

MINUTES OF THE ANNUAL MEETING OF THE STAR ISLAND CORPORATION

at the First Parish Unitarian Universalist in Lexington
7 Harrington Road
Lexington, Massachusetts

Saturday, April 27, 2013

Pursuant to notice, the Annual Meeting of the Star Island Corporation (SIC) was held at the First Parish Unitarian Universalist in Lexington, Massachusetts, on April 28, 2013, at 1:30 p.m.

Call to Order. Russell Peterson, President of the Star Island Corporation Board of Directors, called the meeting to order at 1:32 p.m. Russ thanked the Lexington Church for their kind hospitality in allowing the Annual Meeting to be held in this beautiful and historic church. Russ also thanked the Corporation's staff for their help in preparing the Annual Meeting; our CEO will introduce the staff in a few minutes. Russ also thanked the volunteers for their preparations for the day's several events, and warmly welcomed all present.

Invocation. Substituting for The Reverend Chris Holton Jablonski, The Reverend W. Bradford Greeley, UU Minister and past president of the Star Island Corporation, gave the invocation, reading Reverend Chris's words.

Introductions and Announcements. Russ Peterson introduced his fellow Board members, thanking them for their camaraderie and good work this past year:

Sharon Kennedy, V Pres.	Nick Dembsey	Tom Smurzynski
John Bush, Treasurer	Gary Kunz	Charlie Stauffacher
Karen Mathiasen, Clerk	Suellen Peluso	Jordan Young
Erik Cordes	Sally Russell	Robby Pletz, Pel.Rep.
Josh Davis		

Russ then introduced the Committee Chairs, who do so much to carry out the work of the Board and the Corporation:

Edmund Jones	Committee on Appointments
Erin Halacy	Conference Services
John Robbins	Fund Development
John Bush	Finance
Dr. Becky Konkle	Health
The Rev. Rosemarie Smurzynski	Island Heritage & Artifacts
Kristin LoFrumento	Membership
Nancy Miller and Jan Prochaska	Nominating
Ann Beattie	Outreach and Engagement
Jon Skillman	Permanent Trust
Sally Russell	Personnel
Bruce Parsons	Property Standards
Meg McVey	Rutledge Marine Lab
Dick Case	Strategic Facilities Planning

Russ then thanked all volunteers for their gifts of time and talent.

Star Island Family News

Those present sang a resounding chorus of “Happy Birthday” to Edith Pierson on the occasion of her 90th birthday.

Russ then asked Sharon Kennedy, Vice President of the SIC, to share news about passages within the life cycle of our Star Island family from April 2012 through April 2013.

We began by celebrating the births and marriages that occurred in the past year in our Shoaler community.

There were ten marriages this past year, for which we offer our congratulations:

Chris Adams & Cara Shepard	Jacob Goldstein & Katie Denslow
Dave Brown & Teri Worth	Kemp Harris & Bill Tibbs
Drew Clark & Maggie Cerveny	Caroline Hill & Jean-Francois Ortiz
Cassie Durette & Jared Stymiest	David Riedel & Luna Li
Alexa Fiorini & Eric Howell	Melissa Saggerer & Matt Terenna

And there were 18 family additions to be celebrated:

Quinn Wilde Clark	Kailash Langer
Maude Kirsch Cordes	Piper Grace LaTorre-Oshel
Omar Stéphane Elorch	Owen James Merrill
Bethany Julie Emmons	Sawyer Jameson Muller-Barry
Annabelle June Falla	Smith O'Donnell
Isaac William Falla	Miriam Zita Doll O'Mahoney
Henry Edward Pritchett Grobe	Gabriel Deaderick Soule
Tripp Duncan Laffin	Liam Greeley Stowell
Chase Langer	Oliver Greeley Stowell

We concluded by acknowledging our losses and observing a moment of silence in memory of:

Kathy Bauke	Norm Laurendeau
Joan Brill	Betsy Main
Phyllis Carlson	Bernie May
Sue Dickerman	Rick and Duffy Monahon
Peter Elefterakis	Bill Perry
Elliott Frauenglass	David Pierson
Andy Gordon	Frank Robbins III
Alan Grometstein	Martha (Pat) Smith
Peggy Hargrove	William Updike

Greetings from Affiliated Organizations. Russ Peterson introduced the presidents of our affiliated organizations, noting that the SIC was founded by the combined efforts of Star Island Unitarians and Star Island Congregationalists, and that each group continues to support its own organization and thereby continues supporting us. Russ then called upon representatives of each affiliated organization.

