

**Children's Day School**  
**April 23, 2020**  
**Meeting of the Board of Trustees**  
**Meeting minutes**

Jeanette Perez, Board Co-Chair, called the meeting to order at approximately 4:05 pm.

A quorum was present.

All Trustees appeared by electronic transmission in conformance with Section 9 of the Bylaws.

**Attendance:**

Trustees present: Carl Schneebeck (Board Co-Chair), Jeanette Perez (Board Co-Chair), Tina Syer (Co-Vice Chair), Jen Hamilton (Co-Vice Chair), Ryan Kluff (Treasurer), Stephanie Holland (Secretary), Mylene Acosta-Mercado, Joe Connolly, Patricia Kao, Kami Kinkaid, Liza Ramrayka, Michelle Schoen, Ben Spero, David Strandberg, Rishi Varma, Diane Walters, Lindsay Woollerson, Vivien Zraick.

Non-Trustees present: Shelly Luke Wille (Head of School), Rebecca Kroll (Assistant Head of School), Antonette Greene (ECP Director), Ed Rhee (Middle School Director), John Castro (Facilities Manager), Andrei Ferrera (Director of Communications), Paul Galvin (Director of Finance), Lindsay Hershenhorn (Director of Curriculum & Program Innovation), Diane Larrabee (Director of Enrollment Management), Rico Tan (Director of Technology), Chris Teare (Extended Program Director), Anthony Witte (Director of Inclusion), Jeanna Yoo (Director of Advancement), Patricia Jameson (Assistant to the Head of School), Tracy Kirkham (Counsel Emeritus), Chris Bunga (PTTA President).

Trustees absent: None.

**Documents made available prior to meeting include:** [April 23, 2020 Board Meeting Agenda](#), [April 2020 Head of School's Report](#), [Jan. 30, 2020 Board Meeting Minutes](#), [March 12, 2020 Board Special Meeting Minutes](#), [March 19, 2020 Board Meeting Minutes](#), [April 2020 Admissions Report](#), [2020-2021 Executive Committee Member Nominations](#), [Updated CDS Diversity Mission Statement](#), [Memo Summarizing Major Changes to New Proposed Bylaws](#), [Proposed Amended and Restated Bylaws of Children's Day School](#), [Covid-19 Budget Model Scenarios](#), [Proposed Resolution to Update Authorized Representatives on Merrill Lynch Accounts](#).

**I. Welcome:**

Head of School, Shelly Luke Wille, gave an overview of recent school happenings, including:

- Yesterday's virtual town hall to connect with and update the School community on the status of virtual learning;
- The announcement that CDS will remain in a virtual learning environment for the remainder of the school year;

- The work being done to anticipate possible scenarios so that CDS will be ready to hit the ground running if schools are ordered to continue to socially distance in the fall

## II. Consent Agenda:

Joe Connolly recognized and congratulated Diane Larabee (Director of Enrollment Management) on achieving incredibly low attrition for next school year.

Carl Schneebeck made a motion to accept the consent agenda, consisting of the [April 2020 Head of School's Report](#), [Jan. 30, 2020 Board Meeting Minutes](#), [March 12, 2020 Board Special Meeting Minutes](#), [March 19, 2020 Board Meeting Minutes](#), and [April 2020 Admissions Report](#), Vivien Zraick seconded. **Motion approved unanimously.**

## III. COT: Vote on 2020-2021 Executive Committee Member Nominations

Lindsay Woolerson explained that the process used for selecting next year's EC members is the process outlined in Article VI, Section 4(a) of the new Board Bylaws (adopted today). Specifically:

“The Board Chair(s) shall collaborate with the Head of School, the Committee on Trustees, and the current EC members to propose EC members for the next school year. In selecting EC nominees, an effort shall be made to have representation from each standing Board committee and from a variety of Trustee cohorts to avoid a slate of EC members who will term off the Board at the same time.”

