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THE ZEN STUDIES SOCIETY, INC.

Special Meeting of the Board of Directors  
Thursday, July 20, 2000  
New York City

Present: Eido Shimano Roshi, Fernando Afable, Jean Bankier, John Mortensen, Wilkie Pretorius, Yasuko Shimano.

Excused: Richard Rudin

Visitors: Robert Greene, James Frechter

The meeting was called to order at 6:10 P.M. and the minutes of the March 11, 2000 meeting were read and approved after it was pointed out that John Mortensen's name was again incorrectly listed under Election of Officers of the Board. James Frechter pointed out that the DBZ expenses were misleading as stated. He would submit corrected figures to the Secretary.

Proposed Endowment Fund

Eido Roshi provided background on Mr. and Mrs. Dornier and their suggestion that an endowment fund be established for Zen Studies Society. He also announced that they had proposed to start the fund with a personal gift of \$100,000.

The Board took the following unanimous decisions:

- The Board agreed on the establishment of an endowment fund outside of existing accounts.
- The name of the Fund shall be: The Dharma Legacy Fund of the Zen Studies Society. The official address would be the same as for the Zen Studies Society, namely 223 East 67th Street, New York City 10021.
- A committee of three present and prospective ZSS Board Members would oversee the Fund: Eido Shimano, Fernando Afable and James Frechter.
- The Fund shall be managed by Audrey Dornier.
- A bank account would be opened, with statements going to Yasuko Shimano at NYZ and Fernando Afable at DBZ.
- In order to match the gift of \$100,000 from Mr. & Mrs. Dornier, the American Express Financial Advisors investment of \$100,000 (at last report \$116,000), would be liquidated and the funds transferred to the Dharma Legacy Fund. Jean Bankier offered to donate \$10,000 and it was decided that New York Zendo would make an initial gift of \$10,000 and Dai Bosatsu Zendo would contribute \$15,000.

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## Mission statement:

It was decided to finalize a mission statement that would define the primary function of the Fund at the next board meeting, scheduled for Tuesday, September 19th at 6:30 P.M. A proposed mission statement was handed to each board member to study in the interim (copy attached).

## Retirement for Fernando Afable and ZSS employees

Fernando Afable presented a document recommending a retirement plan for himself and future ZSS employees (copy attached). He urged that it was imperative that a plan be instituted before the end of the year. It was decided that this would be finalized at the next board meeting on September 19th and board members were urged to study his recommendations in the interim also.

There being no further business, the meeting was adjourned at 7:40 P.M.

Respectfully submitted,

Willem J. Pretorius  
Secretary

Proposed Mission Statement for The Zen Studies Society, Inc  
"Legacy Fund," an Endowment Fund to be Established for  
Long-Term Financial Stability, Development and Growth

Background:

A patron of the Zen Studies Society, Inc. ("ZSS") concerned with the organization's long-term financial viability, has offered to help establish a traditional endowment fund (the "Fund") with a generous gift. In order properly to establish such a fund, the organization's Board of Directors should agree on its primary function and basic structure. Set forth below is a draft of the Fund's proposed "mission statement."

Mission:

The contemplated Fund is an investment fund, the capital of which remains untouched and the annual proceeds of which are reinvested or used for specific Fund purposes. The Fund shall be managed by an independent manager and supervised by a committee of the organization's Board of Directors.

The point of the Fund is to assist the organization to generate sufficient financial resources to actualize its mission, "Let True Dharma Continue." The Fund will seek to achieve long-term financial stability for the organization by addressing financial demands at four basic levels: (i) long-term financial self-sufficiency; (ii) physical plant maintenance and development; (iii) program development; (iv) stabilization of operating revenue.

Long-term Financial Self-Sufficiency: In order to ensure the success of the organization's mission, ZSS must establish a certain degree of financial independence. Over the long-term, the growth of the Fund's investment assets should provide a primary and consistent source of income for the organization's various needs;

Physical Plant Maintenance and Development: The Fund's investment proceeds will be available to ensure that the existing buildings, roads, and landscape will be properly maintained, and to fund future physical plant development;

Program Development: The Fund's investment proceeds will be available for both administrative programs such as health care and retirement programs for ordained monks and nuns and the support of affiliated zendos established or administered by ordained monks and nuns, as well as expansion of Zen training programs and related cross-cultural and educational activities such as tea practice and translation of Zen/Buddhists texts;

Stabilization of Operating Revenue: A specified portion of the Fund's annual proceeds may be directed to stabilize year-to-year fluctuations in annual operating revenue as circumstances indicate, in accordance with the Fund's charter.



THE ZEN STUDIES SOCIETY

EIDO T. SHIMANO ROSHI, ABBOT

July 19, 2000

To the Board of Directors,  
The Zen Studies Society, Inc.

From: Jiro Fernando Afable

Regarding: Retirement funding for Jiro and ZSS employees

In our meetings in 1999, the subject of funding for my retirement, as well as for future ZSS employees was discussed. I subsequently met with Taizo Robert Greene (summer 1999) to discuss retirement issues within the ZSS. In our spring meeting this year, 2000, I said that would propose a retirement plan for myself and future employees in our second meeting in 2000.

