

**Children's Day School
Board of Trustees
September 7, 2019
Meeting minutes**

Board meeting took place after Board retreat.

Carl Schneebeck, Board Co-Chair, asked that the meeting come to order at approximately 3:00 pm.

Attendance:

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, Tracy Kirkham (Trustee Emeritus), 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), Chris Bunga (PTTA President), Rebecca Kroll (Assistant Head of School), Antonette Greene (ECP Director), Ed Rhee (Middle School Director), John Castro (Facilities Manager), Cheryl Ewers (Director of Finance and Operations), Andrei Ferrera (Director of Communications), 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)

Consent Agenda

Jen Hamilton made a motion to approve the May 2019 meeting minutes. Jeanette Perez seconded. Motion passed unanimously.

Documents made available prior to today's meeting included: [Board Retreat & Meeting Agenda \(Sept 7\)](#), [CDS Board Goals Mapping \(2019-2020\)](#), [Board Self Assessment Summary Report \(2018-2019\)](#), [CDS Master Plan \(Spring 2019\)](#), [Head of School Report \(Sept 2019\)](#), [Opening Day Admission Report \(Fall 2019\)](#), [CDS Financial Statements \(06-30-19\)](#), [CDS Budget Model v1 \(09-06-19\)](#), [Meeting Minutes \(May 2019\)](#).

Governance: Adopt 2019-2020 Board Goals

Carl Schneebeck facilitated a discussion to identify the Board Goals for the 2019-2020 school year. Carl captured the ideas proposed and then facilitated further discussion to narrow and crystallize them. Vivien Zraick moved to adopt the newly identified 2019-2020 board goals. Ben Spero seconded. Motion passed unanimously.

- Jeanette Perez and Carl Schneebeck agreed to write up a board goals document and send out to the full Board with the final language
- Volunteers for the Strategic Planning committee were: Ryan Kluff, Michelle Schoen, Ben Spero, Tracy Kirkham, Carl Schneebeck, Rishi Varma, Stephanie Holland
- Volunteers for the COID task force were: Vivien Zraick, Joe Connolly, Chris Teare, Lindsay Woollerson, Jeanette Perez, Rishi Varma, Shelly Luke Willie, Liza Ramrayka, Tracy Kirkham, Mylene Acosta-Mercado

Finance: Review final 18-19 budget; Approve updated 19-20 budget

Director of Finance, Cheryl Ewers, presented the Statement of Activities and Changes in Net Assets for YTD ending June 30, 2019 (click on “CDS Financial Statements (06-30-19)” link above for these documents). Highlights were:

- Advancement ended strong, particularly the March 2019 fund-a-need;
- CDS salaries and benefits ended about \$200K under budget b/c we had some openings that were not immediately filled, which unintentionally drove some savings;
- Program ended about \$80K under budget, primarily b/c of savings on MS tutoring and savings on facilities rentals;
- The 2018-2019 budget hadn't planned for for MVV and master plan expenses;
- In the Debt Service category, we originally budgeted some expenses for a line of credit which we ended up not using;
- We ended with strong cash flow.

Cheryl also presented the Balance Sheet highlights:

- Under net assets, we have a plant reserve of \$960K, which largely will be used to replace the roof next year;
- Temporary restricted net assets include: The Joe Cooper Memorial Fund (about \$60K), the March 2019 fund-a-need proceeds (designated towards establishing & maintaining a school library), and 8th grade endowment class gifts
 - Finance Chair, Ryan Kluff, clarified that, even though these reserves are booked as “designated,” they are fungible if we need to access them for other purposes (other than the endowment)
 - Eventually, as they are needed, these reserves will get moved into the operating reserves line item

Ryan Klufft made a motion to transfer \$333K from “Net Assets Available for Operations” to “Net Assets Designated for Operating Reserves.” Patricia Kao seconded. Motion approved unanimously.

Next, Cheryl Ewers presented the proposed 2019-2020 Final Budget (click on “CDS Budget Model v1 (09-06-19)” link above). Highlights included:

- Enrollment is 476 students (4 more students than what we budgeted for in Dec 2018)
- Program and admin expense highlights:
 - Net extended programs is going down year over year b/c of shorter summer camp
 - We received income from deposits that the families of 10 students made to secure a spot in school; those 10 families forfeited those deposits when they later decided not to come to CDS
 - Interest rates are down so interest income is down
 - We are increasing our Annual Fund goal by \$60K for the 2019-2020 school year given how well the Annual Fund has done in the last couple years
- Regarding Salaries & Benefits
 - We are looking at bringing an IT position in-house rather than using an outside consultant, which shifts some \$ into the salary bucket
- Program Expenses & Growth
 - Last year we spent \$940K in program expenses
 - Our growth starting point is about 3.6% and then from there we have some additional factors, including: (1) reduced program expenses from shifting IT support from an outside consultant to an employee position; (2) fund-a-need library expenses (\$50K) for our newly created CDS library in the Boys & Girls Club; (3) LS tutoring (\$15K); (4) MS extracurricular transportation (we’re looking at partnering w/ ZUM or other organizations to assist families get their kids where they need to be after school)
- Admin is growing from \$631,272 to \$899,386, mostly as a result of:
 - Having purchased earthquake insurance for the first time in the school’s history (\$73K)
 - Additional consulting expenses
 - Back office systems (\$75K)
 - Strategic Plan (\$50K - this is a placeholder for using a consultant for helping us work through a new Strategic Plan)
 - Joffe Consultants (\$17K - our emergency services & planning consultant, <https://www.joffeemergencyservices.com/getting-started/safety-programs>)
 - We are in the process of doing our first 403b audit, which will be done this year (\$23K)
 - Additional recruiting costs due to unexpected job openings needing to be filled (one example being the need for a new Director of Finance after Cheryl’s Ewers’ last day on 9/30/19) (\$29K)