Sarah Hauser, Vice President of the Star Island United Church of Christ, Inc. (SIUCC), substituted for Charlie Stauffacher, President, who was unable to be here today. The SIUCC continues to strengthen its youth program to the extent that the group now has a Minister of the Week for the

youth programs. Sarah asked us all to encourage youth involvement in Star activities. She also noted that on-line registration is a “blessing.”

Tom Smurzynski, President of the Isles of Shoals Association (Unitarian Universalist), Inc. (ISAUU), noted that ISAUU has been in existence for 115 years. Originally the ISAUU’s purpose was to create conferences. Now it serves to support them. Today ISAUU operates the Shops on Star, and from the proceeds offers a series of grants totaling about \$45K in support of conferences and visiting clergy. This year \$45K was distributed to the SIC directly in the form of \$12K to various conferences, some to support visiting clergy, and some to purchase various materials, such as caning materials and a reading light for the chapel. On behalf of ISAUU, Tom is today presenting the Star Island Corporation with a check for \$15,000.

Approval of 2012 Annual Meeting Minutes. Russ called on Karen Mathiasen, Clerk of the Corporation, to ask for approval of the 2102 Annual Meeting minutes. It was **moved, seconded and voted** to dispense with the reading of the minutes. It was **moved, seconded and voted** to approve the minutes of the Annual Meeting of April 28, 2012.

Treasurer’s Report and 2013 Budget

John Bush, Treasurer, gave the financial report for 2012, noting that statements for the Trust, the Capital Campaign, and the island itself are included in the financial handouts. There is some very good news: we concluded the year with an operating surplus of approximately \$153K, which is a great turnaround from last year’s \$21K loss. This is a great start, but we still need to improve our bottom line by \$300K-\$350K in order to have a bigger cushion against costly incidents and to rely less on the Permanent Trust to help us through sudden large expenses. This is especially true in the year 2015, when the Capital Campaign funds will have largely been depleted. Let us not forget, however, that we did meet our 2012 financial goals.

A reminder that audited financial statements are now available to SIC members and unaudited financials have been included in our Annual Meeting packets.

Report of the Star Island Permanent Trust

Josh Davis, SIC Board member and Board liaison to the Permanent Trust, gave the report of the Star Island Permanent Trust on behalf of Jon Skillman, Chair of the Trust, who is currently residing in Luxembourg. He reminded us that the Trust is a separate legal entity from the Star Island Corporation, and was set up to manage the endowment. For over fifteen years, the Trust funds have been managed by Wilkins Investment Counsel, Inc., located in Boston. Josh noted that the Permanent Trust has a warm and engaged relationship with the SIC Board and staff.

During 2012, the Trust earned an 8.0% overall return on its investments, trailing the S&P500 Total Return Index of 16.0 %); the Trust’s equity investments earned 11.6%. Each year the Trust pays out 4.5% of its assets to the SIC as operating income, based on a three-year rolling average as of September 30, which pay out was approximately \$130K for 2012.

Report of the Chief Executive Officer

In his introduction of Joe Watts as our new CEO, Russ stated that we are very pleased to entrust the operation of Star Island to Joe’s very capable hands. Russ noted Joe’s long history on Star and his

tireless energy at balancing the future needs of Star Island with our values and traditions. (Joe succeeds Vicky Hardy, who retired in 2012 after five distinguished years as CEO.)

