

**STAR ISLAND CORPORATION
BOARD OF DIRECTORS MEETING**

Tuesday, May 27, 2014
By “Go To Meeting” App and Telephone Conference Call

Members in attendance:

John Bush, Treasurer
Erik Cordes
Josh Davis
Nick Dembsey
Debbie Duval (President, SIUCC)
Sharon Kennedy, President
Karen Mathiasen, Clerk
Suellen Peluso (part of meeting)
Russell Peterson
Jordan Young
Sally Russell

Absent:

Gary Kunz, Vice President
Tom Smurzynski (Pres., ISAUU)

Others attending the meeting:

Joe Watts, CEO

For Opening Words, Sharon Kennedy read “Digging” from *Death of a Naturalist* by Seamus Heaney, noting that “Digging” contrasts our work with that of an earlier century.

Between my finger and my thumb
The squat pen rests; snug as a gun.

Under my window, a clean rasping sound
When the spade sinks into gravelly ground:
My father, digging. I look down

Till his straining rump among the flowerbeds
Bends low, comes up twenty years away
Stooping in rhythm through potato drills
Where he was digging.

The coarse boot nestled on the lug, the shaft
Against the inside knee was levered firmly.
He rooted out tall tops, buried the bright edge deep
To scatter new potatoes that we picked,
Loving their cool hardness in our hands.

By God, the old man could handle a spade.
Just like his old man.

My grandfather cut more turf in a day
Than any other man on Toner's bog.
Once I carried him milk in a bottle
Corked sloppily with paper. He straightened up
To drink it, then fell to right away
Nicking and slicing neatly, heaving sods
Over his shoulder, going down and down
For the good turf. Digging.

The cold smell of potato mould, the squelch and slap
Of soggy peat, the curt cuts of an edge
Through living roots awaken in my head.
But I've no spade to follow men like them.

Between my finger and my thumb
The squat pen rests.
I'll dig with it.

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

April 22 and 26 Board Minutes. It was unanimously

VOTED: To approve the minutes of the April 22, 2014, Meeting of Directors and of the April 26, 2014, Special Meeting of Directors.

Minutes of May 15 Special Meeting of Directors. The minutes of the May 15, 2014, Special Meeting of Directors were presented for discussion. The issue was whether or not these May 15 minutes should contain the roll call showing how each Director voted regarding certain steps to be taken with Ayer Electric for a solar energy project. The listing of the Directors' individual votes was not included in the May 15 presented to the Board. Upon motion duly made and seconded, following discussion, it was, with 8 ayes and 2 nays,

VOTED: To amend the minutes of the May 15, 2014, Special Meeting of Directors, by deleting the roll call vote of each of the Directors in regards to the Ayer Electric project.

Thereupon, it was unanimously

VOTED: To approve the minutes of the May 15, 2014, Special Meeting of Directors, as amended.

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.

- Development Report. Joe gave the report on behalf of Angela Matthews, Director of Development. We are ahead of last year's Annual Fund at this time. Joe noted, however, that in making year-to-year comparisons, it is important to recall that 2010 had some unusually large gifts.
- Spring Annual Fund Appeal/Thank-A-Thon. These two initiatives, described in the March 25 Board minutes, are underway. The Spring Annual Fund Appeal has been successful thus far, but it is too early in the year to forecast much from that. Thank-A-Thon calls have been generally well received. Board members are urged to complete their calls.
- McIninch Foundation. We are looking for grants around our solar power system and will apply to McIninch in the autumn if we can put together a contract with Ayer Electric by then.
- Facilities Report. Joe reported on behalf of Jack Farrell, Island Manager/Director of Facilities.
 - "Opening Readiness." This is a theme we care much about. We feel good about the work being done. There are many projects in the works, and they are on track.
 - Early Conference. For the first time in memory, we offered a conference in mid-May, this one on birding, which went well. (It turns out that this is another benefit of switching the Gosport Regatta to September, namely that we can concentrate some of our energies towards early conferences without trying to organize a regatta at the same time.) The birders stayed in specially outfitted quarters on the first floors of buildings and with battery-operated smoke detectors. Joe indicated that the Rye Fire Department is aware of this arrangement, which is consistent with how we house open-up staff and volunteers.
 - Island Transport. ISSCo. - the Isles of Shoals Steamship Company - has bought a 50-foot passenger boat, which will give us more flexibility in getting people on and off the island.
- Registration Report. Bed nights are about 8% ahead of last year. We consider that we are now past the on line "bump." We need ca. 4K more bed nights to reach our 2014 goal. Staff and others are working to address undersubscribed conferences.
- Fiscal Controls Review. Kristi Vazifdar's memo on fiscal controls for operating funds was well received by the Finance Committee. Staff, led by Kristi Vazifdar, has thoroughly reviewed our processes and internal controls as they relate to all island-related income from budget to reconciliation. This is a very important topic, and we on the Board are pleased to see the good work that is being done on this. The

document was submitted to the Board in the pre-meeting Board packets.

- General Assembly. Joe reminded us of the UUA's General Assembly, which meets this year in Providence, Rhode Island, from June 25-29. Star Island will have a presence there.
- CrossCurrent Communications. CrossCurrents has drafted a Strategic Marketing and Communication Plan for us. Much of this is long term and strategic, and will need to be prioritized. We will return to this topic at a later meeting.

