish gym floor, etc.) to free up \$ that can then be used to increase teacher pay via the annually approved Compensation



Plan. At this point, FSCPA has absorbed approximately \$600k in facilities costs on behalf of SCPA.

- This bridge strategy is in place until the Foundation has the structure and capacity to generate additional funding.

## Importance of Managing the Short Term Strategy, Life Cycle Replacement

- Life Cycle Replacement. K. Gutierrez and B. Blotske maintain a 30 year life cycle cost replacement spreadsheet which captures estimated annual facility costs: utilities, repairs and maintenance (interior and exterior), maintenance supplies, and building replacement costs (e.g. structure, roof, mechanical units, etc.)
- The amount reserved in the Capital Improvement fund is not sufficient to address the life cycle replacement needs of the building/property. Note: Through Kelly's work with other organizations, this appears to be the case with all charter schools who have issued bonds through an affiliated building company.
- Because of this, the fund balance of \$6M is misleading, since in the near term, funds will be needed to address the maintenance and repairs required to maintain the building (e.g. parking lot repair of \$350k, track resurfacing of \$75k, and \$1M+ scheduled for last year to replace rooftop units, etc.). Note: Our Facilities Director, B. Blotske, has done an extraordinary job of extending the useful life of our infrastructure (e.g. gym floor resurfacing was done after 15 years when normal replacement would occur between 7-10 years.). We will continue to do this, but as just noted large expenditures are imminent.
- For the above reasons, Kelly has repeatedly mentioned the option of a Board motion to "assign" part of the School's fund balance for these anticipated expenditures. Given the details above, assigning \$2M of the fund balance would be reasonable. Next Steps: Receive recommendation from Finance Committee to take this action.

## Fund Balance and Bond Covenants – Comments.

- Fund Balance. Based on board policy and Friends of Education direction, a fund balance of 20%-25% is preferred. Falling below this threshold will have no day to day impact other than Friends of Education expressing their concern.
- Bond Covenant Ratios. The debt service coverage ratio and days cash on hand metrics noted in the bond covenants must be complied with. If these are not met, the bondholders have the discretion of intervening, requiring the hiring of a financial consultant to strongly recommend ways to remedy the situation.
- Days Cash on Hand.
  - Definition. Essentially it is a financial metric to determine how long an organization can continue to operate with the cash on hand without any influx of cash or revenue. The two key components of the calculation are the cash on hand and the daily operating expenses.
  - Calculation. The calculation is ---- Days Cash on Hand = Cash on Hand/((Annual operating expenses – noncash items)/365 days)
    - Operating expenses include items like salaries, benefits, utilities, lease payments, etc.



- Non-cash items included items like depreciation expense
- For purposes of the bond covenants this calculation occurs on June 30.
- Consideration must be given to the 10% holdback in school financing.
- Debt Service Coverage Ratio
  - Definition. Essentially it is a financial metric to determine whether the School has sufficient cash flow to pay its current debt. The two key components of the calculation are net operating income and debt service
  - Calculation. The calculation is ---- Debt Service Coverage Ratio = (Debt Service + Net operating income + capitalized assets)/debt service.
    - For purposes of bond covenants, this calculation should be at least 1.1

Final Comments: From a “classical” perspective.

- Grammar. The above discussion includes the grammar of the following:
  - Charter school law (124E) as it relates to a school and affiliated building companies
  - Accounting as it relates to budgeting, capitalization and depreciation, net operating income, financial ratios, etc.
  - School finance as it relates to average daily membership, pupil units, lease aid, 10% holdback (need for line of credit due to a history of 40% holdback), budgeting, compensation models, etc.
  - Bond issuance as it relates to issuer, trustee, capitalized interest, capital improvement fund, reserve fund, bond covenants, and compliance (e.g. S&P annual review, annual investor call, EMMA, Electronic Municipal Market Access - posting, etc.).
  - Facilities as it relates to short term repairs and maintenance and long term sustainability of a \$30M+ asset.
- Logic. Simply stated, all of the grammar items are interrelated and a school should have personnel who understand how they are related and the impact of decision making.
- Rhetoric. The synthesis of the above are evident in the following:
  - Annual memo to maximize lease aid.
  - Recognition of the value of PSEO students in terms of lease aid
  - Proactively building a compensation model that can sustained via the interrelationships noted in the logic stage.
  - Year-end journal entries made to meet bond covenants; this is only accomplished through monitoring financials throughout the year. (e.g. knowing that net operating income needs to be near \$170k – with consideration to capitalized assets)
  - Maximizing unrestricted building company funds for short term facilities expenditures
  - Recognizing and monitoring the impact of the capitalization policy (increase of capitalization from \$500 to \$2500) on financial metrics and satisfying bond covenants.
  - Recognizing that inverted yield curves (short term interest rates are greater than long term interest rates) give an opportunity to generate revenue.