In this, his first Annual Meeting as CEO, Joe Watts said what an honor and privilege it was to be our CEO. We start from a position of gratitude. He gave thanks to the Board, with special thanks to Russ Peterson, especially during the time of SIC's transition to a new CEO. Joe also thanked the staff, the Trustees of the Permanent Trust; volunteers and members of all of the committees; the larger Shoaler community; the SIUCC, the ISAUU, and the Council of Conferences; and all those who make Star Island the wonderful place that it is. Joe offered special thanks to the members of the Corporation. Joe then introduced the staff, whom he described as an "awesome, dedicated team":

Kyle Belmont ~ Program and Outreach Coordinator

Kate Brady - Office Manager

Mike Bray- Island Registrar

John Bynum ~ Food Service Manager

Jack Farrell ~ Island Manager and Director of Facilities

Justina Maji - Conference Center Director

Angela Matthews - Director of Development

Athena Steinkraus - Development & Volunteer Services Administrator

Kristi Vazifdar - Finance Director

Joe spoke on a variety of other topics, including:

- Our 2012 financial picture is good, better than in 2011. Joe offered thanks to all who donated to the Capital Campaign. The staff reorganization has saved us on the order of \$250K in operating expenses.
- We continue to have excellent relationships with our regulators.
- Exciting things are going on at Shoals Marine Lab and Appledore.
- We are continuing to work diligently on our alternative energy project.
- We are working closely and proactively with NHDES (New Hampshire Department of Environmental Services).
- As our 2011-2013 Strategic Plan is soon to come to an end, we are working on our 2014-2016 Plan.
- Our new database empowers us to do many new things.
- Star will have a presence at the UU General Assembly.
- We are also promoting the June 8 Gosport Regatta.
- Our Blue Book has been renamed the Program Catalog. We encourage the membership to attend a conference and to bring someone with you. The discount program focuses on new people and/or those who have not attended a conference since 2010. We might consider friends and neighbors and fellow parishioners of our home churches. We need to convey the sense of community formed on Star.
- Star continues to be seen as a great place to work. We have 200 applications for 100 Pel places this summer.
- The Oceanic railing project is a collaborative venture among various Star groups. The project has several goals: (i) it is safe, (ii) meets code, (iii) honors our history, (iv) preserves the feeling of the porch, and (v) preserves views from the porch.

- Joe directed those present to the SIC web site (www.starisland.org/members), where the monthly reports of the CEO are filed.
- Joe concluded his remarks with comments on what makes Star Island special, as well as the importance of balancing tradition and change.

Joe then introduced a presentation on the Oceanic project, including offering tremendous thanks to Bruce Parsons for his work on the Oceanic project, and invited Bruce to say a few words. Bruce described the many improvements to the front porch and front windows of Oceanic. We are making great progress, and the project is on schedule.

Capital Campaign Celebration Report

Irene and John Bush, co-chairs of the Campaign Cabinet, gave the report for the Shining the Star Capital Campaign. The campaign raised \$4.2 million, which includes four grants. We raised \$3.7 million in the quiet phase, with many people involved in the effort. On the disappointing side, one-third of the members of the Star Island Corporation did not donate to the campaign. We were reminded that what is important is that each of us makes a gift, not the size of the gift. It is encouraging to see how far we have come since 2007. We greatly appreciate the service of our Honorary Campaign Chairs: Edith Pierson, the late Dave Pierson, Joe Watts and Molly Mansfield. Special recognition is due to Brad Greeley, Sharon Kennedy, Tom Kennedy, and Angela Matthews for their good work on the campaign. The Capital Campaign report concluded with those assembled offering a standing ovation to Irene and John Bush.

President's Report

Russ Peterson, President, gave his report. He began by thanking the staff for their help with getting ready for this meeting (among many other things). He noted that it was difficult for him to absorb the fact that he was completing his third year as SIC President, and that it has been a significant honor to “stand on the shoulders” of previous presidents, and to be able to work with our distinguished Board, staff, and committees, and all those present, to do the work of the Corporation. Russ offered his thanks for the support he has felt from the Board, the Corporation members, the staff, and the larger Shoaler community. We had a great session in 2012, and the island looked beautiful.