- **Treasurer's Report**

- April 2014. John Bush gave a brief report of the monthly financials, noting that it was a normal month and that things are going according to plan. We are right in line with budget projections.
- Reserve Policy. A policy to establish a funded reserve fund was presented for discussion. Guidelines call for 25% of annual income to be in a reserve fund. We are unable to fund the reserve this year, but we should work towards doing so in the future. A plan for us to think about is setting aside \$25K/year for ten years, bringing us to \$250K. Upon motion duly made and seconded, following discussion, it was unanimously

VOTED: To amend the policy entitled "Establishment of a Funded Reserve Fund" by striking the third policy item [regarding creation of an internal line of credit] from the draft, by leaving the second policy item as presented, and by adding the provision that a vote defeating the creation of an internal line of credit does not preclude the Board from using the reserve funds as a short-term internal line of credit.

Upon motion duly made and seconded, following discussion, it was, with nine ayes and one nay,

VOTED: To adopt the SIC Policy Statement entitled "Establishment of a Funded Reserve Fund," as amended.

- Banking Relations. We are planning to look at all of our banking relationships in the second half of 2014.
- Pel Report. In the absence of the Pel Liaison, there was no Pel Report. There will likely be a new Pel Liaison elected by the Pel community in time for our June Board meeting.

Suellen Peluso joined the meeting.

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

Old Business

- **Annual Meeting Debrief.** Board members offered various thoughts, including Gary Kunz's good job in chairing the meeting in Sharon's absence. There were positive comments from Corporation members. Some people felt, however, that some of the oral reports were repetitive. It also seems that the Church Fair, being held shortly before lunch, is more of a social event and a good opportunity for attendees to visit one another.
- **Review of Bylaws.** Tom Smurzynski, Gary Kunz, and Charlie Stauffacher have agreed to form a subcommittee to review the bylaws. High priority amendments, such as increasing the allowable number of SIC members, would be addressed in 2015. Items of lesser priority would be addressed in 2016. Board members are asked to get suggestions to this subcommittee by July 1, so that the subcommittee may report back at the August retreat.
- **Review of Board Policies.** Russ Peterson, Jordan Young, and Josh Davis have agreed to work on this and to report back at the August retreat.
- **2014 Audit.** In time for next year's audit, the Finance Committee would like to go out with an RFP to four or five audit firms, including our current firm, to solicit their interest in and capabilities for performing audit work for us. We need to make it clear that our going out for bid next year is not because we are underserved by our current auditors, but because we understand it to be good business practice to change auditors every few years. It was noted that the Finance Committee had voted in favor of going out to bid. Upon motion duly made and seconded, it was unanimously

VOTED: To direct the staff to work with the Audit Committee and the Board in order to issue an RFP seeking bids for an auditor.

Russ and Josh will join the audit working group with John Bush and staff, and which also includes Bob Giles (Chair) and Tricia Coleman.

- **Solar Project Update.** Russ Peterson and Joe Watts gave the report. We are proceeding apace. Joe has minor comments from Ayer Electric on the contract. In view of the anticipated relationship with Ayer Electric, we have made a formal request to increase our line of credit with Eastern Bank from \$500K to \$650K, and in the request we presented our accounting treatment to be sure Eastern Bank was aware of how we were approaching the accounting and its resulting impact on our debt service coverage ratio, which we believe will be minimal. Joe has been working with our law firm. We are trying to have the main points on the contract wrapped up by the end of the week. The Property Standards Committee has approved the general site location. Other approvals are being sought, especially from the Rye Historic District. Expedited approval from the NH Department of Environmental Services should be forthcoming. We are hoping that Island Institute can help us with our USDA grant application. [Clerk's Note: A schedule of Special Meetings of Directors in conjunction with the solar project may be found at the

conclusion of these minutes.]

New Business

- **Council of Conferences (CoC) Meeting Update.** In the absence of Gary Kunz, Sharon read Gary's report. Russ felt that it was a good meeting. Interest in the CoC is said to have increased substantially in the last year.
- **June Board Meeting at the Portsmouth Office.** The meeting is on Saturday, June 28, from 10:00 a.m. to 2:00 p.m. Board members might wish to dovetail the Saturday meeting with a trip to the island the night before. (Interested Board members should speak with Joe.)
- Board members suggested various topics for the meeting:
 - Review of Board Policies update
 - Committee on Appointments report – Debbie
 - Financial Aid Update (Sally – cannot be at June meeting and will send written report)
 - New Pel Representative
 - Solar Project update
 - Revising budget in view of solar project
 - Quarterly Board goal check in
 - Membership and Property Standards liaison reports
 - Planning for August Retreat
 - Progress on marketing report
 - Process for selecting Bringer of Light awardees
 - Update of Five-Year Rolling Plan (probably not at the June meeting)
 - Visit by an SIC senior staff member (TBD)

Conference Services Committee Brief Update. Karen Mathiasen's membership on the Board expires due to term limits in April 2015, and along with it her role as Board Liaison to the Conference Services Committee (CSC). It was deemed helpful to begin the planning process now, so that we might have a smooth transition. Debbie Duval is expected to be the next Board liaison to the CSC, and will start attending CSC meetings as a guest until her appointment as Board liaison takes effect in April, 2015. Karen will confirm this plan with Erin Halacy, CSC chair, but we do not expect any issues.

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 session was to approve the minutes of the April 22, 2014, Executive Session.

The Board meeting was reconvened at 8:58 p.m.

The next regular Board meeting is scheduled for Saturday, June 28, 2014, from 10:00 a.m. – 2:00 p.m. at the SIC office in Portsmouth. Special meetings of the Board are called for Thursday,

June 5, and Tuesday, June 10, both at 6:30 p.m., to review the latest solar project draft agreement. The regular monthly meeting for July is on July 22. In the absence of Gary Kunz, Sharon read Gary's report. If any of the meetings are not be needed, they will be cancelled.

There being no further business, it was

VOTED: To adjourn the meeting.

The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Karen Mathiasen, Clerk