

**MINNESOTA MUSIC EDUCATORS ASSOCIATION
BOARD OF DIRECTORS – SPECIAL BOARD MEETING**

Friday, April 17, 2020

4-5:30pm

Held via Zoom Conference

I. CALL TO ORDER

MMEA President Barry Zumwalde called the meeting to order at 4pm. Executive Director Mary Schaeffle did roll call. Board members not present: Sabrina Olson, Katy Buytaert, Adrian Davis, Pam Diem, and Sarah Minette.

II. MINNESOTA STATE HIGH SCHOOL MUSIC EVENTS

MSHSL Representative Amanda Kaus reported there is an MSHSL board meeting to discuss cancellation of spring activities, including contest. Kaus' input was directors would focus on curricular or school events when returning more than festival. Others agreed, and she will take that input forward.

III. FINANCIAL SITUATION – IMPACT of COVID-19

Schaeffle has been consulting with Propel Nonprofits which is providing free financial and strategic guidance. Propel recommends focusing on cash-flow analysis one quarter at a time. Cash is the most valuable asset nonprofits and other organization have right now.

PAYCHECK PROTECTION PLAN OR PPP

The Paycheck Protection Plan (PPP) is a federal program supporting small organizations. Up to 2 ½ months salaries can be requested, with a portion converting to a grant if organizations continue employing staff. MMEA's loan application for \$39,098 was submitted to our bank. The Small Business Administration has already ran out of money. There is a possibility of additional funding coming with congressional action.

INCOME FORECAST FOR ECONOMIC DOWNTURN (CASHFLOW ANALYSIS)

- Nonprofits should expect large declines in giving and likely in event attendance.
- Estimates in MMEA cash-flow may need to be revised quarterly.
- Assumptions in MMEA cash-flow include a 30% decline in advertising and exhibits, 15% decline in Clinic attendance, 30% decline in donations and memberships, and 3-5 times higher scholarship applications.

EXPENSE FORECAST FOR ECONOMIC DOWNTURN (CASHFLOW ANALYSIS)

- Inflation and a recession are widely expected.
- Economists predict a 12-24 month movement back to "normal" production, with economic recovery lagging these changes.
- Assumptions in cash-flow include 10% increase in facility costs, 15% increase in food costs, and 10% increase in travel costs, print, paper, music, and supplies.

Operating expense to keep the office open April through December is \$292,155. In a typical May All-State students start to pay \$100 down payment full camp payment. Those funds pay expenses prior to camp such as music and campus down payments.

IV. RECOMMENDED CHANGES FOR ALL-STATE CAMPS/FEBRUARY

President Barry Zumwalde reported the Executive Board is suggesting moving camp to a three day event during the Clinic. This is for one year only. Discussion is listed below.

- Terms of contracts: Campuses are not yet signed, conductors are.
- Last possible decision date: Need something for student audition notification. Mid-June for campuses. Some discussion about campus summer programs in general.
- Student/family decisions: Some families may be uneasy sending students to a group setting. Assumed that most will not want to pay until more is known.
- Financial impacts of decision: Cash-flow analysis showed a \$60,000 loss for the period. High level estimates for Feb All-State are included in the cash-flow.
- Fall/MEA break option: While some believed this is a good option, conflicts with marching band, sporting events, and college visits were discussed. The MSHSL season starts later this fall. Many models predict a second, smaller peak to the pandemic.
- Conductor availability and pay: MMEA would need to find out if conductors are available for a three-day February festival. Board members recommended that we ask or assume that conductors be willing to take a lower amount of pay, even if the contract language doesn't include a cancellation clause.
- Changes to Midwinter Clinic to decrease costs were suggested such as holding all events at the Hilton. Contracts are already signed with the Hilton Hotel and the Minneapolis Convention Center. It's not known how much flexibility there will be. The May Board meeting will focus on the Midwinter Clinic.
- Moving towards a decision: Zumwalde acknowledged that Board members need more time to make the decision.
- Rabehl suggested Board members not share this information until a decision is made.

V. FURTHER INFORMATION & DISCUSSION ON FINANCIALS

Schaefle reported operating costs (payroll, equipment leases, marketing for 2021 Clinic) are \$292,155 through end of December 2020. There are some program expenses through December 2020.

If Payroll Protection Program loan is approved, MMEA will still need an additional loan in 2020.

- Consider closing office for six months: This would save \$6,831 but would increase costs such as storing equipment and paying movers.
- Furloughing or reducing staff: That is a decision the Board will need to make. MMEA is a self-reimbursing organization under unemployment. If staff are laid off, MMEA would have to pay 50-60% of salaries. Advocacy is underway at federal and state levels to change this.

- Adding a surcharge to cover credit card fees: This could be done. Accepting checks increases staff time/workload with individual handling and reconciliation.
- Financial reporting requested in January: This was provided via email March 22nd. 2019 financials will become final after the audit, which will begin in July and end Oct-Nov.

VI. DISCUSSION ON BOARD TRANSITION

Getting new Region Representatives up to speed was suggested, along with asking current Region Reps to volunteer for a period of time. Changing Bylaws so half the Region Reps start each year was suggested in January, but requires a change to Bylaws. Zumwalde stated the Executive Committee has discussed a more in-depth onboarding process.

In the next week, information will be provided or requested from the Board: availability for next All-State discussion, Balance Sheet and Profit & Loss by Class financials, the Bylaws and how they change, the google chat, and minutes for January and March will be a focus.

Zumwalde adjourned the meeting at 5:45pm.