Two of our principal initiatives are the alternative energy project and the creation of the 2014-2016 Strategic Plan; these two initiatives will be discussed later in the meeting. Russ then reflected on various other items of the past three years, including:

- Supporting the values and traditions of Star in an environment of continuous change.
- Implementing the recommendations of the IOL Report, while keeping an eye on 2007.
- Implementing our new business model developed in 2009, including improving our internal reporting, and forecasting bed nights more realistically. (One bed night equals one paid overnight guest.)
- Continuing to take steps to live within our means; improving our financial situation in the face of a terrible economic downturn; not requesting any so-called extra funding from the Permanent Trust for the last several years. In 2012, it cost \$3.3M to run the island, this income being from room and board fees, annual gifts, bequests, Capital Campaign funds, Permanent Trust fund contributions, and grants.

- Obtaining good results for both the 2012 Annual Fund and the Capital Campaign and realizing the tremendous generosity of our Star community.
- Building awareness of our “One Star” idea that recognizes the interconnectedness among our many Star activities and groups.
- Recognizing that we are operating from strength, not scarcity.
- Effectively dealing with fire and other safety issues.
- Improving boat service to Star, including returning to Portsmouth for our primary point of passage.
- Being welcoming to all; reaching out to the Seacoast community, including special events such as the upcoming Gosport Regatta.
- Successfully transitioning from (i) Vicky Hardy’s leadership to that of Joe Watts and (ii) from David Yermack as chair of the Permanent Trust to Jon Skillman.
- Applying our Board skills so that we might engage in informed, sometimes intense, debate that helps give us clarity for our work.
- Drawing on the good work of the Outreach and Engagement Committee, especially in filling beds through new conferences and special discount programs.
- Creating a Star Island scholarship program to help increase financial accessibility to the island.
- Being transparent to our constituents, including providing updates to our various communities and posting Board minutes on our web site for all to see.
- Carrying out improvements to the hotel (new red roof and repair of west wall), Cottage A renovations (especially for special needs), and upcoming work on the Oceanic porch.
- Continuing to have an awesome team of Pels that complements our management team. Many thanks to our staff!
- Implementing 21st century enterprise-wide software in place of our aging and obsolete systems, especially for our conferees, making it easier to register.
- Reviewing and updating committee charges.

Russ reminded us that all these many efforts are bringing us closer to sustainability. So much of this is possible because of the tremendous generosity of the Star Island community, including thousands of hours of volunteer service, sharing of a broad range of talents, and enormous financial support. Russ concluded by saying it has been an honor to serve the Star community and he thanked us all from the bottom of his heart for the support. We in turn thanked Russ with thunderous applause and a standing ovation.

Strategic Plan Presentation. Sharon Kennedy gave the presentation. During the Board’s winter retreat in Portsmouth, the Board invited thirty non-Board Shoalers to engage with the Board in strategic thinking. Guided by Shoalers Jim and Jan Prochaska, the group identified a strategic map for the next several years, specifically 2014-2016, as our current strategic plan expires at the end of 2013. The Board very much intends to be transparent about this process. Starting with our current mission and our vision, we identified four strategic goals ~ Community, Economic, Environment, and Stewardship ~ and supported each one with several objectives. [A copy of the Three Year Strategic Map, 2014-2016, has been included in the Annual Meeting materials.] These four strategic goals require a balancing act and trade offs since resources are finite; this makes transparency and community input even more important. We are blessed with many visitors to the island, and our wish is to turn them into conferees. Corporation members were urged to send their comments to Joe

Watts by May 31. The Board expects to adopt a final plan at its June Board retreat.

