

**STAR ISLAND CORPORATION
BOARD OF DIRECTORS MEETING**

Tuesday, October 28, 2014, from 1:00-5:00 p.m.
at the Federal Reserve Building, 600 Atlantic Avenue, Boston

Members in attendance:

John Bush, Treasurer
Erik Cordes
Josh Davis
Nick Dembsey
Debbie Duval (President, SIUCC)*
Sharon Kennedy, President
Gary Kunz, Vice President
Karen Mathiasen, Clerk
Suellen Peluso
Sally Russell
Russell Peterson
Tom Smurzynski (President, ISAUU)
Jordan Young

Absent:

None

Others attending the meeting:

Joe Watts, CEO
Kristi Vazifdar*
Tom Coleman

* part of meeting

For Opening Words, Karen Mathiasen read two brief pieces, the first being written by a twenty-first century Episcopal monk and the second being a medieval Scottish prayer, often recited at Halloween:

Now

“One of the truths about life the way we live it now, is that we are all too busy. As we rush from here to there and back again, we miss the now: we miss the beauty of the snow, and the glory of the hills, we miss the warmth of an embrace and the delight of a smile. We are too busy to see and taste and touch and feel.”

-Brother James Koester
of the Society of Saint John the Evangelist,
an Episcopal monastery and retreat center
located in Cambridge, MA

*“fae ghosties & ghoulies & lang-legged beasties
& things that go bump in the nicht...
guid lord, deliver us”*

Traditional Scottish prayer

[“From ghosties and ghoulies and long-legged beasties
And things that go bump in the night...
Good Lord, deliver us”]

Sharon Kennedy, President, called the meeting to order at 1:15 p.m. The Clerk took the minutes. Sharon introduced Tom Coleman, our-soon-to-be Board member, who joins us by virtue of having been elected president of the ISAUU, succeeding Tom Smurzynski, whose term expires on November 1. The Directors welcomed Tom Coleman, and gave a thank you and a round of applause for Tom Smurzynski for his good work on the Board.

September 23 Board Minutes. It was unanimously

VOTED: To approve the minutes of the September 23, 2014, Meeting of Directors.

First Executive Session. At 1:20 p.m., the Directors voted to go into an Executive Session, the minutes of which are kept separately. The purpose of this session was to review a staffing update. No votes were taken except to approve the minutes of the September 23, 2014, Executive Session.

The Board meeting was reconvened at 1:32 p.m.

Reports

- **CEO Report.** Joe Watts, CEO of the Star Island Corporation, gave the report.
 - **Conference Season Report.** He noted that we are going to be doing more next year with amenities on island. Last year we established a position entitled Minister of Community and Hospitality. Jordan noted that Conference Center Director Justina Maji has written an excellent end-of-season report. Joe also reported on the Fall Council of Conferences meeting held on October 18. The technology discussion went well, technology in this context being what technology (laptops, smart phones, etc.) should and should not be permitted on Star. As the session evolved, it became evident that it is better to establish and promote guidelines about technology use within the broader culture of the island, rather than promulgating a bunch of rules. Russ, noting that revenues are up and expenses are down, thanked the staff for their good work.
 - **Discount Report.** The discount program went well, and is informing our plans for next year.
 - **Development Report.** Joe gave the report on behalf of Angela Matthews. The search for a new Director of Development continues. We are pleased with our search firm.
 - **Facilities Report.** The solar energy project and the pier project continue to go well. We will undertake some behind the scenes fundraising for the solar plant.
 - **Registration Report.** We exceeded the number of bed nights budgeted for the first time in a long time, but this was not the highest number of bed nights in a season. For 2014, we have achieved 19,368 bed nights, surpassing our budgeted bed night goal of 19,250.

- **Treasurer's Report.** John Bush gave the report. To meet bank requirements regarding the amount of our various loans, our Debt Service Coverage Ratio needs to be at 1.25 or higher. Our current financials indicate that we have a small cushion in the \$25K-\$35K range. For the long term, we need to focus on increasing bed nights over 20,000, grants, and capital campaigns. As we think about our banking relationships, we should pay attention to interest rates, and also consider what property we own that we could mortgage as collateral if possible (vs. using the Permanent Trust). Work on our wastewater treatment plant (WWTP) is expected to cost as much as \$1 million, of which we might need to debt finance \$500K. Our new bank, should we change banks, must agree in writing to fund the WWTP. Banks with whom we have talked want first call on collateral.
- **Pel Report.** In the absence of Dash Davis, Pel Representative, there was no Pel Report.

VOTED: To accept the CEO Report (including the Conference Season, Discount, Development, Facilities, and Registration Reports), and the Treasurer's Report.

Old Business

- **2015 Draft Budget Presentation.** Joe and Kristi gave the update, presenting the draft budget in three different versions, A, B, and C. Version A calls for the smallest operating gain, and is the most expensive budget, as it accomplishes more than B and C do. On the other end, Version C has the highest operating gain, but has fewer funds for salary increases and some amenities. The Board has asked the staff to keep in mind the following guidelines in drafting the budget (noting that the August Board packet contains the complete guidelines):
 - 2% increase in adult room & board rates; 5% for motel doubles; reduce kids' rates
 - Operating gain of \$100K-\$130K (Version A fails this guideline; B and C are OK)
 - Have the same bed night goal (19,550) for all three versions, and build this based on known values from 2014
 - COLA increase for all staff positions including Pels; according to our consultant, a 3% increase is currently the norm
 - Track expenses related to Solar
 - Take account of the decrease of capital campaign pledges and gifts as our capital campaign winds down and funds are expended
 - Restricted fund raising calls for \$100K for each of Versions A, B and C

The key difference between the three versions: Small changes in bed night rates. We dropped some children's rates. Operating expenses adjusted. Change in salaries.

