



Final Vestry Meeting Minutes, 03/29/2020

Vestry Present: Anne Cass, Cathleen Flowers, Chris Zibert (Treasurer), Dan Uebersetzig (Senior Warden), Jenn Wanis (Junior Warden), Rev. Mary Lynn Coulson (Rector), Paul Kelly, Tim Shields (Clerk).

Also Present: Ken Busby (Audit Committee Chairman), Erin Sacco Pineda (Bookkeeper).

Regrets: None.

EXECUTIVE SUMMARY

This meeting primarily addressed personnel policies and payroll during the ongoing Coronavirus pandemic emergency. The Vestry reviewed numerous potential sources of funding to continue operations after losing tuition income due to the closure of the preschool. The sources included benefits from recent government legislation. We concluded that at this time, we do not appear to have enough financial resources to bridge the gap between now and the time in the future when we might be reimbursed by the government programs. At the conclusion of the meeting, the Vestry unanimously approved the following three motions:

- 1) Extend Staff Payroll from April 3 to April 10, 2020 with the intent to push the date out again as more information comes in regarding sources and timing of financing
- 2) Defer the commencement of the health insurance stipend and revisit this decision as soon as possible, no later than during the budgeting process for 2021
- 3) Adopt the St. Andrew's by-the-Sea Episcopal Church and Preschool COVID-19 Emergency Supplemental Personnel Policies

Church staff and Vestry will continue to work on this issue with the primary goal of keeping the church viable and operational, and the secondary goal of keeping the church and preschool staff employed and paid as long as possible. The Vestry will continue to meet on a weekly basis during this emergency.

BACKGROUND

This meeting was one of the weekly "Vestry check-in" meetings being held during the Coronavirus pandemic emergency. At the date of this meeting, worship services were not being held at St. Andrew's, the preschool was closed, and all gatherings on the church campus were suspended with the exception of the Tuesday night food distribution to the hungry.

The purpose of the weekly check-in meetings is to provide timely church governance in response to rapidly evolving events. These meetings do not follow a preset agenda, but address critical governance issues brought forth by the Rector.

MINUTES

The meeting was held using the Internet teleconferencing platform “Zoom” after a live-streamed Morning Prayer worship service. The attendees began assembling at noon; the meeting commenced at 12:09. This meeting focused mainly on church staff, specifically on how to make payroll and to adopt necessary emergency supplemental personnel policies.

Rev. Mary Lynn opened the meeting with prayer.

Chris presented an overview of our current financial situation and how it relates to compensation of church staff. In summary, there will potentially be government benefits available that could reimburse us for certain payroll expenses incurred during this emergency, but we do not have enough financial resources to bridge the gap between now and the time in the future when we might be reimbursed. It is also not clear that all of our payroll and operating expenses will eventually be reimbursed by other sources and additional budget action may be required.

The following information was presented and discussed:

- The preschool parents were surveyed to find out who were “essential workers” who would be interested in using the preschool if it were to offer limited services. Up to five families expressed interest. This small a number does not warrant reopening the preschool.
- Approximately five families have withdrawn from the preschool.
- We are operating under the assumption that preschool revenue going forward will be minimal.

Chris reviewed the expansion of benefits resulting from recently passed legislation related to the Coronavirus. We may be eligible for some of these benefits, but because the legislation is so new, the process to go forward is not well defined.

FFCRA Legislation

- Under the Families First Coronavirus Relief Act (“FFCRA”) we must provide additional paid sick leave to those who are sick, who are caring for a sick family member, or who cannot work because they are quarantined. According to legal advisors, the current California “stay at home” order does not qualify as quarantine.
- Under FFCRA we must also provide a Family Medical Leave program, and we will be reimbursed for 2/3 of a participating employee’s hourly wage. This program applies to people under various circumstances (i.e. those who are ill, self-quarantined, or who must care for children due to school closures/care arrangement disruptions). In our initial review, this program applies to a very small number of our employees.
- Employers who participate in FFCRA programs will be refunded through payroll tax credits. The timing of the refunds is unclear but is not expected to be soon enough to provide us the financial relief we will need.

CARES Legislation

- Under the Federal Coronavirus Aid, Relief, and Economic Security Act (“CARES”), individuals will receive up to \$1,200 directly from the Federal government, subject to income limitations. Families may receive additional funds.
- The CARES act also includes expanded Small Business Administration (“SBA”) loans guaranteed by the government. We may be eligible for this benefit. The loan amount can be up to to 2 ½ months of payroll costs; if it is used to pay employees and keep them on staff until June 30, roughly 80% of the loan can be converted to a grant.

The mechanism for distributing the loans are SBA-approved lenders. Chris has already attempted to contact our bank (Union Bank) regarding the SBA loan but has not yet received direction on how to proceed. We discussed what would happen after June 30. At this point with the resources on hand and available to us, we would not be able to make payroll after June 30 and other changes may be required to continue covering non-payroll expenses before June 30.