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- Note: Somewhat related is how the School has taken advantage of PPP (\$1.4 million – Paycheck Protection Program) and ERC (\$1.2 million – Employee Retention Credit)

## **124E.13 FACILITIES.**

### **Subdivision 1. Leased space.**

A charter school may lease space from: an independent or special school board; other public organization; private, nonprofit, nonsectarian organization; private property owner; or a sectarian organization if the leased space is constructed as a school facility. In all cases, the eligible lessor must also be the building owner. The commissioner must review and approve or disapprove lease aid applications in a timely manner to determine eligibility for lease aid under section [124E.22](#).

### **Subd. 2. Related party lease costs.**

(a) A charter school must not enter into a lease of real property with a related party unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section [124E.22](#), paragraph (a), clause (1).

(b) A related party permitted to enter into a lease under paragraph (a) must include the following statement in the lease: "This lease is subject to Minnesota Statutes, section [124E.13, subdivision 2](#)."

(c) If a charter school leases space from a related party and the charter school subsequently closes, the commissioner has the right to recover from the related party any lease payments in excess of those that are reasonable under section [124E.22](#), paragraph (a), clause (1).

### **Subd. 3. Affiliated nonprofit building corporation.**

(a) An affiliated nonprofit building corporation may purchase, expand, or renovate an existing facility to serve as a school or may construct a new school facility. One charter school may organize an affiliated nonprofit building corporation that serves only that charter school if the charter school:

(1) has operated for at least six consecutive years;

(2) as of June 30, has a net positive unreserved general fund balance in the preceding three fiscal years;

(3) has long-range strategic and financial plans that include enrollment projections for at least five years;

(4) completes a feasibility study of facility options that outlines the benefits and costs of each option; and

(5) has a plan that describes project parameters and budget.

(b) An affiliated nonprofit building corporation under this subdivision must:

- (1) be incorporated under chapter 317A;
  - (2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;
  - (3) post on the school website the name, mailing address, bylaws, minutes of board meetings, and names of the current board of directors of the affiliated nonprofit building corporation;
  - (4) submit to the commissioner a copy of its annual audit by December 31 of each year;
- and
- (5) comply with government data practices law under chapter 13.

(c) An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(d) The board of directors of the charter school must ensure the affiliated nonprofit building corporation complies with all applicable legal requirements. The charter school's authorizer must oversee the efforts of the board of directors of the charter school to ensure legal compliance of the affiliated building corporation. A school's board of directors that fails to ensure the affiliated nonprofit building corporation's compliance violates its responsibilities and an authorizer must consider that failure when evaluating the charter school.

**Subd. 4. Positive review and comment.**

If the amount of a purchase agreement or construction contract exceeds the review and comment threshold, a charter school or its affiliated nonprofit building corporation must receive a positive review and comment from the commissioner before initiating any purchase agreement or construction contract. Without a positive review and comment from the commissioner, a purchase agreement or construction contract under this subdivision is null and void. For purposes of this subdivision, "review and comment threshold" means the dollar amount specified in section [123B.71, subdivision 8](#), applicable to a school entity that is not a recipient of a maximum effort capital loan.

