

**STAR ISLAND CORPORATION  
BOARD OF DIRECTORS MEETING**

Sunday, February 22, 2015  
In-Person Meeting at SIC Office as Part of Board Winter Retreat

Members in attendance:

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

Absent:

Erik Cordes

Others attending the meeting:

Joe Watts, CEO  
Lisa Braiterman<sup>1,2</sup>  
Mary Trudeau<sup>3</sup>

1 Is expected to be elected Director at next annual meeting

2 By telephone

3 Is expected to be elected Clerk at next annual meeting

For opening words, Josh Davis read *Winter Promises* by Marge Piercy:

Tomatoes rosy as perfect baby's buttocks,  
eggplants glossy as waxed fenders,  
purple neon flawless glistening  
peppers, pole beans fecund and fast  
growing as Jack's Viagra-spiced stalk,  
big as truck tire zinnias that mildew  
will never wilt, roses weighing down  
a bush never touched by black spot,  
brave little fruit trees shouldering up  
their spotless ornaments of glass fruit:

I lie on the couch under a blanket  
of seed catalogs ordering far  
too much. Sleet slides down  
the windows, a wind edged  
with ice knives through every crack.  
Lie to me, sweet garden-mongers:  
I want to believe every promise,  
to trust in five pound tomatoes  
and dahlias brighter than the sun  
that was eaten by frost last week.

Sharon Kennedy, President, called the meeting to order at 9:15 a.m. She began by welcoming Lisa Braiterman and Mary Trudeau to the meeting as guests. Lisa is a nominee for Director and Mary for Clerk of the Corporation, to be voted on at the Annual Meeting in May. Karen Mathiasen, Clerk, took the minutes, ably assisted by Mary.

**January 27, 2015, Board Minutes.** It was unanimously

**VOTED:** To approve the minutes of the January 27, 2015, Meeting of Directors.

## **Reports**

- **CEO Report - Development, Facilities, and Registrations.** Joe gave the report.
  - **Development.** Aware that fund raising never really stops, we would like to bridge the gap between our recent Shining the Star capital campaign and the next large capital campaign with a series of smaller fundraising efforts, which we are calling “appeals” or “initiatives” rather than “campaigns,” the goal being that the Green Gosport Initiative, for instance, will inspire giving between campaigns. Joe reported that our green appeal [yet to be formally named] is up to \$53K. Joe spoke well of Pam Smith, our new Director of Development. We continue to look for ways to fund projects – one example is meeting with the New Hampshire Charitable Foundation later this week. Pam will be meeting individually with each Board member so that we might get to know one another better.
  - **Facilities.** Joe provided an update on the status of the design for a replacement for the waste water treatment plant. The project will allow for year-round treatment of sewage, as portions of the system are enclosed and protected from the elements. Our five-year agreement with ISSCO (Isles of Shoals Steamship Company) is almost ready for signature. There are several changes to our agreement of five years ago, reflecting changes in circumstances. ISSCO has recently acquired the *Celia Thaxter*; we are hoping to make arrangements with ISSCO by which they will agree to providing daily service between Star and Portsmouth, using the *Celia Thaxter* to augment their existing schedule. On the capital projects front, we have adjusted some priorities that have changed since the budget was approved in November, keeping within the footprint of the original capital budget. Finally, we have sustained some winter storm damage, and Jack Farrell will be headed to the island soon to get a full assessment. We might be eligible for FEMA funds to cover some of this damage.
  - **Registrations.** Official bed night reports will be sent out starting in mid-April. Thus far, we have 6,204 bed nights against a goal of 19,550, which Joe described as “going well” – we are at 32% of our budgeted bed night goal, which is way ahead of where we were last year at this time. Our year end financials are almost finished, and the trend line is going up. We already know that we exceeded our 2014 bed night budget, achieving 19,376 bed nights against 19,250 budgeted. Joe warned us that as pleased as we are with our successes, it is too soon to draw any meaningful conclusions.

- Other. 2004 was a great year for Star in many ways, including financially, with our record net operating gain. We are working hard to continue our success. IRAS has voted to return to Star Island indefinitely, which is great for many reasons, primary of which is our mission and values alignment with this core Star Island Conference. We are working with all impacted conferences on a 2016 conference calendar that accommodates IRAS's return, and also provides fair and workable options to all impacted conferences. SIC has engaged the services of two ministers – the “Island Ministers” - to provide part-time services on a regular basis, with provision for emergency needs. Joe noted that providing such ministerial services is properly within the charge of a UU/UCC conference center, such as Star, as the beneficiaries are both the conferee and staff populations. The Island Ministers will also provide chapel services, among other things.
- **Treasurer's Report.** John Bush gave the report. We expect to show a net operating gain of ca. \$500K, which gives us a 1.61 debt service ratio, meeting the requirements of our loans with Eastern Bank. In 2014, the board voted to set aside \$25K per year in a funded reserve. In preparing the 2015 budget, this was inadvertently omitted. It being necessary to amend the 2015 Budget accordingly, upon motion duly made and seconded, it was unanimously

**VOTED:** To amend the 2015 Budget by setting aside a \$25K reserve.

The Audit Subcommittee had a meeting with our new auditors, Berry Dunn. John reported that he is pleased with their services.

