

Santa Cruz Zen Center Board of Trustees Meeting
Tuesday, May 28, 2013
6:35pm to 8:30pm - Zendo

Present: Edie Brown, President, Chuck Overley, Vice President, Michael Bashista, Treasurer, Liz Milazzo, Secretary; at large: Brian Corser, Rob Hoogner, Jeff Sherman, Chris Davidson

Absent: Sally Aguirre

On Leave: Lisa Noble, member at large

Leaders in Attendance: Patrick, Gene

Community Comments: Request to make a donation to Japanese Cultural Festival of \$250, and a donation to Diversity Center of \$50. Discussed during body of meeting, see below.

Leader Report from Gene (instead of Nannette, away at Tassajara):

- Orange oil termite treatment was completed at 113 School Street and the zendo. We received a 5-year warranty from MightyMite Termite services for drywood termite preventative and subterranean termite preventative.
- New problems revealed: evidence of squirrels and rats in attic of 113 School St. Pacific Coast Termite estimates \$3,260 for rodent exclusion, and gave an estimate of \$5,092 for wood repairs due to wood boring beetles in the substructure of 113. Also, wood siding still needs to be repaired at 113, and a window sill replaced.
- The box elder tree and apple tree have been removed by Nature First in preparation for the dokusan rebuild, and 2 Junipers in front of 119A were crowned and thinned. Total cost: \$750, already budgeted and approved by the Board.
- At 119B (back cottage), we need to install a vent in the bathroom for health and safety reasons. Project cost is estimated at \$925 – not budgeted, but necessary to complete.
- Reserve Study will help us plan for maintenance of these more than 100-year old structures.

Treasurer's Report:

- Membership income at \$7,935, on track to meet fiscal year budgeted amount.
- No June rent will be collected from 119A, as tenants Jim and Kathryn are moving out in the beginning of June. A deposit will be refunded to Jim and Kathryn following the June 5th inspection.
- Expenses: a guest teacher stipend may still be outstanding. Michael will look into this.
- Property expense: Jim and Kathryn were paid \$125 for the internal shed in the garage (aka "rubber room").

- Property maintenance (with tree removal, termite work, gardens, and zendo repairs) expenses are at 2/3 of annual budget already – may go over this year.
- Total expenses still at 33% of total annual budget.
- Total income is at 43% of the 12-month budgeted amount (i.e., “on track”); net income still good for year.
- Liquid Assets: \$462,402. Of this amount, \$25,000 committed for dokusan rebuild. We still have an outstanding expense for the “reserve study.” Currently in bidding process for insurance renewal. Edie is scheduled to have a phone interview with Heffernan Insurance next week. Insurance coverage is in place till October.

New and Continuing Items

Proposal: Offer donation of \$250 to Japanese Cultural Fair, a non-budgeted expense that would be spent out of general funds (assets). An offer was made to match the donation as an anonymous donor. **Passed with eight “1’s.”**

Discussion: Zen Center hasn’t made a financial contribution to the festival in the past, but it would be timely this year as JCF is having financial difficulties owing to the loss of key grant funds. 1,000 people come through Zen Center during the one-day event. We could consider our support of JCF as very affordable promotion, especially compared to the price of print ads. A single run of a display ad in the UCSC paper costs \$400.

We’ve budgeted \$85 expense to have a booth at the JCF this year. Do we have a line item in our annual budget for donations? Not currently. Suggested that we think about adding a line item when we are constructing the budget next fall, “*donations to be spent at the discretion of the Global Sangha leader*”. And also a line item for donations that could be made at the discretion of Kokyo. Many requests come to the Practice Committee that could be handled at the discretion of the two leaders. It was further recommended that criteria be established for the SCZC donation line item: donations should be for organizations having a direct relationship to Santa Cruz Zen Center.

Report from financial subcommittee:

Edie, Michael and Brian met for one hour at the offices of two financial advisors:

- JB Bryan -Southwest Securities Group in Monterey on 3/29.
- Maryann Simpson - RBC Wealth Management in San Francisco on 4/19.

As a result of the two meetings the financial subcommittee recommends Maryann Simpson for the following reasons:

- She was the financial advisor for KT several years and had a good relationship with her.
- Suzy Spradlin, the executor of KT estate, recommended her.
- Maryann will make every effort to make the investments Socially Responsible.

- She was very straightforward and presented a realistic 4% rate of return on investment.
- The 60%/40% stock/bond split she advises is the same as recommended by Rossana, CPA, past treasurer of SC Zen Center.
- Has an annual fee of 1.25% for assets under management, an industry standard for the amount of money to be invested - \$250,000.
- Will exempt \$100K (40%) bond investment from the annual fee. Annual fee will only apply to \$150K (60%) in stock/mutual funds.
- Maryann will provide quarterly reports on the performance of the funds and is willing come once to a SCZC board meeting in Santa Cruz.
- She will be retiring in approximately 2 1/2 years and in that time SCZC can establish an investment plan. Upon retirement, we can transfer to another advisor within RBC or take the funds elsewhere. Maryann may also consider continuing as financial manager for SCZC after her retirement.

