

**STAR ISLAND CORPORATION
SPECIAL BOARD OF DIRECTORS MEETING**

Tuesday, July 6, 2010
By telephone conference call

MINUTES

Members in attendance:

Stan Corfman, Treasurer
Josh Davis
Sharon Kennedy, Vice President
Karen Mathiasen, Clerk
Suzanne May
Suellen Peluso
Russell Peterson, President
Jan Prochaska
Sally Russell
Jordan Young

Absent:

Dave Brown
Brad Greeley
Kris LoFrumento

Others attending the meeting

Vicky Hardy, CEO
Christopher Soltys, Pel Representative
Kristi Vazifdar

For opening words Vicky Hardy read from *The Daily Word*, published by Unity:

Confident

I am a powerful, confident child of God.

I turn to God in prayer, allowing God's presence to illumine my mind and heart. In the silence, I reconnect with the essence of my being. Newfound energy surges within me, and my heart fills with optimism.

Prayer readies me for any challenge or adventure. I meet the day ahead with ease and grace. My words, actions and manner convey the power of the Christ at work within me.

Do not, therefore, abandon that confidence of yours; it brings a great reward.--Hebrews 10:35

Russ Peterson, President, called the meeting to order at 7:06 p.m., reminding us that the purpose of this special Board meeting was to look at the level of registrations, their impact on the budget, and our options. The Clerk took the minutes.

Pel Report. Russ began by welcoming Christopher (often called Topher) Soltys, the new Pel Representative. Topher is a familiar face to many Board members, having at various times attended Board meetings as a Pel guest. Topher reported that things with the Pels are going well this summer.

Registrations and Budget Forecasts. Vicky thanked Kristi Vazifdar for the huge amount of work she did in preparing materials for this week. Vicky noted that we already had a lean budget for 2009, but there would be some further savings in 2010, such as food, due to under-registrations. The office has blanketed the Seacoast Region with over 10,000 emails encouraging personal retreats or even attendance at just a portion of RE Week. She noted that we want to keep our service levels where they were at the beginning of summer, and that we continue to look hard for savings. We are ahead of where we were last year at this time. The Annual Fund is doing well. Among our options are to carry forward a small deficit and/or refinance our loan with Eastern Bank to get us through until capital campaign funds begin coming in. On the other hand, we do not want to go into debt in order to cover our deficit. We are planning some activities such as whale watching and sunset cruises to bring in revenue. We have built in \$26K for lost revenue due to storms.

We are encouraging Pels to take furloughs during IRAS Week. We are currently at 79% of budgeted bed nights, and project an operating shortfall of \$100K-\$200K. On the capital expense side, we do not expect any further boat costs.

Vicky reminded us that we still have time to make meaningful cuts, and will have revised projections in two weeks, which is post-RE Week. Russ reminded us that we need to know the bottom line and the steps that we will take to get there.

Several Board members voiced their concerns about the registration numbers being too low despite the best efforts of the staff. The Board concluded, however, that the financial shortfall was manageable at this time.

Sharon cautioned us to be careful what we say given we are in a capital campaign, so that our constituents, especially potential major donors, do not have concerns about the island's sustainability. Vicky will develop some capital campaign talking points with Angela Matthews, emphasizing that we need a capital campaign in order to build reserves so that things that happen beyond our control can be dealt with.

Our business model calls for filling beds (rather than a goal of some number of conferees), and we expect that it takes three or four years to meet the new goals. In spite of tremendous efforts, we still are not filling beds as much as we would like. We need to be sure we are targeting the right people with the right message. Are we sure that we have the right product? It was noted that Rowe and Ferry Beach, among others, produce their own conferences, which allows the centers themselves to control the product. This might be a possibility for Star in some instances, but first we need to take a better look at marketing. We also need to look at a longer time horizon than one year.

Vicky noted that the "feel" is up, not down. Last year at this time we hit a dead zone. We need to see where we are in a couple of weeks, building on successes. Even though the economy is still terrible, which hits discretionary income, we are nonetheless ahead of last year.

Russ thanked both Vicky and Kristi for the great work they both did to prepare for this meeting.

STAR ISLAND Brand. We are awaiting a memo from our attorneys regarding fee arrangements. Meanwhile we will hold off on further action regarding our mark except for filing for a federal registration on the STAR ISLAND mark.

Appledore. Any non-renewal by Appledore of their lease with us now requires three years' notice.

Next Board Meeting. There will be a Board meeting the evening of Wednesday, July 28, at 7:00 p.m. as a telephone conference call to look at new registration numbers and adjustments to the budget.

There being no further business, it was

VOTED: To adjourn the Meeting.

The Meeting was adjourned at 8:25 p.m. There was no Executive Session.

Respectfully submitted,

Karen Mathiasen, Clerk