

**SFZC Board of Directors Meeting**  
**Minutes**  
**March 23, 2016**  
**Green Gulch Farm Zen Center**  
**Draft**

**Members Present:** Larry Bye, Linda Ruth Cutts, Helen Degenhardt, George Kellar, Albert Kutchins, Brian McCaffrey, Dennis McNally, Piper Murakami, Joe Rodriguez, Ed Sattizahn, Mark Schieble, Anna Thorn, and Jon Voss.

**Officers Present:** Susan O'Connell, Rita Cummings, Jordan Thorn, and Jeremy Levie.

**Absent:** Roger Hillyard, Mark Lachman, Margie O'Driscoll, and Fu Schroeder.

### **Approval of Agenda and Minutes**

It was moved and seconded that the minutes of the previous meeting and the proposed agenda be approved. The motions passed unanimously.

### **Abbatial Reports**

Central Abbess Linda Ruth Cutts: Linda is leading the Green Gulch practice period, which takes up a lot of her time. In addition, she is working with some of the most senior students about next steps on their path and with difficulties around the retirement policy. She has also been working on hospice care and the subsequent death of someone close to her, which took a lot of time and was emotionally draining. The Practice Period ends on April 5th and she will turn her attention to working on the SFZC curriculum project. She is also still working on the Zen-Inspired Senior Living (ZISL) project.

City Center Abiding Abbot Ed Sattizahn's report was moved to the end of the meeting and ultimately was not given due to lack of time.

### **President's Report and ZISL update**

Susan is back from a three-week trip to Vietnam and Cambodia. She reported that the development department is in major transition, as both the database manager and gifts processing staff have left. The membership manager will also need to be replaced in mid-May. A temporary gift processing person has been hired. The department is interviewing for the other positions and Susan is also exploring the possibility of Robert doing something in membership as a way to perhaps start to bridge membership and SFZC's Sangha Project.

Susan recently led a SIT meeting focusing on how we understand our programming at SFZC. Liz Curtis and Allison Crump from TDC will be coming in May and will work with Susan on the five-year financial plan. In this regard, Susan is working with Michael McCord on a 5% reduction in food costs across all three temples.

Susan is also working on supporting the implementation of SFZC's retirement policy. The process regarding some of the financial aspects of the transition to retirement is very unclear. She is working on this, as well as on the emotional issues that come up as people transition into retirement.

Susan has also been involved with the master planning process at City Center. The Studio Bondy architects who have been working with the Master Plan design will be coming back March 31 with further design suggestions. Susan plans to bring an updated version of the plan to the Board in June.

Susan is working with Jordan on preparing a presentation for all of SFZC on big view, long-term financial situation, including how the original "scary graph," the capital campaign, and the endowment fit into the current financial picture. This work relates to the Board communication plan. A communication about Zen Center's financial situation may need to be made to the community sooner rather than later, because of possible upcoming changes to the health insurance being offered to the staff and employees.

#### Update on the ZISL project

SFZC signed a term sheet two weeks ago on property in Sonoma. SFZC now has six months to get a partner in place for purchase and the finalization of the sales agreement. Greenbrier is doing a feasibility study and has produced a business plan. Work is starting on a marketing study. A design review session focused on the programmatic elements will be held in mid-to-late May.

SFZC is considering three potential types of partnerships:

- Working with a for-profit organization: An outside group would own the entire enterprise. SFZC would simply inform the work and especially the programmatic elements. The work would be to make sure that the project reflects the values and culture of SFZC. Working with a for-profit partner would result in a more expensive facility—perhaps even more expensive than SFZC would want.
- Working with another non-profit: In this model, SFZC stays more involved in the business and financial operations. The challenge of this model is making sure the missions of the two non-profits don't clash and working within the six-month timeframe, because other non-profits tend to be just as slow as we are making decisions. Coordinating the work that needs to get done in a relatively short period of time could be difficult.
- The synthetic option: SFZC chooses a developer, such as Greenbrier. The developer goes to the investment bank to make sure we have the seed money and long-term financing for the project and to make sure the financiers think it is viable. If the marketing study shows that the project would likely be successful, SFZC would move ahead. SFZC would hire someone to develop the project, would find financiers to lend the money, and would hire an operator for the project, but it would all be owned by SFZC.

All three options are being actively pursued. A question was raised about SFZC's liability under the synthetic option. An LLC would be formed to operate ZISL, which would be liable, but there is a question of whether this ultimately would protect SFZC. If not, this would not be a viable option.

