

**STAR ISLAND CORPORATION  
BOARD OF DIRECTORS MEETING**

Tuesday, September 24, 2013  
By “Go To Meeting” App and Telephone Conference Call

**MINUTES**

Members in attendance:

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

Absent:

Suellen Peluso

Others attending the meeting:

Joe Watts, CEO

For Opening Words, Karen Mathiasen noted that the Board has been talking a lot about planning and has been doing some important work in this area. She then offered a little background on tonight’s Opening Words, which relate to planning.

“Some of you may know of a Texas entrepreneur named T. Boone Pickens, who made a billion dollars, more or less, in the oil business. Mr. Pickens got some of his inspiration from his father, who said: ‘Son, a fool with a plan can beat a genius with no plan.’”

Sharon Kennedy, President, called the meeting to order at 7:04 p.m.

**Minutes.** It was unanimously

**VOTED:** To approve the minutes of the August 26, 2013, meeting of Directors.

**Reports**

- **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. Joe was complimented on an excellent written report.
  - **Development Report.** We are on track for the annual fund and expect that we will reach our \$425K goal. We have applied for funds from FEMA (the Federal Emergency Management Agency) for reimbursement for storm damage to the

roof of the dining hall, the pier, and the main pump station, and for mitigation funding against future storm damage, most notably for the pier. We have applied to the New Hampshire Charitable Foundation for a \$15K grant to fund the next phase of our wastewater treatment facility study and design. Joe reminded us of two upcoming events: Gosport Regatta (Saturday, September 28) and Starry Night (Saturday, November 16). We have received an anonymous pledge for \$40K for IT upgrades.

- Facilities Report. The State Fire Marshall has granted us a waiver for the chapel, allowing seating for 91 provided that we install sprinklers in the chapel and alter the chapel door to open out.
- Registration Report. Three-fourths of our registrations were done on line. Right now we are projecting 18,200 bed nights against our goal of 18,630. On the other hand, we will have achieved 98% of our goal, and in having roughly the same number of bed nights as last year, we will have recouped the lost registrations from Southern New Hampshire University's decision not to return this year. There were significant shortages in the International Affairs, Natural History, Personal Retreats, Star Gathering UCC 2 Family and Youth, and Star Arts Conferences; however, record-breaking enrollments, especially in All Star 1, LOAS 1, and LOAS 2, helped to offset these shortages. Further, IRAS (Institute for Religion in an Age of Science) is returning next year.
- Strategic Map for 2014-2016. As part of our email communications to Corporation members and other stakeholders, we will be announcing the Strategic Map.

- **Treasurer's Report**

- Operating Expenses. Operating expenses are down a bit from budget: \$261K projected vs. \$ 273K budgeted. The ratios for Eastern Bank continue to be acceptable.
- Amendment to SIC Capitalization Policy. At our March 26 Board meeting, we voted an SIC capitalization policy. Among the provisions was that qualifying expenditures had to be, among other things, in an amount of no less than \$5,000. Since that vote, it has been suggested that we amend the policy to include amounts of no less than \$10,000. Upon motion duly made and seconded, it was unanimously

**VOTED:** To amend the SIC Capitalization Policy to apply to amounts of no less than \$10,000, rather than no less than \$5,000.

- New Energy System. We need to speak to our auditors to determine how we should handle the project from an accounting point of view.

- Group Exemption. It might be possible to get a 501(c)(3) group exemption for some or all of our conferences by showing that the SIC is a national organization with several local branches. All Star 1 has a subgroup looking at this issue to see if it might be a viable option for All Star 1 (and by implication, for other conferences). One Internal Revenue Code requirement is that the branches/conferences must be under the “supervision and control” of the national organization, a requirement that needs further discussion. We plan to bring the general idea of a group 501(c)(3) exemption to the Council of Conferences meeting in October. In any case, this is a longer term project and we must be sure we understand the implications of applying for such an exemption. Given that a primary goal of such action would be to protect conference individuals from assuming unwanted and unwarranted liability, we need to be aware that there are other options, such as individual conferences applying for their own 501(c)(3) status.
  