**Pel Report.** In the absence of the Pel Rep, 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**

- **Bringer of Light Award.** We discussed nominations for the Bringer of Light award, which award is to be given at the next annual meeting of the Corporation on May 2. Upon motion duly made and seconded, no further discussion being necessary, it was unanimously

**VOTED:** To award the Bringer of Light to the recipient named in the Executive Session minutes.

- **Finance Department Structure.** With Kristi Vazifdar, our Finance Director, planning to leave Star soon, we have an opportunity to look at some new organizational models for how our Finance Department might operate. We have received an assessment of our Finance Department, which recommends outsourcing the whole function. Joe described how this would work – there would be a senior person, a mid-level person and a bookkeeper. Joe feels that this is the best plan for Star at the moment, and has the added

benefit of being a model we could test out. Ramp up would begin next month and extend through the fall, at which time the arrangement would be reviewed to determine if we would want to continue with a full outsourcing model, or shift to another model (a hybrid outsourcing/employee approach or simply hiring another Finance Director). This would be budget neutral, with fixed pricing to control costs. We are in the process of reviewing resumes and checking references, and we expect to proceed by mid-March. Concern was expressed over the possible loss of historic data if we were to outsource the financial role. Nonetheless, we will probably outsource the function on a short-term basis at least.

- **Bank Loans: Collateral and Next Steps.** The Trustees of the Star Island Permanent Trust Fund (PT) met on February 10 and approved the PT's serving as collateral for the \$1.1 million term loan and the \$650K credit line specified in the December 23, 2014, commitment letter from Optima Bank and Trust. They did not approve the PT serving as collateral for the wastewater treatment facility loan of up to \$500K.

In the course of working on our bank loans, it was discovered that we did not have signed copies of the 2005 Second Amendment and the 2014 Third Amendment to the Trust. A new 2015 Second Amendment was drafted by SIC counsel, which replaces the older amendments, and was approved by the Trustees on February 10, 2015. As per the PT Agreement, any amendment to said agreement must be ratified by the SIC Board and, therefore, upon motion duly made and seconded, it was unanimously

**VOTED:** To ratify, acknowledge and confirm the Second Amendment to the Star Island Permanent Trust Agreement ("Permanent Trust") dated April 4, 1998, approved by the Trustees of the Permanent Trust on February 10, 2015.

To confirm this vote, a Clerk's Certificate certifying this vote was circulated and signed by President Sharon Kennedy, Treasurer John Bush, and Clerk Karen Mathiasen.

In order to proceed with the \$1.1 million term loan and the \$650K credit line specified in the December 23, 2014, commitment letter from Optima Bank and Trust, upon motion duly made and seconded, it was unanimously

**VOTED:** That the Corporation is hereby authorized to enter into the Loan Agreement in the amount of one million one hundred thousand dollars (\$1,100,000) with Optima Bank (the "Bank"), and the Chief Executive Officer of the Corporation is hereby authorized to execute, acknowledge and deliver on behalf of the Corporation the Loan Agreement on such terms and conditions as he deems in his reasonable discretion to be in the best interests of the Corporation.

And, also upon motion duly made and seconded, it was unanimously

**VOTED:** That the Corporation is hereby authorized to enter into a Revolving Line of Credit ("ROLC") with the Bank in the amount of six hundred fifty thousand dollars (\$650,000), and the Chief Executive Officer of the Corporation is hereby authorized to execute, acknowledge and deliver on behalf of the Corporation the

RLOC on such terms and conditions as he deems in his reasonable discretion to be in the best interests of the Corporation.

To confirm these votes, a Clerk's Certificate certifying this vote was circulated and signed by President Sharon Kennedy, Treasurer John Bush, and Clerk Karen Mathiasen.