#### **Governance Committee Report: Potential By-Law Amendments**

The Governance Committee made a request of the Board for direction about what needs to be changed in the by-laws.

### Board Elections

One of the possible changes would be to end membership elections as the way Board members are elected. Instead, the board would become a self-perpetuating one where it elected its members. This is being proposed since the current membership election is expensive and is already not much more than a ratification of a Board-recommended slate. The question was also raised as to whether it is irresponsible to have elected Directors given SFZC's assets. George proposed developing a more robust and inclusive nominating process before membership elections are abolished. This will give members significant input into the process. Alternatively, it might be more effective to present a new more participatory nominating process as a package with ending elections. After discussion, it was clear that there was consensus on moving toward the abolition of membership elections along with a new, robust process for member involvement in the nomination process.

### Term Limits

The next question taken up was that term limits for board members. The concern was that current provisions limit Board choices about who could assume the Chair position. There was a discussion about extending terms generally but concerns were voiced about whether this was the best time to do this. Ultimately, there seemed to be consensus that any change should be focused on the Board Chair position only. The Governance Committee will work on language for this amendment and bring it back to the Board.

A question arose about the terms of what are currently appointed members. If there are no longer elections, all members will be "appointed," but it still may be helpful to have different categories of board members—so that some members would not necessarily come through the sangha nominating process, but could be recruited because of the skills they would bring. There were disparate views about whether a longer term (than the current one-year) would be better to facilitate engagement in the organization or continuing with a one-year term, which might make it easier for people to be willing to serve. There was no consensus to change the current one-year term model and some felt that the one-year term would make it easier to recruit folks who were bringing special skills that the Board needs.

### Changes Affecting the EAR Council

Central Abbess Eijun Linda Cutts made a presentation on changes to the EAR Council and conflict resolution process.

A year ago the EAR Council proposed changes to the conflict resolution process that effectively ended the EAR Council's role in facilitating and adjudicating conflicts. Since this time, SFZC has been working with Nancy Heischman on developing a new conflict resolution process. Nancy feels that SFZC should not institute the use of "ombudsman" (as had been proposed by a previous EAR Council), but should rather establish conflict resolution facilitators (for what would primarily be interpersonal conflict) and complaint resolution facilitator (for more serious situations, that would more often involve guideline violations). Complaint facilitation is more legalistic and all members of the process lose privacy and "control." So staying in the conflict resolution mode allows for better

handling of the emotional sensitivities involved. There will be a training session (involving both of these two modes) coming up on April 12th.

Linda proposed language for a by-laws amendment to replace the current language about the EAR Council. The new language would reflect the new role to be given the EAR Council. It might be something to the effect of “The Training/EAR Committee shall be appointed by the Central Abbess in consultation with the AEG.” Board members wondered whether SFZC needs additional language in the by-laws that addresses ethics and conflict resolution and perhaps stipulates a “court of last resort” for conflicts and complaints/grievances. There was some concern that it may be too soon to draft specific since the process that is being developed is still new and the organization is in a phase of experimentation about this. The Board did feel that some reference would likely be beneficial, however. The Governance Committee will work on this.

### Other “Housekeeping” Changes

Board Chair Larry Bye then listed other potential by-law changes to study. These include that the Board meets four times a year, that officers sign all contracts, the existence/status of OFAB, that the status of each officer is reviewed at the spring Board meeting, language about pledge agreements and membership and the status/functioning of the Executive Committee. In the past there has been discussion about formalizing the AEG in by-laws but there is currently a feeling that this is not necessary.

### **Governance Committee Report: Results of Annual Board Survey**

Albert reported on the results of the Board self-evaluation survey:

- Members are pleased with how the chair runs the meetings.
- There is a need to make the Board more diverse and to add members with business/financial and IT skills.
- The Board has done a good job of focusing on finances and will need to keep doing this.
- A major area in need of improvement is Board communication with the sangha (especially residents) about the work of the Board.
- There were questions about Board member presence at community events and the value of this.
- There were disparate views about whether the number and length of the Board meetings is appropriate. Some Board members thought more meetings would be better, but more members thought fewer or shorter meetings would be better. The length of meetings currently is longer than is usual for a non-profit Board and may impede recruiting entrepreneurs or folks from the business world. The Board leadership group will think about this . . .
- There was some feeling that the Board isn’t necessarily being fully informed about operations, programs, and issues in the organization. It was noted that there is an endemic tension in non-profits between too much and too little involvement in organizational affairs.
- The Board has done good work and a good job of focusing on development, but more could be done here.

