

SFZC BOARD MEETING

City Center (Sangha Room)

September 21, 2016

Present: Larry Bye, Rita Cummings, Linda Cutts, Helen Degenhardt, Margie Driscoll, Maitri Goonewardena, Roger Hillyard, Albert Kutchins, Mark Lachmann, Alicia Liu, Jeremy Levie, Brian McCaffrey, Dennis McNally, Piper Murakami, Susan O'Connell, Joe Rodriguez, Ed Sattizahn, Mark Schieble, Fu Schroeder, Anna Thorn, and Jordan Thorn.

Absent: George Kellar

Approval of Agenda and Minutes

Margie moved that the minutes of the previous meeting be approved. Mark seconded the motion. The minutes were approved with three abstentions. There was also agreement on the proposed meeting agenda.

Report on ZISLP and Approval of Project Term Sheet

Susan gave an update on the Zen Inspired Senior Living Project (ZISLP).

San Francisco Zen Center has received an extension on the term-sheet with the landowners (until Dec. 15th) to make the first payment on the land. SFZC is also negotiating with New Island Capital on a loan to help finance initial work on the project. This looks very favorable. SFZC is also talking to the Stillwater Foundation about the possibility of a grant or some of other form of participation in the financing of the project. This would be helpful and the possibility for this looks favorable.

The ZISLP task force has met and decided to choose Kendal as the main partner for the project. SFZC is now exchanging ideas for the business plan with Kendal. The main reason SFZC chose Kendal was the great affinity with their Quaker-based values. Kendal feels that the project augments what they are already doing and will bring it to another level. Kendal has a strong reputation. The relationship with their partner, Greenbrier, is also a plus. ZC already has a relationship with Greenbrier and has established a relationship of trust.

Susan and the project team explained current thinking about how the partnership will be structured, how the project would be financed and how any net revenues from it would be divided. The team answered questions from board members. There was also discussion about the development timeline and what entry fees might be for those interested in joining the community.

After the lengthy discussion and Q&A, Margie moved that the board pass the resolution approving the terms on the letter of intent with Kendal. Dennis seconded the motion and the board passed the resolution unanimously.

Draft Long Range Financial Plan Presentation and Discussion

SFZC has been working on a long-range financial plan for two-and-a-half years, one that has had significant involvement from senior staff and board members. Larry, who has chaired the board long range planning task force, presented the goals, objectives, and strategies of the draft five-year financial plan. (See attached document for content of the plan.)

Plan goals include as soon as possible achieving surpluses in the annual budget (after fully funding depreciation on an annual basis). This means within this 5 year period, reducing deficits by at least 50% and generating significant cash surpluses. Additional goals would be to use cash surpluses to fund debt repayment, increase property maintenance and operating capital reserves, as well as IT and other priority

capital investments. The plan goals also include adding to the SFZC endowment fund and to successfully launch a \$9M City Center capital campaign to address urgent physical plant capital needs. In order to accomplish these goals the plan calls for a number of operational and other changes including a major restructuring of the health insurance program.

After the presentation, the board discussed the draft plan. There was agreement from the board on the general direction of the plan and support for continued work on the health insurance restructuring aspect of the plan. Larry will work with a health insurance work group that Susan has established, as well as the Finance Committee, to further clarify the proposed health insurance benefit changes. They will be presented to the board for further discussion. In addition, there will be an effort to engage employees and staff in a dialogue about this aspect of the plan before final board action is taken in early 2017.

Abbatial Reports

Central Abbess Eijun Linda Cutts has been invited to lead the fall practice period at ZMC. Due to the fire, the start of the fall practice period has been pushed back to October 15th. Linda mentioned that the recent Abbots Executive Group meeting discussed the CAIC disability proposal, retirement policy proposal, and working out transitions for senior students, including Susan who will have short break after ending her term as President and will then become the Director of Senior Living.

Linda reported on a Soto Zen Buddhist Association (SZBA) meeting in LA that she attended along with high-ranking Japanese Soto Zen officials. There was a discussion about the fact that the registration of a number of American Soto priests are due to expire because they haven't participated in practice events that would qualify them for continued registration according to Japanese Soto standards. There was much discussion about this and a group may be formed to come up with a policy that more accurately reflects how training happens in the U.S.

Linda has also been working with the Development Office on the annual year-end fundraising letter.

GGF Abiding Abbess Fuyu Schroeder reported that she is going to Durango, Colorado for teaching and then a vacation. The online course that she worked on during the spring will start soon. She also reported that she has become the board chair of the Buck Family Fund, a new organization split off from the Marin Community Foundation. Layla Bockhurst will be the new Tanto at GGF. She is moving to GGF in October. The plan currently is for her to serve for two years. Fu offered that her challenges include understanding students' paths through SFZC, especially for longer-term students who may not be offered the most senior positions at SFZC.

City Center Abiding Abbot Ed Sattizahn reported that he is leading the practice period that recently started at City Center. It is focused on Vimalakirti and the Zen path. Tim Weeks is the shuso for the practice period and there is an online version of the practice period, as well. 45 students are enrolled for the online practice period, who may do some mix of in-person and online participation. There are online Zoom groups for people participating at a distance. Ed mentioned that Paul Haller is leading a new iteration of the Extending the Path of Practice program. (EPP). Ed will also be leading the winter practice period at ZMC. Ed has also spent a lot of time on ZISL project with Susan. He feels good about where the project is and looks forward to handing it over to Susan to carry on.