**History:**

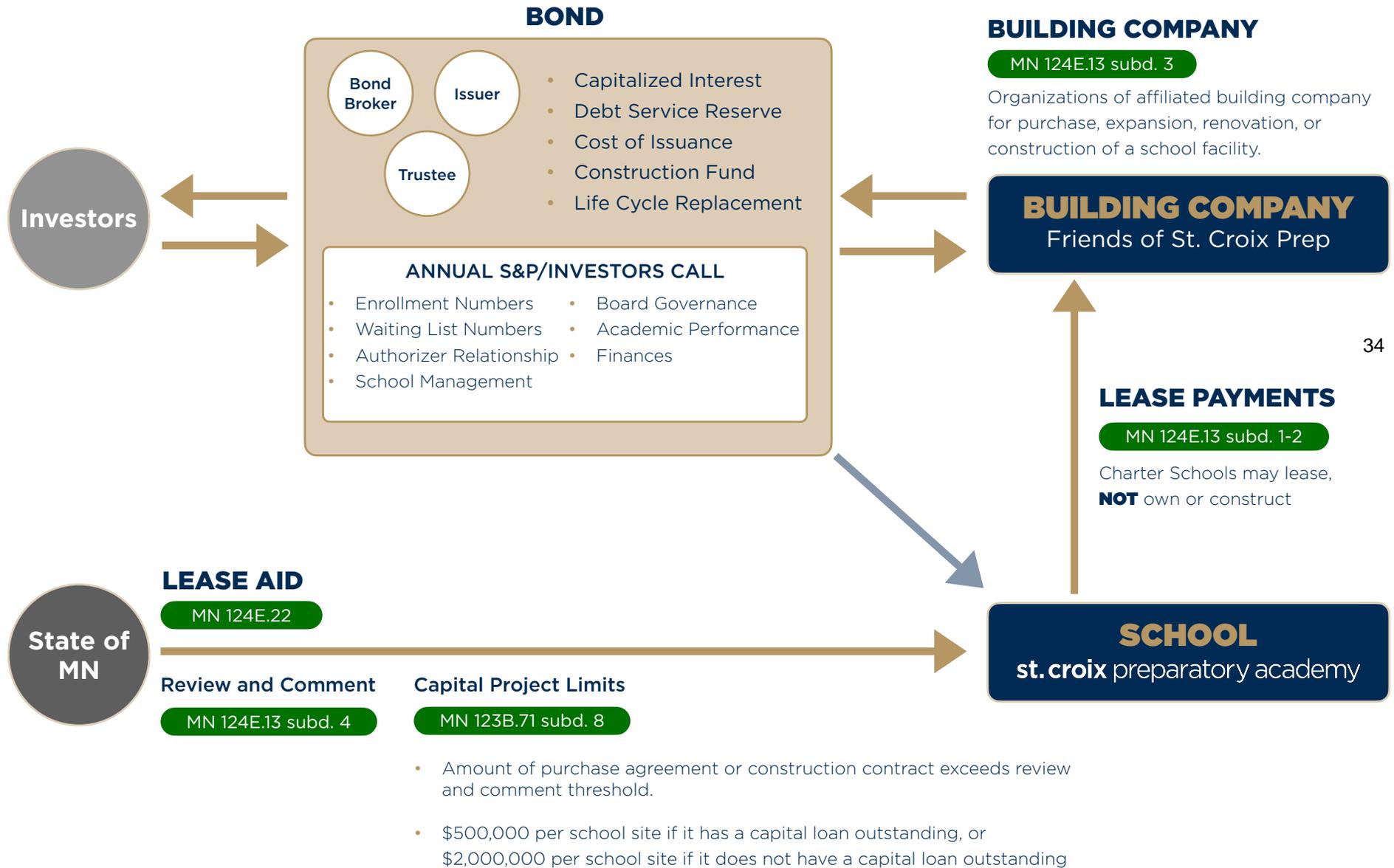
*[1991 c 265 art 9 s 3](#); [1993 c 224 art 9 s 10](#); [1994 c 647 art 9 s 2](#); [1Sp1995 c 3 art 9 s 2](#); [art 16 s 13](#); [1998 c 397 art 2 s 164](#); [1Sp2001 c 6 art 2 s 25](#); [2003 c 130 s 12](#); [1Sp2003 c 9 art 12 s 11](#); [2007 c 146 art 2 s 24](#); [2009 c 96 art 2 s 41](#); [1Sp2011 c 11 art 2 s 29](#); [2012 c 239 art 2 s 14](#); [2013 c 116 art 4 s 1](#); [2014 c 272 art 3 s 40,41](#); [1Sp2015 c 3 art 4 s 10](#); [2016 c 189 art 26 s 10](#); [2023 c 55 art 6 s 12,13](#); [2024 c 115 art 6 s 1](#)*



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# Building Company and School Organization Flow

## Minnesota Statute 124E





### **10% Holdback**

Refers to the Minnesota's practice of withholding a portion of public school funding each fiscal year. This delayed payment system ensures that funding allocations are accurate and based on actual enrollment figures, which can fluctuate over the school year. Once the school year ends and enrollment numbers are verified, the holdback amount is released to the district or charter school.

### **40% Holdback**

During the late 2000s and early 2010s, Minnesota faced severe budget shortfalls caused by the economic recession of 2008-2009. As a result, the state implemented measures to manage its budget deficit, including adjusting the timing of school funding payments. In 2010, Minnesota increased the school funding holdback to 40% of aid payments. This was done to improve the state's cash flow and balance the budget without directly cutting education spending levels.

### **Annual Investor Call**

A scheduled event where a company's management team discusses its financial performance and key developments from the past fiscal year with investors, analysts, and other stakeholders.

### **Average Daily Membership (ADM)**

In Minnesota, school budgets are closely linked to a metric known as **Average Daily Membership (ADM)**. ADM is a critical factor in determining a school district's funding because it represents the number of students enrolled over a school year, averaged out to reflect daily attendance.