Finally, Albert queried the Board about whether the Board annual self-evaluation exercise is worthwhile and the consensus was that it is.

### **Development Committee Report on the upcoming Zen-a-Thon**

Dennis and Margie presented on the upcoming Zen-a-thon and encouraged everyone to take part. They also explained how board members could be involved.

### **IT Report/Plan**

Jon Voss announced that he will be leaving the board due to an impending move to New Orleans. He reported that he is looking for a replacement with similar skills/outsider status.

Rita presented a review of the five-year IT plan. Rita and Mike Vincenty are working on putting the five-year plan into a document that could come to the board in June.

A question arose about how the IT plan affects other areas of SFZC work-practice (documentation, job descriptions, style of collaboration, etc.)? All of these things are not necessarily fundamentally about IT, but IT is involved. A lot of this is about instituting better training and procedures, especially around using systems such as Salesforce. Simply having a CIO who is part of the leadership team involved with strategic/operational decision-making naturally brings the IT pieces into each of these decisions.

It would be good to show what business and practice functions are resting on the IT infrastructure that is being talked about. There was a request for a presentation that would map work functions onto IT infrastructure so it would be possible to see more clearly what the benefits of improved IT systems would be. Capital upgrades in the IT infrastructure are currently being paid out of the property funds, but a question was raised as to whether this fund has the “legs” to support all the capital upgrades proposed in the five-year IT plan.

### **Finance Committee Report on 2017 Budget and Use of Property Fund for IT expenses and Tassajara repairs**

Helen and Jordan reported for the Finance Committee on three main items:

- January FY'16 financials
- FY'17 consolidated budget draft
- Two proposed resolutions

### Budget Update

At the close of January '16 overall SFZC was \$97.7K in the black. Year-to-date expenses are within .09% of budget. SFZC seems to be on track for a year-end positive comparison to budget (positive cash-flow budget).

The FY '17 consolidated budget is currently being projected with total income of ~ \$6M (5.9) and total expenses of ~\$6.66M (including ~\$670K in depreciation). The committee is working toward a break-even cash budget that includes \$100K set aside for reserves. This budget is dependent on a

significant reduction in health care coverage costs. The Finance Committee is optimistic that this can happen, but is not ready to present specific scenarios, yet. A task force is still working on the health insurance scenarios and will be able to present on this in April. The task force is currently working on a definitional paradigm change (small group vs. large group) rather than a benefit paradigm change.

### Resolutions

Helen presented two spending resolutions being proposed by the Finance Committee: One would be to spend \$80K from the property fund to cover IT capital improvements and the other would be to spend \$10K from the property fund for fire equipment for ZMC. Ed moved and Larry seconded both resolutions. Both were unanimously approved. The text of each is attached to the minutes.

### **Executive Session**

At this point the regular agenda concluded. The Board then met in executive session and adjourned.

Respectfully submitted,  
Jeremy Levie  
Secretary

## **RESOLUTION**

### **SFZC BOARD OF DIRECTORS**

Whereas the CIO together with the SFZC president has determined that improvements to the current system are necessary in order to provide business-class IT services for SFZC operations. These improvements will cover the first year of proposed IT infrastructure projects including upgrades to SFZC's core network and server equipment. It will also provide for the first phase of wireless systems covering the business offices of City Center.

Whereas the Finance Committee has reviewed the request for this purchase and determined that such purchase is a capital improvement, deemed necessary for the healthy operation of Zen Center; and recommends that the Property Fund be used for such purchase.

Therefore it is resolved that the Board approves the Property Fund be used, **in an amount not to exceed \$80,000**, for the purchase of a new IT equipment as outline in the CIO's proposal.

Dated: March 23, 2016

**RESOLUTION**  
**SFZC BOARD OF DIRECTORS**

Whereas the Tassajara director has determined that in order to conduct the yearly “fire academy” properly – a training session led by several fire fighters - it will be necessary to purchase some additional equipment. The cost for such equipment is approximately \$10,000.

Whereas the Finance Committee has reviewed the request to purchase this equipment; has determined that such equipment is an unbudgeted capital improvement, deemed necessary for the healthy operation of Zen Center; and recommends that the Property Fund be used for such purchase.

Therefore it is resolved that the Board approves the Property Fund be used, **in an amount not to exceed \$10,000**, to purchase this new fire equipment.

Dated: March 23, 2016