

**STAR ISLAND CORPORATION
BOARD OF DIRECTORS MEETING**

Tuesday, April 22, 2014
By “Go To Meeting” App and Telephone Conference Call

Members in attendance:

John Bush, Treasurer
Josh Davis
Nick Dembsey
Sharon Kennedy, President
Gary Kunz, Vice President
Karen Mathiasen, Clerk
Suellen Peluso *
Russell Peterson
Sally Russell *
Tom Smurzynski (Pres., ISAUU) *

Absent:

Erik Cordes
Debbie Duval (President, SIUCC)
Jordan Young

Others attending the meeting:

Joe Watts, CEO
Kristi Vazifdar
Melanie Bunker, CPA, of Cummings,
Lamont & McNamee, P.A. *

* part of meeting

For Opening Words, Sally Russell read *Mysteries, Yes* by Mary Oliver:

Mysteries, Yes

Truly, we live with mysteries too marvelous
to be understood.

How grass can be nourishing in the
mouths of the lambs.
How rivers and stones are forever
in allegiance with gravity
while we ourselves dream of rising.
How two hands touch and the bonds will
never be broken.
How people come, from delight or the
scars of damage,
to the comfort of a poem.

Let me keep my distance, always, from those
who think they have the answers.

Let me keep company always with those who say,
“Look!” and laugh in astonishment,
and bow their heads.

Sharon Kennedy, President, called the meeting to order at 7:06 p.m.

Minutes. It was unanimously

VOTED: To approve the minutes of the March 25, 2014, meeting of Directors.

Reports

- **CEO Report.** Joe Watts, CEO of the Star Island Corporation, presented several topics to supplement the written CEO Report, including items from the reports of the Director of Development, the Island Manager/Director of Facilities, and the Registrar, noting that we are off to a great start for Summer 2014.
 - **Development Report.** Joe gave the report on behalf of Angela Matthews, Director of Development.
 - **Spring Annual Fund Appeal/Thank-A-Thon.** These two initiatives, described in the March 25 Board minutes, are underway.
 - **Update on Grants.** We have decided to defer action on a \$25K request from the McIninch Foundation until their October grant cycle. Joe noted that the \$7.3K from the Heritage Preservation Grant/Conservation Assessment Funds will not show up in our financial statements because the funding goes directly to the service providers' sponsoring organization (for SIC's benefit).
 - **Facilities Report.** Joe reported on behalf of Jack Farrell, Island Manager/Director of Facilities.
 - **Fire Safety.** The annual meeting with the Rye Fire Department and the Rye Building Inspector went well. These relationships are very important to us, and we do not take them casually.
 - **Annual Meeting.** Among the facilities-related topics that we will be reporting on at Annual Meeting are various projects from 2013 and early 2014 in slide show format. Russ Peterson will offer remarks on the renewable energy project.
 - **Project Update.** The major beam in the dining room has rot; it is too early to say if we can absorb the increased cost in our current capital budget. We had a structural engineer inspect this beam and are awaiting his report. Also underway are the Shack roof, the sprinkler system in the chapel, and water tanks installed on the *Perseverance* to bring drinking water to Star. Other projects in the works are the Gosport porch, including the railings, and the Oceanic North and East Wall Rehab. Our IT upgrade is underway; we are providing a project parameters to the contractor. The pier project is planned to begin in the fall. All in all, we are having an outstanding Open Up and things are going well.
 - **Registration Report.** As of April 15, we were at 63% of our 19,250 bed night goal,

and 9% ahead of last year at this time. AS1, IRAS, SG 2 Family, and SG 2 Youth all have waiting lists this year. We are tracking this carefully, and encouraging waited-listed conferees to apply to conferences that still have space. The bump in 2014 registrations, as compared to some prior years, is encouraging. We note, however, that although we have better registration data than in years past and are tracking the data carefully, it is too soon to draw meaningful comparisons with other years. This is because such variables as extensive online registration did not exist before this year, so perhaps many conferees are simply registering earlier.

- General Assembly. Joe wrapped up his remarks by reminding us that we will have a presence at the UUA's General Assembly, which meets this year in Providence, Rhode Island, from June 25-29. We are still seeking people to help staff the booth or otherwise be a presence there.
 - Recommended Events for Board Members to Attend. Board members certainly want to support Star programs, but it is not possible to attend everything. We therefore asked Joe to prepare a suggested list of events and some guidelines to help Board members make the best choices, both for themselves and for the greater good of Star Island. [Clerk's note: Joe has kindly drafted such a list, which is included in the supplementary material to today's Board minutes, but was not discussed at today's Board meeting.]
- **Treasurer's Report**
 - March 2014. John Bush gave a brief report, noting that it is still early in the year, and there is nothing unusual to report. We are right in line with budget projections.

Melanie Bunker, CPA, of our audit firm of Cummings, Lamont & McNamee, P.A, joined the meeting in order to present us with the 2013 audit results at the appropriate time on the agenda. Josh Davis also joined the meeting.

- Five-Year Financial Plan and Long Range Integrated Financial Plan. The [Rolling] Five-Year Financial Plan, which is concerned with bed nights and other such financial data, is updated every spring by the Finance Committee. The Plan calls for us to increase our occupancy to over 20K bed nights, which is where we need to be if one of our goals is for Star to be financially sustainable. We also have a recently appointed subcommittee of the Board that is drafting a Long Range Integrated Financial Plan. In drafting the Integrated Plan, the subcommittee will be integrating finance, facilities, and development. The subcommittee is expected to report to the Board at our August on-island retreat.
- Reserve Policy. The Finance Committee is working on this. We will take this up at our May Board meeting.