### **Bond Issuance**

Refers to the process through which a school district raises funds for capital projects—such as building new schools, renovating existing facilities, or upgrading infrastructure—by issuing bonds. Bonds allow school districts to borrow money and pay it back over time, typically with interest. Bond issuances are commonly used to finance large, long-term investments that would be difficult to cover with regular operational budgets.

### **Bond**

A fixed-income investment in which an investor lends money to a borrower (typically a government, corporation, or municipality) for a defined period of time at a specified interest rate.

### **Bond Compliance**

The process by which a bond issuer ensures that they adhere to the terms and conditions specified in the bond's legal agreements, including any covenants, regulations, and financial commitments. Compliance is essential to maintain the trust of bondholders, avoid penalties or defaults, and ensure continued access to the capital markets. Bond compliance encompasses financial reporting, regulatory requirements, and adherence to any covenants set out in the bond indenture.

**Bond Covenant**

A legally binding term or condition that is part of the bond contract (indenture) between the bond issuer and bondholders. These covenants are designed to protect the interests of bondholders by setting rules and limitations on the activities of the issuer.

**Bond Indenture**

A formal legal agreement between a bond issuer and bondholders, outlining the terms and conditions of a bond issuance.

**Bond Trustee**

A third-party entity, typically a bank or trust company, that acts as a fiduciary and intermediary between the bond issuer and the bondholders. The trustee ensures that the terms and conditions of the bond indenture (the legal contract governing the bond issuance) are followed. The role of the bond trustee is critical in safeguarding the interests of the bondholders and ensuring the proper administration of the bond issuance process.

**Budgeting**

The process of creating a financial plan that estimates revenue, expenses, and resources for a specific period, typically a month, quarter, or year.

**Capitalization of Assets**

This is an accounting method that records an asset's cost as an asset on the balance sheet, rather than an expense on the income statement. This is done when the cost is expected to benefit the company for more than one year.

**Capital Improvement Fund (CIF)**

A type of fund set aside by governments, municipalities, school districts, or other organizations to finance large-scale, long-term capital projects such as the construction, renovation, or maintenance of infrastructure, buildings, or other fixed assets. These funds are specifically dedicated to covering the costs of acquiring, upgrading, or improving physical assets that will benefit the organization or community over a long period.

**Capitalization Interest**

The interest that is added to the cost of a long-term asset instead of being expensed immediately. It typically occurs when a company is constructing or acquiring a long-term asset (such as a building, infrastructure, or large-scale equipment), and the interest incurred during the period of construction or acquisition is added to the cost of the asset on the balance sheet. This practice is most common in industries like real estate, construction, and manufacturing, where long-term capital projects are common.

**Certificate of Deposit (CD)**

A financial product offered by banks and credit unions that allows individuals to deposit a lump sum of money for a fixed period of time in exchange for a higher interest rate compared to a standard savings account. CDs are considered a low-risk investment because they are typically insured by the Federal Deposit Insurance Corporation (FDIC) in the U.S. or other equivalent institutions elsewhere.

## **Compensation Model**

Refers to the structure and approach used by schools or school districts to determine how educators and staff are paid. These models can vary widely depending on local policies, state laws, collective bargaining agreements, and the objectives of the school system. The compensation model typically includes both base salary and additional incentives or bonuses, with the goal of attracting, retaining, and motivating quality educators and staff.

## **Depreciation**

An accounting method used to allocate the cost of a tangible asset over its useful life. It represents the decrease in the asset's value due to factors such as wear and tear, usage, age, or obsolescence.

## **Electronic Municipal Market Access (EMMA)**

Provides free public access to information on municipal bonds, including those issued by school districts, cities, and other municipal entities. It is a critical tool for ensuring transparency in the municipal securities market by providing investors, taxpayers, and other stakeholders with information about bond issuances, continuing disclosures, and financial reports.

## **Employee Retention Credit (ERC)**

A tax credit introduced under the CARES Act in March 2020 to encourage businesses affected by COVID-19 to keep employees on their payroll. The ERC allowed eligible employers to receive a refundable tax credit based on a percentage of employee wages paid during specific periods in 2020 and 2021.

## **Financial Ratios**

Metrics used to evaluate a company's financial health, performance, and efficiency by analyzing relationships between various financial statement items.

## **First State Bank & Trust (FSB&T)**

The primary bank of St. Croix Preparatory Academy (The School)

## **Friends of St. Croix Preparatory Academy (FSCPA)**

Friends of St. Croix Preparatory Academy (FSCPA) is a legally separate 501c3 organization formed to design and implement St. Croix Prep's strategies related to facilities.

## **Issuer**

An entity that borrows funds by selling bonds to investors. The issuer is responsible for paying back the principal (the face value of the bond) when the bond matures, along with periodic interest payments, known as coupon payments, throughout the bond's life. Bond issuers can be governments, municipalities, corporations, or other organizations, depending on the purpose and the type of bond being issued.