Proposal: Finalizing selection of third party financial advisor to be Maryann Simpson, at RBC with an investment of \$250,000. **Passed** with five 1's, two 2's, and a 2.5.

Discussion: Financial subcommittee feeling comfortable with Maryann and confidence in her level of attention. Question asked, would there be a cancellation fee if we withdraw early? No "in and out" fees in addition to what's she's charging. Financial committee will have some say in the asset mix. Some hesitation expressed regarding investing a lump sum, at all – i.e. a concern of wanting the funds as accessible as possible for future projects. SCZC Board has never taken a risk with funds before. This investment plan is considered conservative by most standards. The investment of these funds is considered a "long-term" investment for future generations of SCZC practitioners and not considered short-term funds to be accessed. Edie will contact Maryann, and JB Bryan to report decision re selection of third-party financial manager.

Report re Dokusan rebuild /fundraising campaign action plan:

- Need subcommittee and head of subcommittee. Subcommittee would work with 3 leaders to get approval on text of fundraising letter. Meeting held with Maria Gitin, who suggested a targeted letter – people who knew Katherine and had a relationship with her. Request that Gene and Patrick help identify 200 people to receive the letter.
- Need concept drawing from Rob by June 15 to include in the fundraising letter.
- Goal: finalize the letter by June 24 – 200 copies on good quality paper, with a remittance envelope. \$400 cost from Complete Mailing for printing, ZC will stuff envelopes.
- Goal: Mail fundraising letter by July 1st. Subcommittee would help get the mailing out and with 1:1 follow-up to those receiving the letter.
- July 1 to Sept. 30: Assistance needed with 1:1 phone calls and follow-up.
- October 1st: celebrate.
- Campaign will end Sept. 30th. Whatever funds are raised in the campaign will be the dedicated allocation for the dokusan rebuild, to go along with the \$25,000 from Katherine's trust, and \$25,000 utilized from ZC assets. If campaign falls

short of \$25,000, overall project cost will be set lower. If campaign generates more than \$25,000, additional funds are available for the project.

Proposal: \$500 budget for fundraising campaign expenses (\$400 for printing, plus postage and incidentals). **Passed** with six 1's and two 2's.
Further discussion: Michael and Patrick will join Edie on the fundraising subcommittee. Brian, Jeff, and Liz offered to help stuff envelopes.

Dokusan/office rebuild timeline (Gene):

Drawing will be completed soon for the fundraising letter (Rob). Permits will be acquired from the city in August (Rob). Project will go to bid, with at least two bids received by October 2013. Project construction in May 2014. Rob estimates 6 weeks construction time from beginning to completion. Timeline has been moved out to accomplish completing fundraising before beginning construction. 119A turnover will happen long before construction, so use of 119A for temporary office space doesn't seem practical. Instead, the plan is to move the office function off-site temporarily during construction next year, arranging to have continued hookup of the SCZC office phone number – perhaps in 113 School St. building. **Proposal** to accept the timeline noted above: **Passed** with eight 1's.

Proposal re 119A vacancy (Gene): Existing tenants will move out June 4, any repairs needed done in June-July, hope to have new tenant(s) in place by August 1. Nannette and Mari Tustin will do a walk-through on June 5, and then begin to advertise rental. Rent will remain at \$1700. Nannette and Mari will advertise it as available to someone with an active practice at Zen Center. Screening will be normal screening for ability to pay rent, and pay on time. Nannette and Mari will receive applications. Rental management team of Nannette and Mari Tustin will make final decision with input from Kokyo. Once Nannette and Mari have a list of candidates, they will offer Kokyo the opportunity to review tenant applicants. Nannette and Mari have an obligation to listen to Kokyo's input with Nannette and Mari making the final decision. There will not be a practice agreement in the rental application. "Active participation at SCZC" is defined as regular participation at classes, lectures, zazen, Sangha day, sesshins, fulfilling a zendo role, and dokusan with a practice leader at SCZC. This informal commitment to practice is unenforceable.

Discussion: We will presume positive intent, honesty in regards to personal intention of rental applicants to fulfill active participation at ZC. Concern expressed regarding not knowing how Kokyo will weigh candidates.

Friendly amendment: Board will ask Kokyo to clarify his review process and assure equity. We're entering these agreements in an environment of good faith and trustworthiness. Clarification: with rent of \$1700, a couple may wish to rent – would both people need to agree to the informal practice commitment at SCZC? Yes. **Passed** with five 1's, two 2's, and one 3.

Meeting closure and evaluation. Next All Board Meeting: Tuesday, June 25, 2013