

**STAR ISLAND CORPORATION  
BOARD OF DIRECTORS MEETING**

Monday, August 26, 2013  
On Island

**MINUTES**

Members in attendance:

John Bush, Treasurer  
Erik Cordes  
Josh Davis  
Nick Dembsey  
Sharon Kennedy, President  
Gary Kunz, Vice President  
Karen Mathiasen, Clerk  
Suellen Peluso  
Russell Peterson  
Sally Russell  
Tom Smurzynski (Pres., ISAUU)  
Charlie Stauffacher (Pres., SIUCC)  
Jordan Young (by phone)

Absent:

None

Others attending the meeting:

Joe Watts, CEO  
Debbie Duval

For Opening Words, Suellen Peluso read, first, excerpts from *Finding New England's Shipwrecks and Treasures*, by Robert Ellis Cahill, 1984:

New Hampshire's Isles of Shoals

The improbable names of Appledore, Smuttynose, Lunging, Cedar, White, Star, and Duck make up the small windswept islands known as the Isles of Shoals, located ten miles off the coast of Portsmouth, New Hampshire.

I have visited these islands many times within the last 30 years, each time searching for treasure. Most of my activities there have been underwater, combing the surrounding turbulent sea for the remains of old Spanish ships. The sea bottom around the Isles is covered with thick ribbon kelp, flowing from rock gullies that drop off from 20 feet to depths of 200 feet or more. Although I have never found even a splinter of wood from the treasure laden galleons, there is no doubt that they are there, possibly in deeper water than where I was hunting, or perfectly concealed within the kelp beds. I have also concluded that all the time I spend searching the sea bottom might have been better spent looking for treasure on the islands with a metal detector, for the bulk of treasure found at the Isles thus far has been dug up from the earth . . .

There are a few houses, mostly summer cottages, on the bigger islands at the Isles of Shoals, a rickety old wooden hotel on Star Island, and a lighthouse on White Island. Otherwise the Isles are deserted – except, of course, for the ghosts of Phillip Babb and

Martha Herring, who respectively guard the buried treasures of Captain Kidd and Blackbeard. There is, without doubt, much of value to be recovered from these islands, on land and in the surrounding sea. If New England, like the West Indies and Nova Scotia, would like to claim fame to its own genuine treasure islands, they are New Hampshire's Isles of Shoals.

And, second, two poems by Mary Oliver from *A Thousand Mornings*, 2012:

#### I Go Down to the Shore

I go down to the shore in the morning  
and depending on the hour the waves  
are rolling in or moving out,  
and I say, oh, I am miserable,  
what shall—  
what should I do? And the sea says  
in its lovely voice:  
Excuse me, I have work to do.

#### The Poet Compares Human Nature to the Ocean From Which We Came

The sea can do craziness, it can do smooth,  
it can lie down like silk breathing  
or toss havoc shoreward; it can give  
gifts and withhold all; it can rise, ebb, froth  
like an incoming frenzy of fountains, or it can  
sweet-talk entirely. As I can too,  
and so, no doubt, can you, and you.

Sharon Kennedy, President, first introduced Debbie Duval to the Board members. It is expected that Debbie will be elected the new president of the ISAUU at their annual meeting in November. Sharon then called the meeting to order at 8:57 a.m.

**Minutes.** It was unanimously

**VOTED:** To approve the minutes of the June 29, 2013, meeting of Directors.

**CEO Report.** Joe Watts, CEO of the Star Island Corporation, presented some highlights from the report, including some items pertaining to the Director of Development's report, which are included herein.

- **Institute for Religion in an Age of Science (IRAS).** Joe was very pleased to announce that IRAS will be returning to Star in 2014. IRAS held their annual conference on Star for many years, and we are delighted to have them back after an absence of a few years. IRAS's 2015 venue is still under discussion.