Report On Integrating Ideas from SFZC Sangha Project Planning

Rita Cummings has participated in two meetings with Robert Thomas about how to carry forward with the work he did on the SFZC Sangha Project. These meetings have focused on the mentoring program that was being explored in Sangha Project planning: how to help folks who are living remotely from SFZC and who have not been a shuso to lead sitting groups by providing them with mentors. Robert will not be available to help with this work going forward. She also reported that there is not an integrated vision of membership that

can be adapted from the Sangha Project, although she has conferred with Robert about possibilities in this area.

President's Report

Susan began her report by raising the question of how the board could relate to some of the issues recently surfaced by the abbots regarding the trajectory of students moving through the SFZC training program. She shared that there is a very thin layer of new senior leaders after the current generation retires in upcoming years. The People Development Committee is getting involved with this question.

Susan gave a brief update on the fire near Tassajara and mentioned that there was lots of participation from Cal Fire and Forest Fire services. It seems as if Tassajara will get significant support from professional fire fighters, if necessary. It also looks as if SFZC will receive reimbursement from its lost business insurance claim and that it will cover all six weeks of the guest season cancellation.

Election of New Board Members

Eli Brown-Stevenson and George Kellar were recommended to serve on the board by the Governance Committee. Eli would complete the first term of Anna Thorn, which runs through the end of 2017. George would complete the first term of Jon Voss, which also runs through 2017. Both Eli and George would be eligible to serve a second term starting January 1, 2018. Eli is CC resident and George is a non-resident board member who has served on the board in the past. Albert made a motion for the Board to approve this recommendation and Dennis seconded the motion. Eli and George were approved unanimously by the Board.

Development Committee Report

Dennis and Margie reported that the Fall Harvest Campaign will happen again this year but is in flux because of the fire. There may be a fire-related campaign, but this decision has not been made. SFZC is currently in the midst of a membership drive. The Development Committee is also involved with planning an early November event at Grace Cathedral and Giving Tuesday, on November 29, the first Tuesday after "Black Friday." It is the national day for giving to non-profits and board members will be asked to match gifts given on that day. Board members are also being asked to help with the annual year-end fundraising letter.

Executive Session/Adjournment

After the development discussion, the board met in executive session and then adjourned for dinner and discussions with City Center students.

Respectfully submitted,
Jeremy Levie
Secretary

Resolution

The SFZC Board of Directors Resolution for Approval of Terms of Letter of Intent with Kendal/Greenbrier for the further development of the Zen Inspired Senior Living Community.

Whereas on June 6th, 2009 and again on January 11th, 2011 the SFZC Board unanimously deemed the Zen-Inspired Senior Living Community (ZISLC) project in partnership with Northern California Presbyterian Homes and Services (NCPHS) to be a viable project, approved it in concept and supported the Senior Living Task Force to continue to develop this as "the best option so far that we have for

addressing the issues of providing for our elder monks, and that it is cutting-edge, visionary and a necessity for ZC.”

Whereas On June 18th 2014 the SFZC Board approved further development of a new independent living model, without NCPHS as a partner and with SFZC in a leadership role, while simultaneously continuing to study the “interim housing plan” involving the first floor of 340 Page Street, and a “Plan B”, which will locate individual senior housing units for retirees.

Whereas on September 17th, 2014, the SFZC Board approved the negotiation of a Partnership with BRIDGE Housing to develop a Zen-Inspired Senior Living Community.

Whereas, the Task Force informed the SFZC Board that a piece of entitled property (Sonoma Mountain Village) in Rohnert Park, California had been located and was being investigated as the potential site for the ZISLC. Subsequently at the November 18th, 2015 SFZC Board meeting the SFZC Board was informed that BRIDGE Housing was withdrawing from the Partnership.

Whereas on January 29th, 2016, the SFZC Board approved the Senior Living Task Force to sign the Term sheet for an option to purchase approximately 11 acres of land owned by Sonoma Mountain Village, and to allocate funds from the grant to cover the cost of further development, not to exceed \$335,000.

Whereas on March 15th, 2016, the Task Force signed the Term Sheet with the owners of Sonoma Mountain Village and interviewed and made contract arrangements with a Senior Living Market Survey professional, Maria Dwight, design Team Mithun/Solomon, and a Senior Housing consultant firm, Green Briar, and with them developed conceptual drawings, financial analysis and marketing surveys.

Whereas, an invitation to participate in the further development of this project was sent out to potential Senior Living Development partners and potential investor/donors on June 29th, two viable proposals were received, and interviews were held on August 2nd, and August 10th with the two candidates, PRCN and KENDAL/GREENBRIER, and meetings were held with two potential investor/donors, NEW ISLAND CPAITAL and STILL WATER FOUNDATION.

Whereas on August 15, 2016 the Board supported the Task Force to continue to engage in negotiations with both PRCN and Kendal/Greenbrier, and supported the Task Force to make a determination on which party should be engaged with for exclusive Term Sheet negotiations, the terms of which will be brought back to the SFZC Board at the September, 2016 meeting for approval.

Whereas the Task Force selected Kendal/Greenbrier and recommends that the Board approve the Terms in the Letter of Intent with Kendal/Greenbrier.

THEREFORE BE IT RESOLVED: That the SFZC Board approves the Terms in the Letter of Intent with Kendal/Greenbrier.

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