Solar Power Project. Russ called on Jack Farrell, Island Manager and Director of Facilities, to review the progress on the alternative energy/solar power project. The Solar Power Project, also known as the Alternative Energy Project, is expected to cost no more than what we are now paying for island energy. We expect that the project will realize tremendous fuel savings. Further, the intention is for the project to be funded largely by investors. Regulations, spills, and transportation are major issues. We will need to store the excess electricity that we generate. In any case, we need to have a fossil fuel back up. As part of the project, the island will receive more efficient appliances, which helps with conservation. The systems work at their optimum just when we need them the most, i.e., in the summer. Some of our existing systems use enormous amounts of energy, in particular the waste water treatment plant, followed by the kitchen. The reverse osmosis system to desalinate water is also very expensive to run. Laundry is a big user, raising the question of whether it is cheaper to send laundry off-island. In this context, “cheaper” includes avoidance of certain perils and less complications with regulators. The solar power facility would likely go on the south side of the island, facing White Island; however, the Property Standards Committee must approve the site. The contract between the Star Island Corporation and Revolution Energy must be reviewed by technical experts, legal counsel, etc., and it could be a year from now that we are ready to commence work. The proposed program will be an advanced alternative energy system that:

- Eliminates most fossil fuel,
- Reduces our energy consumption,
- Lowers and stabilizes our energy cost, and
- Avoids up front cost to the SIC.

Corporation members enthusiastically applauded the presentation and progress to date.

Action on Reports

It was **moved, seconded and voted** to receive the Reports from affiliated organizations (SIUCC and ISAUU), the Treasurer’s Report, the Report of the Star Island Permanent Trust, the CEO’s Report, the Capital Campaign Celebration Report, and the President’s Report. Unanimous.

Recognitions

- Bringer of Light Award. Russ Peterson announced this year’s honorees: Dick Case and Bruce Parsons. Russ invited Dick and Bruce up to the podium, asking Nick Dembsey and Jordan Young to join them to say a few words about each awardee.
 - Dick Case. Nick Dembsey made the presentation to Dick Case. Dick is receiving the Bringer of Light Award in part for his work with the SIC Strategic Planning Facilities Committee (SPFC), first as a member and now as the Chair. Dick has shown strong support for Star Island over many years. He has worked tirelessly to improve the infrastructure of the island. Coming out of the summer of 2007 when the island opened late, Dick had the vision to propose to the SIC Board the creation of the SPFC. Over the last few years Dick has been the SPFC leader on numerous projects such as the solar upgrade for the island electrical power.

- Bruce Parsons. Jordan Young noted Bruce Parsons' long involvement with the island. This perspective has given him a uniquely comprehensive background to inform his leadership of the Property Standards Committee. While this committee could easily be perceived as "The Committee in Charge of Saying "No,"" under Bruce's leadership it has been a constructive influence, ensuring that as we bring Star Island into the 21st century, we retain those aspects of our past that make the island special. The solar power project is another example of that: it touches on many areas of island operations. Bruce has been a tireless contributor to this complex project, as well as the Oceanic railing project.
- Retirements from Board and Permanent Trust. We are fortunate that all of our current Board and Permanent Trust members are continuing in office. We know that we shall be in need of new Board members and Permanent Trust members in the future, so we encourage you to let us know if you have any interest in serving.
- Recognition of Outgoing President. Sally Russell offered some words of thanks to Russ for serving as President of the Star Island Corporation these last three years. She noted that Russ did a great job balancing and driving the work of the Board. He knew what we had to get done, and he called on the strengths of all of us to do it. He asked us our opinions, really heard what we had to say, and pushed us to a decision when he thought we had discussed the issue enough. Russ also encouraged us to have a One Star perspective, thinking about our work not just for our own conference but for the island and its citizenry as a whole. Russ has been very supportive of the CEO and the office staff. He brought so many of his skills of running a business to his presidency: financial acumen, strategic planning, accountability, and people management among them. We have heard the expression "taking care of business." Happily for all of us, that is what Russ has done as President.
- Recognition of New Members to the McGill Society. The Fred and Ginny McGill Society honors those persons who have made a planned gift to Star Island in the form of a bequest or similar type of gift that is to be realized in the future. Angela Matthews, Director of Development, recognized this year's new members of the McGill Society, and thanked them on behalf of all of us:

Ben Cordes

Hal and Kathy DeHaven

Lisa Eberhart

Maria Getoff

John and Leslie Lintner

Dave and Mary Ellen Mellen

Report of the Membership Committee. Tom Coleman, speaking for Kris LoFrumento, Membership Committee Chair, who could not be present today, made the report. We were invited to look around at our fellow conferees during our conferences and consider people for membership in the Corporation. We now have 325 regular members plus 27 emeriti/ae members. Today's thirteen nominees, if so voted, would bring the number of Corporation members up to 338 (emeriti/ae members are not included in the membership count).