- State Fire Marshal Visit. Our fire safety efforts are clearly paying off. An inspector from the State Fire Marshal's office, who was part of the team visiting Star in 2007 in conjunction with the late opening, recently made a return visit. He expressed his pleasure with the current state of our fire safety, saying: "Tell anyone that asks that Star Island is in a very good place with the Office of the Fire Marshal."
- Federal Emergency Management Agency (FEMA). We are working with them for reimbursement of damage caused by Winter Storm Nemo and applying for mitigation funding against future storms.
- Council of Conferences (CoC). The autumn meeting is on October 12 in the Boston area. We are working with CoC leadership to enhance the vitality of the CoC and to provide attendees with the meeting agenda a month in advance.
- Personnel Changes. Athena Steinkraus is leaving staff after many years of good service. As part of a planned transition, Mike Bray will become Information Services Manager, a new year-round position. Volunteer coordination duties are yet to be reassigned amongst other staff. The new staffing plan will come in at or under staffing budget.
- General Assembly. We had a great presence at this year's UU General Assembly, held in June in Louisville, KY. We were very ably represented by long-time Shoalers Sue Flynn and Kris LoFrumento. Joe directed the Board to Sue's report on Star at this year's GA.
- Registration Update. It appears that by the end of the season we will be an estimated 250 bed nights below our goal of 18,630. Nonetheless, there is a new sense of vibrancy at Star. The future of the main conferences seems to be on the rise. There is concern over certain conferences, such as Arts, YES, NHC and International Affairs (IA). IA has very high program fees. (Suellen Peluso, a long-time IA conferee, noted that setting the IA fees is a group decision, made by a committee of IA leaders, and she will follow up with them).
- Shoals Marine Lab (SML). SML has some new personnel, including Jon Pennock, Interim Executive Director. Joe keeps in touch with SML and agreed to keep us posted.

**Treasurer's Report.** John Bush, Treasurer, gave the report. He noted that the bulk of the report would be focused on 2014 financials with a bit from 2013. For 2013, professional expenses are up; much of this is due to unbudgeted legal fees resulting from the review of the energy contract with Revolution Energy.

- Cash Flow and Operating Gains. We are currently projecting \$506K for 2013 capital expenses. This and previous capital expense reports suggest capital expenses will be high for the foreseeable future. These funds do not all have to come from operating funds, however; they can also come from various capital campaigns, grants, etc. We are projecting an operating gain of \$265K for 2013 and anticipate budgeting a gain of \$185K to \$225K in 2014.

- Room and Board Rates. We need to be concerned about the effect of high room and board rates on families. There are many possible variations on room and board rates. For example, we could keep youth rates flat. We could target certain conferences needing assistance. There is likely a need for caps on high room and board rates, but the question is where. The staff is taking a fresh look at the rate structure, especially for families. We also need to be thinking about multi-year impacts and multiple generations in one family, which brings up the question in this day and age of what constitutes a family.
- Bed Nights. We will review the algorithm for estimating bed nights.

Joe Watts and Kristi Vazifdar have provided the Finance Committee with 2014 budget timelines and guidelines, including

- Budget Timelines. We are choosing to approve the budget in November, rather than October, in order to have better year-end data. (The last page of these minutes sets forth the schedule of Board meetings for the balance of 2013.)
- Budget Guidelines, including
  - Create two alternatives, one with current power system, the second with solar.
  - Family pricing concerns
  - Target an overall surplus in the \$200K-250K range
  - Budget bed nights from 2013 actuals +/- known changes to 2014 conference schedule
  - Ensure we meet our bank covenant
  - 2% salary increase for some or all staff
  - Consider charging a fee for credit card usage/online registration
  - Set capital fundraising goals based on a detailed capital budget, including fundraising.

Board discussion followed.

- Salary Increases. Consensus was reached that all staff members should receive a 2% increase if possible. We should consider offering bonuses if certain targets are met. We should consider returning to a gratuity system and/or a daily or weekly pay system, as these might reduce any negative impacts of an “on the clock” employee mentality.
- Credit Cards. The topic of passing on credit card fees to guests was discussed at length. Ideally we would like a no-fee electronic solution. We should look carefully at what other places do before deciding. Passing on these fees to guests would save several thousand dollars in the budget. Perhaps the fees could be optional. More research and thought needs to go into this before a final decision is reached.

The consensus among the Board was that a 2% increase was appropriate for all employees.

**VOTED:** To accept the CEO report, including the report of the Director of Development, and the Treasurer's report.

**Pel Report.** In the absence of a Pel Liaison, there was no Pel Report.

**Solar Power Contract Recommendation**

It was moved and seconded to accept the recommendation of the Ad Hoc Solar Power Purchase Agreement Review Committee to approve the Power Purchase Agreement with Revolution Energy, subject to certain conditions being fulfilled. During discussion, it was noted that there are many contingencies that have not yet been met, or even agreed to by both parties.

A motion was made, seconded, and voted to call the motion.

There followed a vote on the motion as originally stated. The motion carried with eleven ayes and two nays as follows:

**VOTED:** To accept the recommendations set forth in the August 19, 2013, memo from the Ad Hoc Solar Power Purchase Agreement Review Committee and approve the draft Power Purchase Agreement referenced in the memo subject to satisfaction of the conditions identified in the memo and such other conditions as the Chief Executive Officer may determine are necessary or desirable.