Using the foregoing process, the Committee on Trustees recommended the following EC nominations:

- Carl Schneebeck and Jeanette Perez as Co-Chairs
- Jen Hamilton as Vice Chair
- Stephanie Holland as Secretary
- Ryan Kluff as Treasurer
- Rishi Varma as member of EC
- Vivien Zraick as member of EC

Nominees were moved out of the Board meeting into a virtual waiting room. In the absence of Board Secretary Stephanie Holland (who was moved to the waiting room during the vote), Lindsay Woolerson recorded that Tracy Kirkham made a motion to accept the nominees proposed by the Committee on Trustees as members of the Executive Committee for the 2020-2021 school year. Ben Spero seconded. **Motion approved unanimously.**

#### **IV. BCOID: Vote to Adopt New CDS Diversity Mission Statement**

Vivien Zraick introduced a new CDS Diversity Mission Statement that was drafted by a team of faculty/staff COID members and senior administrators. Vivien highlighted the following:

- The new statement was the work of Anthony Witte, faculty and staff -- and not the work of the Board Committee on Inclusion & Diversity (“BCOID”);
- BCOID recommends the Board adopt this new statement to show the Board’s “commitment to diversity, equity, and inclusion (“DEI”) work at CDS and to acknowledge the incredible DEI work the faculty/staff COID and administration continue to do;”

The new statement is as follows:

“Differences Lift Us

We believe that diversity of all kinds enables us to better understand ourselves and others, value multiple truths, practice advocacy, and become co-conspirators and activists toward creating a more just and equitable world.

We define diversity as inclusive of race, ethnicity, socioeconomic status, gender identity, sexual orientation, family structure, neurodiverse learning styles, age, ability, nationality, immigration status, physical appearance, religion, belief systems, language, and more. A diverse, inclusive, and respectful community enhances the academic and emotional intelligence of all students and lays the foundation for them to make a change in meaningful and mindful ways.

Differences lift us.

A discussion ensued regarding the meaning and intention behind the phrase “multiple truths” and whether it would be better to substitute another word such as “perspectives” or “viewpoints” for the word “truths.”

The determination was made to postpone a Board vote on the new statement to allow for further discussion about whether to substitute another word for the word “truths.”

#### **V. Governance: Vote to Adopt New Board of Trustee Bylaws and to Grant Counsel Emeritus Status Under New Bylaws to Tracy Kirkham**

Board Co-Chair Carl Schneebeck introduced the new Board Bylaws and opened the floor to questions. Stephanie Holland proposed a modification to the last sentence of Article V, Section 5, as follows (additions in [blue underline](#)):

“An Open or Closed Executive Session may be planned in advance and included in a Board or committee agenda or, if needed, it may be called by a Chair or Co-Chair of the

Board during a Board of Trustees meeting ([or, if a Chair or Co-Chair is not present, by the presiding officer as set forth in Article VII, Section 5 below](#)) or by a committee Chair during a Board committee meeting.”

With the foregoing modification, Lindsay Woolerson moved to adopt the “Amended and Restated Bylaws of Children’s Day School, Inc.” Jen Hamilton seconded. 17 Trustees voted in favor. 1 abstained. **Motion approved.**

Subsequently, Carl Schneebeck made a motion to designate Tracy Kirkham as Counsel Emeritus under Article IV, Section 11 of the newly adopted Bylaws. Jeanette Perez seconded. **Motion approved unanimously.**

## **VI. Advancement Committee: Fundraising Update**

Trustee Michelle Schoen and Director of Advancement Jeanna Yoo provided an update about our annual Bid and Bash fundraising event. Highlights included:

- Having had to cancel the live Bid and Bash event at Bimbos, it has been moved to a virtual platform. The auction site went live yesterday and will remain open until April 29.
- Goal is to raise \$200K. To date, \$78K has been raised.
- The Fund-A-Need component this year is a Community Support Fund to support families in our school community impacted by the Covid-19 crisis.

## **VII. Facilities Committee: ECP Project Update**

HOS Shelly Luke Willie & Director of Advancement Jeanna Yoo provided an update about the Early Childhood Program bungalow project. Highlights included:

- The donor who is interested in funding the ECP bungalow replacement project has confirmed their support. The parties are working on drafting a letter of intention.
- The total gift will be \$4 million -- \$2 million for the brick & mortar construction and \$2 million towards an endowment. The \$2 million endowment gift would be school-wide.
- Next steps include conducting a campaign study to determine what our community can raise both for the bungalow replacement project and an endowment campaign.

## **VIII. Finance Committee: Vote on Merrill Lynch Authorized Representatives Resolution; Analysis of Financial Effects of School Closure**

### **A. Vote on Merrill Lynch Authorized Representatives Resolution**

Our Merrill Lynch account needs to be updated to remove former Head of School Molly Huffman and former Director of Finance Cheryl Ewers from the account as authorized representatives of

the School and to add current HOS Shelly Luke Wille and current Director of Finance Paul Galvin as the School's authorized representatives.

