

**Friends of Education**  
*Authorizing Content-Rich Schools*

*Elizabeth Topoluk*  
*Executive Director*

April 14, 2026

St. Croix Preparatory Academy  
Board of Directors  
ATTN: Board Chair  
4260 Stagecoach Trail North  
Stillwater, MN 55082

**To: The Board of Directors of St. Croix Preparatory Academy**

**NOTICE OF CONCERN**

Friends of Education has significant concerns regarding St. Croix Preparatory Academy's ("SCPA" or the "School") engagement of a management organization, School Management Services, LLC ("SMS"), and the School's compliance with its charter contract and applicable Minnesota law.

**Engagement of a Management Organization**

The School's February 17, 2026, Board minutes demonstrate that SCPA has entered into an agreement<sup>1</sup> with SMS to provide business management, payroll, and related operational services. The scope of services set forth in the agreement includes financial management, budgeting, accounting, payroll, audit coordination, and board reporting functions. These services constitute the engagement of a management organization under Minnesota law as determined by the Minnesota Department of Education.

**Charter Contract**

Exhibit I of SCPA's Charter Contract prohibits the School from engaging a management organization. The School's execution of the SMS agreement is therefore a breach of its charter contract.

**Procurement and Competitive Bidding**

Minn. Stat. 124E.26 requires a charter school to utilize a competitive bidding process for any procurement exceeding \$175,000. The SMS agreement reflects a multi-year financial commitment exceeding \$500,000 over the three-year term of the agreement, including:

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<sup>1</sup> Friends of Education does not have an executed copy of the SMS agreement. The information contained in this Notice is based on the SMS agreement contained in the SCPA board materials. The SCPA February 17, 2026, board minutes state that the SMS agreement was unanimously approved by the SCPA board; there is no reflection in the minutes that the SMS agreement was modified from the agreement contained in the Board packet materials. SCPA's Executive Director confirmed via email dated April 2, 2026, that SCPA has engaged SMS.

- Business management services of approximately \$95,000 annually,
- Payroll services of approximately \$55,000 annually, and
- Additional support services and fees of approximately \$22,000 annually.

A review of publicly available records, including archived website materials, indicates that SCPA did not conduct a Request for Proposals (RFP) or otherwise engage in a competitive bidding process prior to approving the contract, in violation of Minn. Stat. 124E.26.

### **SCPA Procurement Policy**

Minn. Stat. 124E.26 subd. 2 requires charter schools to adopt a procurement policy in conformance with the statute. We are unable to locate a procurement policy on SCPA's website, [www.stcroixprep.org/policies/](http://www.stcroixprep.org/policies/). Consequently, it is unclear whether SCPA followed its own board-approved procurement policy when entering into this agreement. Failure to do so would raise additional concerns regarding internal controls and governance; moreover, pursuant to Minn. Stat. 124E.26 subd. 5, the Minnesota Department of Education may reduce SCPA's state aid in the amount equal to the purchase.

### **Failure to Post Proposed Management Agreement**

Minn. Stat. 124E.27 requires that a proposed agreement with a management organization be posted on the School's website for at least twenty (20) business days prior to board approval in order to allow for public review and comment. A review of archived website records indicates that SCPA did not post the proposed SMS agreement prior to its approval by the SCPA Board, in violation of Minn. Stat. 124E.27.

### **Statutory Deficiencies in the SMS Agreement**

Minn. Stat. 124E.27 requires that a contract with a management organization include specific provisions to ensure transparency, accountability, and preservation of board authority. These requirements are also detailed in Minnesota Department of Education's *Guidance for Contracts with Management Organizations* publicly available and posted on MDE's website under Charter School Resources. A review of the SMS agreement indicates that several required elements are either absent or insufficiently defined, including:

1. **Total Value of the Contracted Services.** Minn. Stat. 124E.27(b)(2) requires that an agreement with a management organization contain the "total dollar value of the contract" including the annual projected costs of services. While the agreement contains the annual projected costs of services (\$95,000 annually for Business Management Services; \$55,000 annually for Payroll Services; \$20,000 annually for Business Support Services; \$2,000 annually for SMS Data Analytics), the agreement does not provide the total dollar value of the contract.
2. **Notice re: Charter School Closure.** Minn. Stat. 124E.27(b)(4) requires that an agreement with a management organization contain a notice that a charter school closure during the term of the contract by action of the authorizer or the school's board results in the balance of the current contract becoming null and void. While

Article IV Section 2 allows the school to terminate upon sixty days' notice, the agreement does not contain the null and void provisions related to school closure.

3. **Statement of Assurance re: Compensations/Gifts.** Minn. Stat. 124E.27(b)(5) requires that an agreement with a management organization contain an annual statement of assurance to the charter school board that the management organization provided no compensation or gifts to any charter school board member, staff member, or agent of the charter school. The SMS agreement does not contain this required provision.
4. **Statement of Assurance re: Conflicts of Interest.** Minn. Stat. 124E.27(b)(6) requires that an agreement with a management organization contain an annual statement of assurance that no board member, employee, contractor, or agent of the management organization or any affiliated organization is a board member of the charter school or any other charter school. The SMS agreement does not contain this required provision.
5. **Policies and Procedures.** Minn. Stat. 124E.27(b)(7) requires that an agreement with a management organization contain the policies and protocols that meet federal and state laws regarding student and personnel data collection, usage, access, retention, disclosure and destruction, and indemnification and warranty provisions in cases of data reaches by the management organization. Article VI Section 1 provides a general indemnification but does not specifically indemnify for data breaches, and the agreement omits the required policies and protocols regarding student and personnel data collection, usage, access, retention, etc.
6. **Assurance re: School Assets.** Minn. Stat. 124E.27(b)(8) requires that an agreement with a management organization contain an annual assurance that all assets purchased on behalf of the school using public funds remain assets of the school. The SMS agreement does not contain this required provision.