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

VOTED: To accept the CEO report, including the Development, Facilities, and Registration Reports, and the Treasurer's Report.

Old Business

- **2013 Audit Presentation.** Melanie Bunker presented the 2013 audit results. She first offered some background information on financial audits in general, including what a financial statement audit is and is not. Melanie noted that during the SIC audit process, there were no major difficulties encountered, no disagreements with management relating to financial statements, and that certain representations were provided by management, all things auditors look for. As a result, SIC was given an unqualified (i.e., "clean") audit opinion. There are a few wrap-up matters that John will review with Melanie. In its Management Letter to SIC, Cummings, Lamont was pleased to report "that no significant deficiencies or material weaknesses came to [its] attention during the audit." Melanie praised us on good practices. A major one is to have different people overseeing various functions. For example, budgeting, approvals, mailing checks, and maintaining a special vendors' list should not be handled by the same person.

VOTED: To accept the 2013 Audit Report.

Melanie Bunker left the meeting.

- **Solar Project Update.** Russ and Joe gave the report. Revolution Energy (RE) missed a major milestone by failing to provide us with a financial plan by April 15, 2014. This was in addition to a December 31, 2013, deadline set forth in the Letter of Agreement between RE and the Star Island Corporation. RE knows and has graciously accepted that the April 15 deadline has indeed passed without their meeting a critical milestone. As a result, we are now free to look at other options and to approach other potential business partners. Fortunately, the solar project design is good, which is an advantage in seeking other partners. Further, our installation of water tanks on the *Perseverance* will help to reduce pressure on the reverse-osmosis system, which is one of the biggest users of island electricity.
- **Annual Meeting.** Due to a family emergency, Sharon is regrettably unable to attend this Saturday's Annual Meeting. Vice President Gary Kunz will step in for Sharon, and some other Annual Meeting duties that are carried out by Board members will be reallocated among other Board members; this also pertains to Board duties at the Church Fair, being held again this year. Nick Dembsey will grant the Bringer of Light award and also report on the recommendations of the Special Nominating Committee. We will pass around the microphone among the Board members so that we might each introduce ourselves in a couple of sentences.
- **Thank-A-Thon Debrief.** Some Board members reported on their experiences in making phone calls to various past donors to thank them for their generosity and to engage them in conversation about Star. It was reported that people were pleased to have an opportunity to speak with Board members about Star. Star's many positives were

praised, and at least in this first group, there were no negatives.

- **Bylaw and Policy Reviews.** Sharon asked Board members to volunteer to review policies and bylaws. Josh and Jordan have agreed to help. Russ is willing to review policies. Sharon will talk with Tom Smurzynski regarding bylaws.

New Business

- **Special Nominating Committee Report.** The task of the Special Nominating Committee is to recommend a President and a Vice President for the Star Island Corporation. Each member of the Committee will interview two or three Board members for their thoughts.
- **Form 990 Approval.** This was deferred until Executive Session.
- **Permanent Trust Agreement.** The [Star Island] Permanent Trust Agreement (Agreement) was executed in 1998, and some of the language is outdated or otherwise in need of amendment. John Bush earlier volunteered to review the Agreement and to recommend updates to it. In today's report to the Board, John noted that in addition to outdated language, the Agreement contained extraneous material. Further, the "Restricted Contributions" in the Trust Agreement did not comport with actual practice, and needed to be brought into compliance. Upon motion duly made and seconded, following discussion, it was unanimously

VOTED: To approve the amendments to the Permanent Trust Agreement as presented to the Board.

- **Spring Volunteer Report.** Joe reported that volunteers spent the equivalent of ca. 350 days of labor in Newton, in the IT Center, and doing garden and road work, to name a few. The process of selecting volunteers seems to be transparent, as the application is posted on our web site. As part of our Board self-evaluation, we identified that we wanted to know more about island volunteering, and this report is designed to achieve this objective. Russ suggested that it would be helpful to receive volunteer reports earlier.

Executive Session. At 8:52 p.m., the Board unanimously voted to go into Executive Session, the minutes of which are kept separately. The purpose of the meeting was to review certain corporate compliance issues. The Board first reviewed a tax filing issue; no vote was taken.

Upon motion duly made and seconded, following opportunity for discussion, the following votes were unanimously taken:

VOTED: To approve the minutes of the March 25, 2014, Executive Session.

VOTED: To amend the CEO's benefits package as presented to the meeting in order to

bring it into compliance with the requirements of TIAA-CREF, SIC's pension/retirement benefits plan.

The Board meeting was reconvened at 9:12 p.m.

The Annual Meeting will be held on Saturday, April 26. The next regular Board meeting is scheduled for Tuesday, May 27, 2014, by GoToMeeting/conference call. Immediately following the Annual Meeting this Saturday, the Board will meet to elect a President and a Vice President.

There being no further business, it was

VOTED: To adjourn the meeting.

The meeting was adjourned at 9:15 p.m.

Respectfully submitted,

Karen Mathiasen, Clerk