It was expressed that this was a significant enough decision that the Board should approve the final contract rather than having the CEO be the sole arbiter on the next iteration of the contract. Joe indicated that he intended to have the next contract draft, in which the contingencies would be addressed, reviewed by the Ad Hoc Solar Power Committee referenced above and perhaps by the Board.

Following a motion made and seconded for reconsideration of the above vote, it was unanimously

**VOTED:** To amend the above vote to read:

To accept the recommendations set forth in the August 19, 2013, memo from the Ad Hoc Solar Power Purchase Agreement Review Committee and approve the draft Power Purchase Agreement referenced in the memo subject to satisfaction of the conditions identified in the memo and such other conditions as the Chief Executive Officer may determine are necessary or desirable, such satisfaction to be determined by further action of the Board.

**2013-2014 Master Board Calendar.** Sharon would like for the Board liaisons to the committees to report periodically to the Board. Such a schedule could be added to the Master Board Calendar. Discussion followed regarding Tuesday vs. Saturday for in-person meetings. Right now the monthly Board meetings are roughly evenly split between Tuesdays and

Saturdays (with Tuesday being by conference call and Saturday being in person at the Star Office or on the island). Sharon and Joe agreed to work on a revised schedule.

**Sponsorship.** Erik Cordes led the discussion. These days, publicity regarding sponsorship of activities includes not only the traditional ink on paper, but also the many varieties of electronic media. We very much need a Board policy on this. Such a policy sets boundaries for fund raisers and others to operate within and it also supports an SIC decision to reject a sponsorship proposal that is felt to be inappropriate for the Star Island Corporation's mission and vision. Staff, in conjunction with several committees, will consider this issue.

### **New Business**

- **Grant Policy.** The Fund Development Committee has recommended an approval process for grants to the SIC. Suellen Peluso led the discussion. Upon motion duly made and seconded, it was, with eleven ayes and two nays,

**VOTED:** The mission and vision of the Star Island Corporation are the parameters for seeking government and foundation grants. All purposes central to that mission and vision shall be considered acceptable for the investment of staff time in the preparation of applications.

Grant proposals will be reviewed by the Board for approval in all instances where the funder requires Board approval as part of its process.

Challenge grants that require matching funds shall be carefully considered by staff who shall ensure that such funds are available within existing SIC resources or are part of a sanctioned campaign for Star Island.

In general, grants of \$10,000 or less shall not require action by the Board when that vote is not required by the funder, provided that the identity of the grant given and the conditions imposed on such grant shall be consistent with the mission and vision of the Star Island Corporation.

All grant activity shall be reported to the Board timely as part of monthly Development reports.

- **Grant Application Approvals**
  - L-CHIP. We have a New Hampshire L-CHIP [Land and Community Heritage Investment Program] grant application awaiting approval by the Board. The grant is to restore the north and east walls of Oceanic (following repairs to windows, already undertaken) and to install storm panels on the windows to further weatherize Oceanic. The project, estimated at \$176K is for \$88K to be provided by L-CHIP and \$88K in matching funds by the SIC. The grantor requires Board approval of the application.

**VOTED:** To authorize the CEO to apply for a grant of \$88,376 from New Hampshire L-CHIP [Land and Community Heritage Investment Program], to be matched by the Star Island Corporation, for restoration of the north and east walls of Oceanic and to install storm panels on the windows.

NHCF. We are submitting a letter of intent to the New Hampshire Charitable Foundation to apply for a \$15K grant to fund the next phase of our next generation wastewater treatment facility study and design (total project cost estimated at \$60K). If selected, SIC will be eligible to apply for this grant in NHCF's fall grant cycle. SIC's recently adopted grant policy requires Board approval of the application.

**VOTED:** To authorize the CEO to apply for a grant of \$15,000 from New Hampshire Charitable Foundation (NHCF) to fund a portion of Star Island's next generation wastewater treatment facility study and design costs, provided NHCF determines SIC to be a qualified applicant for its fall grant cycle.

**Executive Session.** At 11:54 a.m., the Board voted to go into Executive Session, the minutes of which are kept separately. The purpose of the meeting was to approve the minutes of the June, 29, 2013, Executive Session. Joe Watts and Debbie Duval were invited to join the meeting.

The Board meeting was reconvened at 11:57 a.m. for the purpose of adjournment.

The remaining 2013 Board meetings are as follows:

September 24, by conference call

October 22, in person, 1:00-5:00 p.m. at the Federal Reserve Building in Boston

November 19, in person

December 17, in person if necessary, otherwise by conference call

[Clerk's note: There was no July Board meeting or Executive Session.]

There being no further business, it was

**VOTED:** To adjourn the meeting.

The meeting was adjourned at noon.

Respectfully submitted,

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Karen Mathiasen, Clerk