After further discussion, it was decided to approach the Trustees on an "option to the option" approach, which would enable Star Island Corporation to proceed with lining up the wastewater loan with a provision that enabled the Trustees to defer voting on the PT serving as collateral until closer to the time when we anticipate needing funds (fall of 2016). Upon motion duly made and seconded, it was

**VOTED:** To ask the Trustees of the Star Island Permanent Trust Fund if they would be comfortable with Star Island Corporation securing the wastewater treatment facility loan of up to five hundred thousand dollars (\$500K) provided the Trustees defer voting on the collateral arrangement to a future date, prior to Star Island Corporation borrowing any funds under this loan vehicle (11 ayes and one nay).

- **Appointment of Committee Chairs and Liaisons.** Sharon led the discussion as to how various committee chairs and Board liaisons to the committees might be appointed. Upon motion duly made and seconded, following discussion, it was unanimously

**VOTED:** To approve the protocol for the "Appointment of Committee Chairs and Liaisons" as presented to the Board.

It was decided that the CEO should disseminate a memo to all committee chairs about this protocol.

- **Policy Recommendations**
  - **Policy on Memorial Courtyard River Stone Program.** Following on our discussion of the January Board meeting, Joe was asked to bring a draft policy to our February Board meeting. Joe presented a draft policy, on which he consulted with various others, including the Fund Development Committee and our Island Ministers. Upon motion duly made and seconded, it was, with 8 ayes, 2 nays, and
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    - 
    - one abstention

**VOTED:** To approve "The Policy on Memorial Courtyard River Stone" program as presented to the meeting, including in particular that the primary intent of the Memorial Courtyard River Stone program is to memorialize Shoaler family members and their loved ones connected to Star and/or to a Shoaler family member in a personal and meaningful way, and further, at its sole discretion, SIC management reserves the right to refuse inclusion of any person's name in the Memorial Courtyard at the time it is proposed.

- Permission to Use Star Island. There was a discussion of our rules and procedures relating to permission to use or visit Star Island. Upon motion duly made and seconded, following discussion, it was unanimously

**VOTED:** To approve the Permission to Use Star Island policy presented to the Board by the CEO, which will supersede all previous versions of this policy.

- **Replaced Board Policies.** At our January 27, 2015, Board meeting, we voted to update our Board responsibilities as set forth in the January minutes. The Board now wished to clarify that vote. Upon motion duly made and seconded, following discussion, it was

**VOTED:** To amend a vote of January 27, 2015, to make clear that the Board policies for 2007 and 2008 had been superseded by the aforementioned vote.

### **New Business**

- **Annual Meeting Items**

- Annual Meeting Reports. We should be familiar with our various committee reports.
- Meeting Format and Topics. We are considering having five breakout sessions, rather than the Church Fair format we have used for the past two annual meetings. We should consider using Survey Monkey to find out what is important to our members. It would be good to include some formality or ceremony as part of the proceedings, with the intention of making the meeting more participatory for Corporation members.

- **Nominating Committee Report.** Suellen Peluso reported that the Nominating Committee is recommending that the following candidates be presented to the Corporation membership at its next Annual Meeting, as specified by our bylaws:

Lisa Braiterman for a first three-year term as Director

Mary Trudeau for a one-year term as Clerk

John Bush (incumbent) for a one-year term as Treasurer

Jon Skillman (incumbent) for a five-year term as an Officer of the Star Island Permanent Trust Fund

- **Personnel Committee Liaison Report.** Sally Russell gave the report, noting that the position is interactive and that the Chair of the Committee must be a Board Member next

year. Sally reported that the committee is functioning well overall, though attendance at some meetings is lower than desired.

- **Committee on Appointments Report.** Debbie Duval reported on behalf of the Committee on Appointments. Upon motion duly made and seconded, following discussion, it was unanimously

**VOTED:** To accept the recommendation of the Committee on Appointments to propose the following candidate for the Nominating Committee at the next Annual Meeting of the Star Island Corporation (to be voted on by the members) consistent with the SIC bylaws:

Tristan Boyer Binns for a first three-year term beginning at the Annual Meeting in 2015

**Executive Session.** At 12:10 p.m. [estimated], the Board voted to go into Executive Session for the following purposes: acceptance of minutes and CEO evaluation. The following vote was unanimously approved:

**VOTED:** To accept the minutes of the January 27, 2015, Executive Session.

The Board meeting was reconvened at 12:25 p.m. Joe Watts rejoined the meeting and was greeted with a standing ovation.

Karen thanked Mary for her considerable assistance with the minutes.

The next regular Board meeting is scheduled for Tuesday, March 24, 2015, by conference call. The April meeting is April 21, again by conference call.

There being no further business, it was

**VOTED:** To adjourn the meeting.

The meeting was adjourned at 12:30 p.m.

Respectfully submitted,

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Karen Mathiasen, Clerk