On the basis of a motion made by Ryan Kluff, seconded by Kami Kinkaid, with 17 Trustees voting in favor and 1 Trustee abstaining, , **it is resolved as follows:**

Michelle Luke Wille and Paul Galvin are added as authorized representatives of the School and may act on its behalf with regard to current powers in place for authorized representatives on the School's existing account with Merrill Lynch. Resolved, further, that the School is hereby removing Molly Huffman and Cheryl Ewers as authorized representatives of the School on the same said account. Resolved, further, that these resolutions shall be and remain in full force and effect until written notice of the revocation shall be delivered to and acknowledged by Merrill Lynch.

## **B. Analysis of Financial Effects of School Closure**

Treasurer and Finance Committee Chair, Ryan Kluff, provided an overview of the short term and long term effects of the School campus closure mandated by the Shelter in Place order.

Highlights included:

- We expect to start the school year with a healthy balance sheet
- Cash flow & reserves -- both are strong. Cash flow surplus is at about \$200K and we expect to begin the new school year with about \$4.8 million in reserves
- Enrollment -- our budget assumed enrollment of 479 for the 2020-2021 school year. At present, enrollment is strong at 496
- Liquidity -- our cash flow, which is critical to our ability to pay salaries, is strong.
- KPIs -- our critical key performance indicators ("KPIs") for the upcoming year will be enrollment numbers, new or emergency sliding scale requests, and liquidity
- PPP loan options -- we are in queue with US Bank to apply for a PPP loan. The Board would need to decide whether the financial, legal and ethical considerations would warrant applying
- While June 1 is the deadline to withdraw for the upcoming school year, it would be reasonable to expect some tuition deferrals and possibly some withdrawals after June 1
- During the last financial downturn (2008+), we saw that (i) when sliding scale bumped up, it stayed at that higher level for 4+ years; (ii) tuition increases still occurred and remained at the 4-5% rate; (iii) we were still able to grow enrollment

Director of Finance Paul Gavin outlined 3 possible financial scenarios in an effort to plan for and anticipate how a downturn in the economy might impact the School. Baseline assumptions are taken from the currently approved budget, which plans for an enrollment of 476 students and spending \$2.3 million from reserves for roof and abatement work on St. Joseph's Hall ("SJH").

- Scenario #1: Assumes a 10% drop in enrollment (i.e., losing about 50 students), maintaining sliding scale at current levels (19.8% of gross revenue), deferral of the SJH roof and abatement work, and operating summer camp as normal. Under these assumptions, we comfortably meet our liquidity and debt flow.
- Scenario #2: Assumes no drop in enrollment, an increase in sliding scale to 25% of gross tuition revenue, deferral of the SJH work, and operating summer camp as normal.

Under these assumptions, while cash flow would be negative, we comfortably meet our debt and liquidity covenant ratios.

- Scenario #3 (worst case scenario): Assumes a 10% drop in enrollment, an increase in sliding scale to 25%, deferral of the SJH work, and no summer camp. Under these assumptions, while we would still meet our debt and liquidity covenant ratios, total reserves would fall rapidly. If these assumptions continued for several years, we'd dip below our debt covenant by 2023, we likely see no tuition or salary increases, and we'd see non-salary expenses increase by 2-3%.

Based on a discussion of the foregoing, various proposals were suggested, including:

- Accelerating our communications to make offers of help to families that may need it;
- Thinking through what school might look like in the fall, both financially and operationally;
- Establishing a task force where those in our community with financial expertise can help us identify the levers available to us if circumstances arise that could impact the viability of the School

The Board also discussed the possibility of giving Shelly authorization to increase sliding scale tuition so that she has that flexibility should she need it before the next Board meeting.

Ben Spero made a motion to authorize the School's sliding scale budget to be increased from the current level of 19.8% of budgeted gross tuition (which is based on an enrollment of 476 students) up to 25% of budgeted gross tuition for the Head of School and her team to allocate at their discretion, if needed, between now and next Board meeting and, further, to revisit this authorized increase at the next Board meeting. Liza Ramrayka seconded the motion. **Motion approved unanimously.**

### **Meeting Process / Feedback / Closing Remarks:**

Co-chair Carl Schneebeck adjourned the meeting at approximately 6:15 pm.

Respectfully submitted,

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Stephanie Holland, Board Secretary

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Jeanette Perez, Board Co-Chair OR Carl Schneebeck, Board Co-Chair