The Membership Committee presented the following slate of nominees for membership in the SIC:

Seth Allshouse
Tristan Boyer Binns
Nick Bresinksy
Jim Cooper
Noni Cooper
Kurt Langer
Leslie Lintner
Jesse Lore
Keri Mattaliano
Phil Sears
David Weinert
Louise Williams
Nancy Wood

It was **moved, seconded and voted** to close nominations. Unanimous. It was **moved, seconded and voted** to accept the names being nominated for membership in the Corporation. Unanimous.

The newly elected members were invited to step forward to receive their membership certificates, which symbolize our ownership in the Corporation and our obligations as stewards of the island. (Previously elected members are also receiving membership certificates.) Our thanks to Kate Brady for her wonderful work in creating the certificates.

Report of the Nominating Committee. Nancy Miller, Co-Chair of the Nominating Committee, presented three sets of nominations: three persons for the Directors and two persons for Officers of the Board, per the bylaws.

For three-year terms as Directors:

Sharon Kennedy (incumbent)
Suellen Peluso (incumbent)
Sally Russell (incumbent)

For one-year terms as Treasurer and Clerk:

John Bush, Treasurer of the Corporation (incumbent)
Karen Mathiasen, Clerk of the Corporation (incumbent)

It was **moved, seconded and voted** to close nominations. The President directed the Clerk to cast a single **vote** for the slate of officers and directors, as presented.

Nominees for Election to the Nominating Committee

In accordance with the bylaws, the Star Island Corporation members directly elect members to the Nominating Committee. The Board of Directors submits the slate for that committee to the Corporation members.

The Board of Directors, at its February meeting, received the recommendation of the Committee on Appointments proposing one Corporation member who will be serving a second term on the Nominating Committee (eligible through Annual Meeting 2016). The Board voted to accept this recommendation. The nominee is:

David Anderson (LOAS 1) for a second three-year term

The Board of Directors also requested that Corporation members confirm and accept nominees to the Nominating Committee for 2011 and 2012 as follows:

Effective April 2011:

Patti Emmons for a second three-year term
Peter Meek for a second three-year term
Nancy Miller for a first three-year term
Judith Stames-Hamilton for a second three-year term

Effective April 2012:

Carolyn Kerr for a second three-year term
Suellen Peluso for a second three-year term
Jan Prochaska for a first three-year term
Jordan Young for a first three-year term

It was **moved, seconded and voted** to close nominations. The President directed the Clerk to cast a single **vote** for the above nominees, as presented.

Other Business. The Board has scheduled a special meeting to take place right after the adjournment of this Annual Meeting for the purpose of electing Sharon Kennedy as President and Gary Kunz as Vice President of the Star Island Corporation.

Ratifications of Board Actions and Technical Motions. Karen Mathiasen, SIC Clerk, presented a motion to ratify and approve all acts of the Officers and Directors of the Corporation since the last Annual Meeting as disclosed in the minutes and other Corporation records. It was **seconded and so voted**. The Clerk further moved that the Treasurer, the President of the Corporation, and the Chief Executive Officer of the Corporation be authorized to sell and endorse for sale certificates of stock and registered bonds standing in the name of the Corporation. It was **seconded and so voted**.

Adjournment. With no other business to come before the meeting it was **moved, seconded and voted** to adjourn at 4:30 p.m.

Respectfully submitted,
Karen Mathiasen
Clerk, Star Island Corporation