## **Lease Aid**

A funding mechanism in Minnesota specifically designed to help charter schools cover building lease costs, as they typically cannot issue bonds or levy taxes like traditional public schools for facility expenses. Lease aid is essential to charter schools in Minnesota because it provides financial

assistance for leasing buildings, allowing them to allocate more of their budget to educational programming.

### **Line of Credit (LOC)**

A flexible loan option offered by banks or financial institutions that allows borrowers to access funds up to a specified credit limit as needed.

### **MN Charter School Law (124E)**

A legislative framework that outlines the establishment, operation, and oversight of charter schools in the state. Under this law, charter schools in the state can set up affiliated nonprofit building corporations, often referred to as building companies, to address facility needs. These companies help charter schools acquire, construct, or lease facilities, as charter schools in Minnesota cannot directly own buildings.

### **Memorandum of Understanding (MOU)**

A useful tool for outlining preliminary financial agreements between parties before formal contracts are signed. It clarifies the roles, financial commitments, and expectations of each party, helping to build trust and ensuring that both sides are aligned in their goals. Although not legally binding, an MOU plays an important role in negotiations and serves as a foundation for more detailed legal agreements.

### **Money Market Accounts (MMKT)**

Interest-bearing accounts offered by banks and credit unions that combine features of both savings and checking accounts. They are considered low-risk and are typically insured by the FDIC in the U.S. (for banks) or by the National Credit Union Administration (NCUA) for credit unions.

### **Net Operating Income (NOI)**

A financial metric used primarily in real estate to evaluate the profitability of an income-generating property. NOI represents the property's income after deducting all operating expenses but before accounting for taxes, interest, and other non-operating expenses.

### **Paycheck Protection Program (PPP)**

A federal relief initiative in the U.S., part of the CARES Act enacted in March 2020, in response to the economic disruptions caused by the COVID-19 pandemic. Its primary goal was to help small businesses keep their employees on payroll by offering forgivable loans.

### **Postsecondary Enrollment Options (PSEO)**

Allows high school students, primarily juniors and seniors, to take college courses at participating institutions, earning both high school and college credits simultaneously.

### **Pupil Unit**

A standardized metric used to calculate and allocate state funding for public schools. Pupil units adjust student counts to reflect additional costs associated with educating different age groups or students with specific needs. This adjustment helps ensure funding aligns more accurately with the actual resources needed for diverse student populations.

**Reserve Fund**

A savings or contingency fund set aside by an organization, business, government, or individual to cover unexpected expenses, emergencies, or future capital needs.

**S&P Global Ratings**

One of the world's leading credit rating agencies, providing independent credit ratings, research, and financial market insights to investors and other market participants. A division of S&P Global Inc., S&P Global Ratings assesses the creditworthiness of companies, governments, financial institutions, and debt instruments such as bonds. Its ratings provide insights into the risk of default and the financial stability of an issuer, helping investors make informed decisions.

**S&P Annual Review**

Refers to the annual assessment conducted by S&P Global Ratings to evaluate the creditworthiness of a bond issuer or a specific debt instrument. This review helps determine whether the issuer's credit rating should be maintained, upgraded, downgraded, or placed on watch for potential future changes. The rating assigned by S&P indicates the issuer's ability to meet its debt obligations, providing important information to investors about the risk associated with the issuer's bonds.

**UMB Financial Corporation**

A diversified financial services holding company headquartered in Kansas City, Missouri. It operates through its primary subsidiary, UMB Bank, offering a broad range of financial products and services to individuals, businesses, and institutions. UMB Financial is known for its strong presence in commercial banking, investment management, and trust services.



This stage focuses on the foundational knowledge and basic principles of finance. It includes understanding key concepts, terminology, and basic calculations.

This stage emphasizes critical thinking and the ability to analyze and evaluate financial information. It involves making connections and understanding how different concepts relate to each other.

The final stage focuses on the effective communication of ideas and the ability to persuade and inform others. This is also where expertise/judgement and experience are most valuable.

### GRAMMAR

- 10% Holdback
- 40% Holdback
- A Certificate of Deposit (CD)
- Annual Investor Call
- Average Daily Membership (ADM)
- Bond
- Bond Compliance
- Bond Covenant
- Bond Indenture
- Bond Issuance
- Bond Trustee
- Budgeting
- Capital Improvement Fund (CIF)
- Capitalization
- Capitalization Interest
- Compensation Model
- Depreciation
- Electronic Municipal Market Access (EMMA)
- Employee Retention Credit (ERC)
- Financial Memorandum of Understanding (MOU)
- Financial Ratios
- First State Bank & Trust (FSB&T)
- Friends of St. Croix Preparatory Academy (FSCPA)
- Issuer
- Lease Aid
- Line of Credit (LOC)
- MN Charter School Law (124E)
- Money Market Accounts (MMKT)
- Net Operating Income (NOI)
- Paycheck Protection Program (PPP)
- Postsecondary Enrollment Options (PSEO)
- Pupil Unit
- Reserve Fund
- S&P Annual Review
- S&P Global Ratings
- UMB Financial Corporation

### LOGIC

#### Accounting

As it relates to budgeting, capitalization and depreciation, net operating income, financial ratios, etc.