The capital budget is the same in all three versions.

Compensation for the position of Minister of Community and Hospitality (created in 2014) has been budgeted at \$15K for Version A and \$10K for each of Versions B and C.

The Finance Committee has informally agreed to focus on Version B, but recommends also trying to raise Pel salaries by over 2%. We will plan to vote on this at our November meeting.

In the recent past, while we have given a great deal of attention to our physical plant, we have also been paying attention to staff needs.

- **Annual Meeting Date.** At our September meeting, we voted to change the Annual Meeting date from April 25, 2015, to May 2, 2015. To our knowledge, no one has objected to this change.
- **Auditor Selection.** The Audit Subcommittee and the Finance Committee have been charged with recommending an audit firm for the Board's approval. It was the unanimous recommendation of the Subcommittee that the Star Island Board appoint the firm of Berry Dunn as the SIC auditor. Upon motion duly made and seconded, following discussion, it was

VOTED: To accept the unanimous recommendation of the Audit Subcommittee to appoint the firm of Berry Dunn as the SIC Auditor.

- **Limit on Size of Membership.** Gary Kunz led the discussion. The SIC bylaws call for a membership of no more than 400 persons. As we seek to achieve more diversity on the Corporation, and especially as we seek to recruit some younger members, some Board members were concerned that the fruits of our efforts might bump us up against the 400-person limit. Discussion was had regarding a possible Board recommendation to the Corporation that the membership limit be raised to 500 people. The issue was discussed, but no action was taken at this time.
- **Recommendations of Special Subcommittee of SIC Nominating Committee.** The Special Subcommittee was charged with evaluating the processes for recruitment and review of SIC officers (but not the officers themselves). Suellen Peluso, who serves as SIC liaison to the Board and as a member of the SIC Nominating Committee, presented the Subcommittee's recommendations. The Board would be most effective if its membership reflected the community it represents. Diversity has many examples, including the traditional ones of ethnicity, gender, age, etc., but also some special to Star, such as type of conference attended, and special roles people have or have had, such as former staff members, volunteers, and members of UU and UCC communities, and newer Shoalers. We need to let our community know about these opportunities and to have procedures in place to respond to those interested in taking on a volunteer responsibility. It is suggested that the Nominating Committee's review process be broadened both as to questions asked of potential nominees and of the persons who are interviewed. There are opportunities for various committees to work together, one example being the Membership and Nominating Committees. The Nominating Committee, co-chaired by Jan Prochaska and Nancy Miller, is meeting next week.

Debbie Duval joined the meeting by telephone.

New Business

- **Council of Conferences**
 - October 18 CoC Meeting Recap. Debbie, who represented the Board at the meeting, provided additional information on the Council of Conferences (CoC) meeting. Each conference reported on its activities. Debbie indicated that wonderful conversations followed on various alternatives to deal with issues. The afternoon portion was devoted to specialized sessions, such as music at our conferences, which might be more important than we realize. The CoC also addressed technology use on the island, including such topics as when, where, and how conferees and others might use personal telecommunications devices. Noise is an important factor on Star Island, as is obtrusiveness.
 - Council of Conferences Liaison Report. Gary Kunz reported on some additional activities of the CoC.
- **Committee on Appointments Report.** Debbie gave the report. The Committee is co-chaired by Laird Kelly and Tyne Allshouse. The Committee on Appointments has several recommendations or considerations for the Board as set forth below. Upon motion duly made, no second being needed, following discussion, it was unanimously

VOTED: To accept the following nominations

Committee on Appointments:

Anne Howe for a first three-year term beginning in January of 2015

Property Standards Committee:

Tara Kelly for a second three-year term beginning in January of 2015

Strategic Facilities Planning Committee:

Mike Ramnarine in an advisory role for the rest of 2014 and 2015

The CoA also wished to inform the Board of the below CEO appointments to operating committees, and to request, for the record, that these appointments be reflected in the Board minutes:

Island Heritage and Artifacts Committee:

Laury Bussey in an advisory capacity for 2015

Sandra Rux for a second three-year term beginning in January of 2015

Craig Allshouse for a first three-year term beginning in January 2015

Outreach and Engagement Committee:

Sally Russell for a second three-year term beginning in January of 2015

Suellen Peluso for a second three-year term beginning in January of 2015

Permanent Trust Recap Report. Josh Davis gave the report. The Permanent Trust investments have been performing well and the trust is pleased with the continued performance of its investment advisor, Wilkins Investment. The trust is currently considering how to align its investment strategy with that of the UUA and the UCC with respect to petroleum production related companies and is reviewing the policies of these two institutions. The portfolio does not include any petroleum production related companies, so adopting a policy will not involve divestment, just refinement of future investment decisions.

Second Executive Session. At 4:15 p.m., the Board voted unanimously to go into a second Executive Session. The purposes of this second session were to review certain of the CEOs compensation issues and to approve the minutes of the September 23, 2014, Executive Session.

The Board meeting was reconvened at 4:32 p.m.

Meeting Reflections

People expressed that it was an effective, well run meeting. At conference call meetings, Board members are requested to log in through the Go To Meeting app rather than using telephones because of static with phones.

The next regular Board meeting is scheduled for Saturday, November 22, 2014, from 11:00 a.m.-3:00 p.m. at the office of the Corporation, 30 Middle Street, Portsmouth, NH 03801. This will be followed by SIC's Starry Night event.

There being no further business, it was

VOTED: To adjourn the meeting.

The meeting was adjourned at 4:45 p.m.

Respectfully submitted,

Karen Mathiasen, Clerk