Kami Kinkaid moved that we adopt and approve the updated budget for the 2019-2020 school year. Patricia Kao seconded. Passed unanimously.

Ryan Kluff thanked Cheryl Ewers on behalf of the Board for the work she has done to put us on solid financial footing to help ensure we meet our fiduciary obligations as she leaves CDS to work with Catholic Charities.

Facilities: 668 Guerrero Update & Task Force Strategy

Shelly presented and discussed the opportunity available to us through a potential purchase of 668 Guerrero. Highlights were:

- The question is whether the Board wants to create a committee or group to engage in a discussion of potential possibilities around 668 Guerrero
- Shelly is looking for a process that would help us assess our options and determine whether a property like 668 Guerrero would fit our needs
- Another option is to let the real estate expansion idea go for now, get through our 2019-2020 board goals which include a new strategic plan, and then take this idea up a year from now

Comments/questions included:

- Kami Kinkaid noted that, because properties tend to move quickly in SF, we'd need an agile task force that could present options and opportunities around real estate opportunities if we wanted to consider real estate expansion opportunities
- David Strandberg suggested that, if we wanted to pursue real estate expansion opportunities, we would need a Board motion to form a committee to evaluate 668 and any other potential properties that may become available in the future
- Tracy Kirkham noted that two benefits of the property at 668 Guerrero are that (1) it is walkable and within our existing CDS footprint, and (2) it is not rated as residential
- Ryan Kluff suggested that we may need to come up with some strategic guidance before we can address the question of whether we are in a market for a new piece of real estate
- Ben Spero agreed that, from a strategic perspective, we would first need to know whether 2023 remains our deadline for having to remove the lower school bungalows
- Jen Hamilton opined that perhaps we look at this as another aspect of our strategic plan that could open up opportunities (e.g., a new property could include an assembly place that could be rented out for income during non school hours)
- Ryan Kluff suggested we could form a committee to do some survey work in the neighborhood to assess *all* the opportunities that could potentially come up within our existing footprint, along with recommendations of how we could use those spaces should any of them become available

- Tracy Kirkham advocated assessing 668 Guerrero immediately because it IS available and we don't know with any certainty that any other property could become available within our footprint anytime soon
- Kami Kinkaid reminded everyone that we're not looking for a decision right now on whether or not to buy the property at 668 Guerrero, but rather simply a decision on whether to conduct a preliminary inquiry to determine whether 668 Guerrero is something we want to look into more seriously
- Shelly noted that the only other non-residential property within our footprint is the property immediately next door to 668 Guerrero (currently some sort of parish)
- Tina Syer suggested that we form a group that could make a recommendation to the Board on the fly if and when a property within our footprint should become available (this group also would assess and provide a recommendation on 668 Guerrero)
- Carl Schneebeck summarized the discussion thus far and concluded from all the comments that we should create a "Planning to Get Lucky" aka Real Estate Acquisition task force and asked for volunteers. Volunteers were Kami Kinkaid, David Strandberg, Ryan Kluff, Ed Rhee, Tracy Kirkham. We also talked about inviting Eric Fastiff (former Board member), Richard Hylton (former Board member) & Marc Babsin (new family w/ real estate connections) to join the task force.

Retreat & Meeting Feedback

Carl Schneebeck asked what went well today about the retreat & meeting, and also what should be changed

- Shelly Luke Wille said she appreciated tying the Retreat and Board meeting to the diversity picnic in the 333 yard
- Vivien Zraick appreciated being in a smaller room b/c she said it felt more intimate
- Andrei Ferrera said he heard some feedback at the diversity picnic on the 333 yard asking where the admin were (most people didn't realize we were having our Board Retreat & Meeting upstairs from the picnic)
- Rebecca Kroll noted that the format (holding the Retreat & Meeting on the same day as the diversity picnic) prevented the admin & Board members from participating in picnic set up & clean up
- Rishi Varma said he liked the breakout sessions & small group discussions
- Diane Larabee said she felt like there wasn't enough time to adequately discuss everything that need discussion
- David Strandberg appreciated the free CDS laptop bags
- Everyone appreciated the snacks that Patricia Jameson arranged
- Someone suggested we need a bigger white board

Closing Remarks

Chair Carl Schneebeck thanked everyone for their work today & adjourned the meeting at approximately 4:15 pm.

Respectfully submitted,

Stephanie Holland, Board Secretary

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