#### School Finance

As it relates to average daily membership, pupil units, lease aid, 10% holdback (need for line of credit due to a history of 40% holdback), budgeting, compensation models, etc.

#### Bond Issuance

As it relates to issuer, trustee, capitalized interest, capital improvement fund, reserve fund, bond covenants, and compliance (e.g. S&P annual review, annual investor call, EMMA, Electronic Municipal Market Access - posting, etc.).

#### Facilities

As it relates to short term repairs and maintenance and long term sustainability of a \$30M+ asset

### RHETORIC

- Annual memo to maximize lease aid.
- Recognition of the value of PSEO students in terms of lease aid
- Proactively building a compensation model that can sustained via the interrelationships noted in the logic stage.
- Year-end journal entries made to meet bond covenants; this is only accomplished through monitoring financials throughout the year. (e.g. knowing that net operating income needs to be near \$170k – with consideration to capitalized assets)
- Maximizing unrestricted building company funds for short term facilities expenditures
- Recognizing and monitoring the impact of the capitalization policy (increase of capitalization from \$500 to \$5000) on financial metrics and satisfying bond covenants.
- Recognizing that inverted yield curves (short term interest rates are greater than long term interest rates) give an opportunity to generate revenue.
- Note: Somewhat related is how the School has taken advantage of:
  - PPP (\$1.4 million – Paycheck Protection Program) and
  - ERC (\$1.2 million –Employee Retention Credit)



SCHOOL -St. Croix Preparatory Academy  
Stillwater, Minnesota

Cash Balances  
As of August 31, 2024

<b>FSB&amp;T</b>	
MMKT -Chkg x4820946	1,629,736
MMKT- Savings x0567	6,959
MMKT-Chkg -Student Council x3258	6,585
CD- 7mo/ 4.9% (mat.12.6.24) #154151	2,367,839
CD- 7mo/ 3.75% (mat. 2.6.25) #154155	850,429
<b>Total FSBT Funds</b>	<b>4,861,547</b>
<b>First Resource Bank</b>	
MMKT- Savings (4.33%) x6795	1,281,312
<b>Total FSBT Funds</b>	<b>1,281,312</b>
<b>Platinum Bank</b>	
MMKT- Savings x2489	35,687
<b>Total FSBT Funds</b>	<b>35,687</b>
<b>Total Cash &amp; Checking</b>	<b>6,178,546</b>



BUILDING COMPANY-Friends of St. Croix Preparatory Academy  
Stillwater, Minnesota

Cash Balances  
As of August 31, 2024

<b>UMB Funds -Trustee</b>	
<i>*All funds held in Gov't MMKT Funds</i>	
Revenue Fund	5,215
Bond Fund	237,494
Reserve Fund	1,714,544
Capital Improvement	507,413
Expense Fund	6,467
Expense Fund-Income	0
Construction Fund	3
<b>Total UMB Funds</b>	<b>2,471,136</b>
<b>FSB&amp;T</b>	
MMKT -Chkg X6321	173,482
MMKT- Savings x0591	206,149
<b>Total FSBT Funds</b>	<b>379,632</b>
<b>Total Cash &amp; Checking</b>	<b>2,850,768</b>



Members Present: K. Gutierrez, T. Gulbransen, D. Smith, J. Kish, C. Rutten

Members Absent:

Ex-officio Members Present:

Guests: J. Gutierrez

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Meeting began at 2:30 pm

- A. FY24 Audit Report Presentation (Justin Nilson, Abdo Solutions)  
[2024 FINAL Audit Presentation.pdf](#)
  - Justin presented in November to the board.
- B. FY25 Q1 Financial Report (attached)
- C. Teacher Compensation Benchmarking (Erin Richgels, US Math Club)  
Great presentation, the team of students was very impressive.
- E. Training on Building Company/School Structure (Kelly/Jon)  
Review of Building Company and School Organization Flow Chart  
[Building Company and School Organization Flow V2.pdf](#)  
[Building Company and School Organization Finance Training.docx](#)
- F. Availability to meet Jeff Standke discussed

December Action from Finance Committee: Recommend to the board to assign 2.0 million dollars from unassigned fund balance to assigned fund balance for future facility expenditures .