After careful consideration I recommend the following to the Board:

1. The ZSS plan should be a defined contributions plan rather than a defined benefits plan. Defined contribution plans specify the level of employer contributions to the plan, but not the actual benefits that will be paid upon retirement.
2. The employee will also contribute to the plan.
3. The contribution of ZSS and the employee will be deposited monthly into a custodial account held by an investment company.
4. ZSS will be responsible only for contributing to a retirement [investment] fund for the employee, and does not guarantee that there will be enough in the account to provide for a lifetime benefit.

The appropriate vehicle for accomplishing my recommendations is a 403(b) tax-deferred investment and savings program. The 403(b) was established by the federal government to encourage workers in certain tax-exempt organizations to establish retirement savings programs. Contributions to the 403(b) are taken pre-tax, reducing the employees taxable salary, and both contributions and earnings can grow tax deferred until they are withdrawn.

The 403(b) plan is similar to a conventional IRA. However, the maximum amount of income that can be deposited yearly into a 403(b) account is much greater.

Attached to this letter are:

1. A table showing specific dollar amounts in a sample 403 plan for Jiro.
2. A table showing the future value of sample monthly investments.

I hope these recommendations are acceptable to you.

Sincerely,

*Jiro Fernando Afable*  
Jiro Fernando Afable

MOUNTAIN MONASTERY

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CITY ZENDO

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Fudo T. Shimano Roshi  
Abbot

### Information about 403(b) Plan

<p>Defined Benefits Defined Contributions</p>	<p>Employer guarantees monthly payments for life Employer contributes a percentage of wages into retirement plan.</p>	<p>ZSS plan</p>
<p>403 (b) plan is a Defined Contributions Plan</p>	<p>Specifically designed for 501(c) organizations NO ERISA COMPLIANCE is required for Churches IRS limits contributions to the 403(b) Employer is the sole contributor to the 403(b) Employee is the sole contributor to the 403(b) Employee and Employer share contribution 50/50</p>	<p>ZSS plan</p>
<p>What is the maximum Jiro is allowed to contribute? Current annual gross wage:</p>	<p>\$ 9585.00 for the year 1999, or \$ 798.75 per month</p>	<p>\$38,340</p>
<p>Cost per month for ZSS Cost per month for Jiro Current annual gross wage:</p>	<p>1/2 of \$ 798/month, or \$ 399. 1/2 of \$ 798/month, or \$ 399.</p>	<p>\$38,340</p>
<p>What ZSS has to do to implement the plan</p>	<p>1. Approve a 403 (b) plan for Jiro 2. Modify Jiro's work contract to give Jiro the option of participating in a 403(b) plan. 3. Jiro will chose an investment firm to be the custodian of the account.</p>	
<p>How is the 403 implemented?</p>	<p>1. Every month, ZSS deposits \$ 399 to payroll account 2. This \$ 399 from ZSS is added to \$ 399 from Jiro's salary and invested in a 403(b) account. 3. Jiro's tax liability is reduced by \$ 399. a month. 4. At age 70 1/2 Jiro is required by law to begin withdrawing funds from the 403 account. At this point, the contributions to the 403 account (ZSS+Jiro's) are taxed as they are withdrawn.</p>	
<p>Any contributions are tax deferred.</p>	<p>When does Jiro have access to the 403(b) funds</p>	<p>At age 70 1/2, distribution of the 403 is required. At this point, Jiro pays taxes on amounts as they are withdrawn.</p>
<p>Need for a Plan Document</p>	<p>A Plan Document (Retirement Plan Document) is not required of ZSS. However, because ZSS is a participant in the plan, a Plan Document is essential, for ZSS and for any employee.</p>	

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**FUTURE VALUE OF MONTHLY INVESTMENTS OVER x YEARS  
WHERE EMPLOYEE PAYS 50%, AND ZEN STUDIES SOCIETY PAYS 50%**

FUTURE VALUE	Monthly Invested rate	Annual % rate	Monthly % rate	Years	Months	50% cost to ZSS	50% cost to employee	Total cost
304992.7489	250	7.00%	0.0058333333	30	360	45000	45000	90000
243021.5079	300	7.00%	0.0058333333	25	300	45000	45000	90000
227997.7097	900	7.00%	0.0058333333	13	156	70200	70200	140400
253330.7886	1000	7.00%	0.0058333333	13	156	78000	78000	156000
372589.8622	250	8.00%	0.0066666667	30	360	45000	45000	90000
285307.9184	300	8.00%	0.0066666667	25	300	45000	45000	90000
245628.3511	900	8.00%	0.0066666667	13	156	70200	70200	140400
272920.3901	1000	8.00%	0.0066666667	13	156	78000	78000	156000
457685.8708	250	9.00%	0.0075	30	360	45000	45000	90000
336336.5812	300	9.00%	0.0075	25	300	45000	45000	90000
264954.8511	900	9.00%	0.0075	13	156	70200	70200	140400
294394.279	1000	9.00%	0.0075	13	156	78000	78000	156000
565121.9812	250	10.00%	0.0083333333	30	360	45000	45000	90000
398050.0208	300	10.00%	0.0083333333	25	300	45000	45000	90000
286155.0919	900	10.00%	0.0083333333	13	156	70200	70200	140400
317950.1022	1000	10.00%	0.0083333333	13	156	78000	78000	156000