Another unknown for the future is what the Fall preschool enrollment will be. Chris noted that assuming we would be reimbursed and we decided it would be prudent to do so, we only have enough funds to cover full payroll for roughly 30 days, plus a little more if some designated funds were to be reallocated. It appears that a gap in funding will develop before grant funding comes in.

Rev. Mary Lynn noted that she talked to Bishop Susan and it may be possible for the Diocese to provide a bridge loan. Erin noted that the Diocesan Executive Council met and released funds to be used on a church-by-church basis.

It was noted that the Church Pension Group has offered a waiver of 2 months of payments made on behalf of clergy, which will help in bridging the gap, if approved by Bishop Susan. It was also noted that the Diocese may consider waiving our monthly Diocesan assessment.

Erin noted that the CARES act also expands unemployment benefits that are administered by the states. Although California is not yet providing guidance on this, it appears that it should provide a benefit to our employees should they need it, even though we have not historically been participants in the state unemployment system. It was noted that if an employee claimed unemployment benefits, it would likely eliminate the possibility of us getting the SBA loan converted to a grant.

We also noted that employees have accumulated various degrees of sick leave and personal leave that will have to be paid out at some point and cash will need to be preserved for these obligations.

Erin noted that our payroll contractor ADP can help us code and process payroll so that our payroll tax return will show what is due for refund. These tax returns are paid quarterly.

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Erin noted that, regarding payroll, we will focus our attention on two areas:

- 1) How do we keep employees on board in the short term?
- 2) How do our finances and enrollment look in the longer term?

Our immediate situation is that the pay period ending March 27 will be paid on April 3. We have authorized payroll through April 3, which will cover half of the pay period ending April 10.

Rev. Mary Lynn took an action item to draft a letter to the preschool parents informing them of the current status, waiving our current requirement for tuition to be paid for April while the preschool is closed, and to ask them to consider donating all or part of the amount of their tuition, as their individual circumstances permit, as a tax-deductible contribution to support the school and teachers.

After discussion of the above issues and information, the following decisions were made:

1) Staff Payroll

Anne moved to extend staff payroll from April 3 to April 10, 2020; Dan seconded the motion. During the formal discussion, Rev. Mary Lynn asked if we could consider pushing the date out further in order to retain staff. The Vestry considered this option and agreed that determination of payroll will be an ongoing process and that it is the Vestry’s intention to push the date out as more information comes in regarding sources and timing of financing.

Vote to Extend Staff Payroll from April 3 to April 10, 2020

Anne	Cathleen	Chris	Dan	Jenn	Mary Lynn+	Paul	Tim
Y	Y	Y	Y	Y	Y	Y	Y

Notes: Y=Yes N=No A=Abstain - = Absent

Motion Passed.

2) Health Insurance Stipend

The Vestry had budgeted a new stipend for preschool teachers to support their ability to acquire health insurance. This benefit was scheduled to commence April 1, 2020. The Vestry discussed the immediate challenge of maintaining current payroll and benefits for as long as possible, and how enacting a new benefit would make it much more difficult to meet that goal. Based on that discussion, Tim moved to defer the commencement of the health insurance stipend and revisit this decision as soon as possible, no later than during the budgeting process for 2021; Anne seconded the motion.

Vote to Defer the Commencement of the Health Insurance Stipend and Revisit this Decision as Soon as Possible, No Later than During the Budgeting Process for 2021

Anne	Cathleen	Chris	Dan	Jenn	Mary Lynn+	Paul	Tim
Y	Y	Y	Y	Y	Y	Y	Y

Notes: Y=Yes N=No A=Abstain - = Absent

Motion Passed.

3) COVID-19 Emergency Supplemental Personnel Policies

Erin presented a draft version of proposed Coronavirus (COVID-19) Emergency Supplemental Personnel Policies for the Vestry to review and she recommended that they be adopted. The policies were developed in conjunction with a network of professionals in the field of human resources. The policy presents and defines the various types of leave employees may use during the COVID-19 pandemic emergency. The Vestry reviewed and revised the document in real time. After reviewing and revising, Chris moved to adopt the supplemental policies (Exhibit A), Jenn seconded the motion.

Vote to Adopt the St. Andrew’s by-the-Sea Episcopal Church and Preschool COVID-19 Emergency Supplemental Personnel Policies

Anne	Cathleen	Chris	Dan	Jenn	Mary Lynn+	Paul	Tim
Y	Y	Y	Y	Y	Y	Y	Y

Notes: Y=Yes N=No A=Abstain - = Absent

Motion Passed.

The Vestry meeting concluded at 1:50 PM.

Minutes submitted by

Tim Shields, Vestry Clerk