- Need demonstrated by 30-yr Facility Life-Cycle Replacement Schedule (LSRS), which demonstrates that identified future facility maintenance costs will cost the school \$4.7 mill per most current 2023) LSRS. SCPA facility director and EDFO are updating LSRS.
- Fund Balance assignment would reduce Audited June 30, 2024, Unassigned General fund balance of \$5,937,622 (34.7%) down to \$4,937,622 (23%).
- An unassigned Fund Balance of 23% remains in compliance with SCPA's Board Fund Balance Policy.
- Committee will request that Committee Chair Paul McDowell, make this recommendation to SCPA School Board at December 17, board meeting.

Note: Due to time constraints, investment policy review and internal control documents review and next steps have been moved to the January meeting.

Submitted by K. Gutierrez and T. Gulbransen, St. Croix Preparatory Academy

**FRIENDS  
OF  
EDUCATION**



*R.E. Topoluk  
Executive Director*

September 27, 2024

**Aspen Academy**  
*Savage*

**Cologne Academy**  
*Cologne*

**DaVinci Academy**  
*Ham Lake*

**Eagle Ridge Academy**  
*Minnetonka*

**Hennepin Schools**  
*Minneapolis*

**New Millennium Academy**  
*Brooklyn Center*

**Nova Classical Academy**  
*St. Paul*

**Parnassus Preparatory School**  
*Maple Grove*

**Seven Hills Preparatory Academy**  
*Bloomington & Richfield*

**St. Croix Preparatory Academy**  
*Stillwater*

**Yinghua Academy**  
*Minneapolis*

Friends of Education Authorized Schools in SY2023-2024  
*via certified and regular mail:*

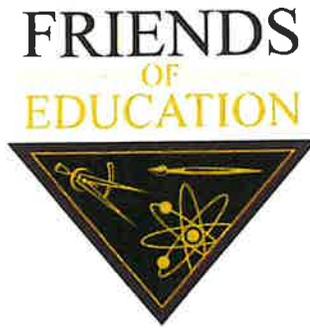
Aspen Academy  
Cologne Academy  
DaVinci Academy of Arts & Sciences  
Eagle Ridge Academy  
Hennepin Schools  
New Millennium Academy  
Nova Classical Academy  
Parnassus Preparatory School  
Seven Hills Preparatory Academy  
St. Croix Preparatory Academy  
Yinghua Academy

**RE: Statement of Income and Expenditures**

Please see the enclosed Friends of Education's Statement of Income and Expenditures for school year 2023-2024, provided pursuant to Minn. Stat. 124E.05 Subd. 8.

Please contact me if you have any questions.

Very truly yours,



**Statement of Income and Expenditures**  
 Provided pursuant to Minn. Stat. 124E.05 Subd. 8  
**School Year 2023-2024**

Friends of Education is a Minnesota nonprofit authorizer whose mission is to improve the education of children. Friends of Education’s mission directs all of its activities: its charter school mission is to improve the education of children through quality authorization of charter schools.

During school year 2023-2024, Friends of Education authorized 11 schools, no change from the previous year. For school year 2023-2024, Friends of Education received \$318,075 in statutory authorizer fees and grants for charter school authorization activities, had \$347,346 in expenses related to charter school authorization activities, representing a \$10,881 increase from the prior year primarily attributable to increased professional fees and additional resources provided in literacy improvement. Friends of Education had a resulting deficit of (\$29,271). Friends of Education continued to invest in charter school support, technical assistance, and training opportunities to its authorized schools, as well as professional development for Friends of Education staff.

<b>Friends of Education</b>		
<b>July 1, 2023 – June 30, 2024 Chartering Activities Statement of Income and Expenditures</b>		
<b>INCOME – Chartering Activities</b>	<b>\$</b>	<i>Notes:</i>
Statutory Fees received from Charter Schools		Friends of Education authorized 11 schools
<i>Aspen Academy</i>	28,552	
<i>Cologne Academy</i>	28,552	
<i>DaVinci Academy of Arts &amp; Sciences</i>	28,552	
<i>Eagle Ridge Academy</i>	28,552	
<i>Hennepin Schools</i>	28,552	
<i>New Millennium Academy</i>	28,552	
<i>Nova Classical Academy</i>	28,552	
<i>Parnassus Preparatory School</i>	28,552	
<i>Seven Hills Preparatory Academy</i>	28,552	
<i>St. Croix Preparatory Academy</i>	28,552	
<i>Yinghua Academy</i>	28,552	
Other Income Related to Charter Authorizing	4,003	<i>Grant(s) Received</i>
<b>TOTAL INCOME</b>	<b>318,075</b>	