- Financial Aid Program/Discount Program Report. Sally Russell, Financial Aid Program chair, gave the report. The Board had budgeted \$22K for financial aid provided by the SIC, and ultimately gave out \$19,214 in aid over three rounds of applications and awards. There was a particularly large applicant pool (52 persons) for round 2, resulting in smaller aid packages for this group. Sally reported that Mike Bray was “incredible” to work with and great at sorting out issues. The goal of the Financial Aid Program is to enable people to come to Star who would not otherwise be able to attend for financial reasons. This brings up the question of equity in ability to attend Star vs. the goal of filling beds. Discussion followed on the size of the SIC financial aid fund for next year. The discount program brought in a lot of new people. We went over budget on the discounts, but we need to remember that exceeding the budget leads to extra revenue for conferences that are not full. It was suggested that the Financial Aid Program make a recommendation on what it thinks it can allocate in 2014, rather than simply using a figure in the \$20-22K range.
  
- Pel Report. In the absence of the Pel Liaison, there was no Pel Report.

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

**Old Business**

- 2014 Budget Update. The first draft of the 2014 budget will be presented at our October Board meeting. We will approve the budget at our November meeting if it is ready, otherwise in December. This plan is on schedule with our timeline. The following are various considerations for the 2014 budget:
  - Family pricing and analysis, especially for 6 to 11 year olds. We anticipate offering family discounts.
  - Surplus. Our goal is in the \$200K-250K range.

- Bed Nights. Current thinking is 19,200, a 1,000 increase over this year.
  - Governance. Ensure we meet our bank covenant by a comfortable margin.
  - Salaries. 2% increase for all staff. We may tweak staff jobs.
  - Provide Two Scenarios. One budget with our new energy system and one without.
  - Set total capital goals based on pledges (currently around \$135K).
  - Annual Fund goal of \$450K.
  - Credit card fees. General feeling that it is not a good idea to pass these on to our conferees, at least for 2014. We need, however, to know what the costs of transactions are.
- **Energy System Project Update.** We are working with Revolution Energy (RE) on adjusting the contract to address the conditions specified in the ad hoc committee's recommendation of August 19. RE's investor summary is in review and a meeting of the ad hoc committee is going to take place by the end of this month.
  - **Master Board Meeting Calendar.** It was suggested that in order to minimize travel, we try to combine certain events on the same day (but not at the same time), such as a Board meeting with the 2014 Starry Night.

### **New Business**

- **Benefit and Compensation Review Update.** Sally and Joe gave the report. Our outside Human Resources consultant is focusing on employee compensation and benefits. The consultant's review indicates that Star Island has some generous benefits, which is something to be proud of. The review offers some recommendations that can be implemented over time. We are only focusing on year-round and one seasonal senior staff position at this time. A review of senior staff compensation and benefits suggests that five out of nine senior staff are in the "acceptable range," three people are a little under, and one is slightly over. Joe attended the Personnel Committee meeting where the issue of how to retain part-time senior staff was discussed. The Committee was pleased with our benefits package, and provided helpful input on a variety of topics. They indicated that our compensation package was appropriately generous, and that common sense tweaks could be implemented in a way that helps Star and does not have an onerous impact on staff. Sally noted that it is very difficult to get the whole Personnel Committee together, even by conference call.
- **Permanent Trust Emergency Appointment.** The Star Island community has been deeply saddened by the recent, somewhat sudden death of George Brandenburg. Among his other Star activities, George was a trustee of the Permanent Trust. The question was raised as to whether the Board should appoint someone to serve from now until the SIC Annual Meeting in April. It was informally agreed not to fill the seat before the Annual Meeting.

**Executive Session.** At 8:43 p.m., the Board voted to go into Executive Session, the minutes of which are kept separately. The purpose of the session was to approve the minutes of the August 26, 2013, Executive Session and to discuss certain compensation issues.

The Board meeting was reconvened at 8:53 p.m. for the purposes of wrap up and adjournment. In evaluating the Board meeting just held, we were pleased to note that we stayed on track, and that much of the credit for that goes to Sharon.

Gary Kunz agreed to represent the Board at the Gosport Regatta.

The remaining 2013 Board meetings are as follows:

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

There being no further business, it was

**VOTED:** To adjourn the meeting.

The meeting was adjourned at 8:57 p.m.

Respectfully submitted,

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Karen Mathiasen, Clerk