These deficiencies raise concerns regarding the Board's ability to maintain proper governance and oversight.

### **Governance and Oversight Concerns**

The Board of Directors is responsible for the governance, financial management, and legal compliance of the School. Entering into an agreement that is inconsistent with state law and the charter contract reflects deficiencies in governance processes, including procurement, legal review, and statutory compliance.

### **Required Action**

Friends requires SCPA to provide the following no later than May 14, 2026:

1. **Termination of the SMS Agreement**  
Documentation demonstrating that the agreement with SMS has been terminated.
2. **Existing Procurement Policy**  
Documentation of the School's existing procurement policy and explanation as to how it may be accessed.

### 3. **Corrective Action Plan**

A Board-approved corrective action plan that includes:

- Procedures to ensure compliance with Minn. Stat. 124E.26;
- Internal controls to prevent execution of contracts without appropriate legal review; and
- Training for board members on statutory and charter contract obligations.

### **Conclusion**

This Notice of Concern remains in effect until formally withdrawn by Friends of Education. Failure to satisfactorily resolve the concerns identified herein may result in further action, including escalation under the terms of the charter contract and applicable law.

Pursuant to Minn. Stat. 124E.17 subd. 1(c), this Notice will be posted on Friends of Education's website at [www.improvek-12education.org/charter-schools/accountability-reports/scpa](http://www.improvek-12education.org/charter-schools/accountability-reports/scpa). SCPA is required to post a link in a conspicuous place on its website to Friends of Education's website page where this Notice is published, pursuant to Minn. Stat. 124E.17 subd. 1(d).

Very truly yours,

A handwritten signature in black ink, appearing to be "K. Fuchs", written in a cursive style.

cc: J. Fuchs  
Minnesota Department of Education

**Friends of Education**  
*Authorizing Content-Rich Schools*

*Elizabeth Topoluk*  
*Executive Director*

April 15, 2026

St. Croix Preparatory Academy  
Board of Directors  
ATTN: Board Chair  
4260 Stagecoach Trail North  
Stillwater, MN 55082

**To: The Board of Directors of St. Croix Preparatory Academy**

**NOTICE OF CONCERN – Supplement**

This communication supplements our April 14, 2026, Notice of Concern to St. Croix Preparatory Academy (SCPA).

SCPA's January 20, 2026, board minutes contain the statement "School Management Systems Agreement" and reflects no discussion or motion for approval or ratification. The link for that item in the minutes provides "Page 2 of 2" of a document entitled "Agreement for the Provision of Professional Services to St. Croix Preparatory Academy Charter School," signed on January 7<sup>th</sup> by SCPA's Executive Director and on January 8<sup>th</sup> by School Management Services, LLC (SMS), see attached. Similarly, the board packet materials for SCPA's January 20, 2026, board meeting contains the agenda item "School Management Systems" and only the "Page 2 of 2" document for this agenda item.

As discussed in our April 14, 2026, Notice of Concern to SCPA, a review of archived website materials reflects that SCPA did not issue a Request for Proposals for business services or otherwise engage in a procurement process compliant with Minn. Stat. 124E.26. In addition, and as discussed in our April 14, 2026, Notice of Concern to SCPA, a review of archived website materials reflects that SCPA did not post any agreement with SMS as would be required under Minn. Stat. 124E.27 for an agreement with a management organization. Inasmuch as Page 2 of the document consists solely of a signature page and SCPA's January board minutes omit any discussion of the agreement and SCPA's January board packet and minutes omit Page 1 of the document, SCPA's board materials and minutes provide no clarity as to what the actual January agreement for services is and whether statutory requirements apply. Friends of Education does not believe that SCPA's actions in this regard promote transparency in the use of public dollars for public charter school operations.

In view of SCPA's approval of a multi-year agreement with SMS at its February 17, 2026, meeting, perhaps the January SMS agreement is a bridge-agreement until board approval of a "full" agreement; however, Minn. Stat. 124E.26 subd. 4(4) prohibits "breaking up a procurement into smaller components to avoid the thresholds established" in the statute.

Accordingly, Friends of Education requires SCPA to provide the following additional items no later than May 14, 2026:

1. Provide a copy of page 1 of the January agreement.
2. Explain why the January agreement was executed on January 7<sup>th</sup> without board approval.
3. Explain the relationship between the January and February agreements.
4. Addition to the Board-approved Corrective Action Plan: Training for board members in their fiduciary obligations, see *Guide for Board Members, Fiduciary Duties of Directors of Charitable Organizations, Minnesota Attorney General*.

Very truly yours,

A handwritten signature in black ink, appearing to be "J. Fuchs", written in a cursive style.


cc: J. Fuchs  
Minnesota Department of Education

Signature Page

**AGREEMENT FOR THE PROVISION OF PROFESSIONAL SERVICES TO  
ST. CROIX PREPARATORY ACADEMY CHARTER SCHOOL**

WHEREFORE, this Agreement was entered into on the date set forth below and the undersigned, by execution hereof, represent that they are authorized to enter into this Agreement on behalf of the respective parties and state that this Agreement has been read by them and that the undersigned understand and fully agree to each, all and every provision hereof, and hereby, acknowledge receipt of a copy hereof.

**For: St. Croix Preparatory Academy  
4260 Stagecoach Trail North  
Stillwater, MN 55082**

By: Name  Jennifer Fuchs

Title Executive Director

Date 1/7/26

**For: School Management Services, LLC  
19750 Muirfield Circle  
Shorewood, MN 55331**

By: Name  Todd Netzke

Title President

Date 1/8/2024

S-Corp  
Federal I.D. #56-2545979  
SCORP – No 1099 Needed