<b>EXPENDITURES – Chartering Activities</b>	<b>\$</b>	<i>Notes:</i>
<b>Personnel</b>		<i>Only those expenses specific to charter authorizing activities are listed</i>
<i>Executive Director, Specialist, Office Assistant</i>	donated	Includes 2.5 full-time equivalents: Executive Director, Education Program Specialist; Data Analyst
<i>Consultants and/or Outside Service Contracts</i>	41,200	
<b>Personnel Expenditures* Subtotal</b>	<b>41,200</b>	
<b>Administrative/Office Expenditures</b>		
<i>Professional Fees</i>	31,992	Accounting, External Audit, Legal
<i>Leadership &amp; Staff Development</i>	8,354	Membership dues to professional organizations; conference costs
<i>Self-Evaluation, Infrastructure, Practices Development</i>	6,000	Third-party costs related to practices development
<i>Dissemination of Best Practices to Other Authorizers</i>		No out-of-pocket expenditures
<i>Office Supplies</i>	321	
<i>Communications, Printing, Website</i>	2,232	
<i>Mileage</i>	1,386	
<i>Facility, Utilities</i>	donated	
<b>Administrative/Office Expenditures* Subtotal</b>	<b>50,285</b>	
<b>Other Expenditures</b>		
<i>Charter School Support &amp; Technical Assistance</i>	194,699	
<i>Replication &amp; Best Practice Dissemination</i>	60,862	
<i>Contributions</i>	300	EdVisions charter school data publication
<b>Other Expenditures Subtotal</b>	<b>255,861</b>	
<b>TOTAL EXPENDITURES* Related to Chartering Activities</b>	<b>347,346</b>	
<b>Net Income (Deficit) * for Chartering Activities</b>	<b>(29,271)</b>	
This report is based on unaudited information and excludes in-kind contributions.		

Five-Year History	Total Expenditures	# Authorized Schools	# Students	Expenditures* Per School	Expenditures* Per Student
2024	\$347,346	11	10,719	\$31,577	\$32.40
2023	\$336,465	11	10,608	\$30,588	\$31.72
2022	\$308,476	12	10,416	\$25,706	\$29.62
2021	\$297,511	12	10,329	\$24,792	\$28.80
2020	\$292,578	12	10,064	\$24,382	\$29.07
2019	\$286,717	12	9,610	\$23,893	\$29.83

\*excludes in-kind contributions

#### Fund Balance:

The Minnesota legislature first enacted an authorizer requirement to report its income and expenditures in 2009 (*see* Laws of Minnesota for 2009, Chapter 96, Art. 2, originally codified at Minn. Stat. 124D.10 subd. 15(f)), subsequently re-codified at Minn. Stat. 124E.05 subd. 8), and Friends of Education has reported its income and expenditures since 2009 to the Minnesota Department of Education and to its authorized schools. During the required 2009-2024 reporting period, Friends of Education authorized between 11-18 charter schools and, as the reports demonstrate:

- (1) Friends of Education has received \$4,118,501 in income related to chartering activities,
- (3) Friends of Education has expended \$5,204,825 in chartering-related activities, and
- (4) Friends of Education has a resulting negative fund balance of (\$1,086,324) related to chartering activities. Friends of Education has subsidized the deficits in furtherance of its mission to improve the education of children.

The 2009-2023 and current 2024 reports do not include the substantial in-kind contributions of personnel and facility received during the required reporting periods.



Members Present: K. Gutierrez, T. Smith, C. Olson, P. Rosell, R. Thorson, N. Donnay, T. Gulbransen, J. Gutierrez, A. Sachariason

Members Absent:

Ex-officio Members Present: B. Hajlo

Guests:

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Meeting began at 8:00 am

**MSBA Update:**

- Posting went live November 25, 2024
- All those with access to application materials will not be given access to these materials until posting officially closes on January 20, 2025 at midnight.
- Terri Smith will be sending confidentiality agreements out to those needed as the process starts.

**Interview Process:** Discussion around Interview timeline and process included:

- Andrew and Nicole will be working on compiling and separating questions from the October retreat identified for the following: Pre-Screening Interview, Round 1 and Round 2. Bringing back to SPC next meeting for discussion.
- A sub-committee was formed to start work on tools to assist in the application screening process as well as pre-screening interview process. MSBA materials used as templates. Materials will be presented and reviewed by SPC at the next meeting.

**Communication:** Discussion around the timeline and website included:

- Bob and Terri will be communicating out to the community in early January with an update on the process and timeline. An invitation to submit questions for consideration for the townhall experience will be included in the communication. The deadline for questions will be 01/20/25.

Meeting ended around 9:00 am

Submitted by T. Gulbransen, St. Croix Preparatory Academy