

**STAR ISLAND CORPORATION
BOARD OF DIRECTORS MEETING**

Tuesday October 27, 2015

1:00 pm.

Conference Call via Go To Meeting Application
Vermont Room, Federal Reserve Building, Boston, MA

Members in attendance:

John Bush, Treasurer
Tom Coleman (President, ISAUU)
Erik Cordes
Josh Davis
Sharon Kennedy, President
Gary Kunz, Vice President
Sally Russell
Mary Trudeau, Clerk
Jordan Young

Absent:

Debbie Duval (President, UCC)
Suellen Peluso
Nick Dembsey

Conference Call:

Lisa Braiterman
Dan Cassell (Pel Representative)

Others attending the meeting:

Joe Watts, CEO
Chris Bertoncini, InSource

Opening Word: For opening words, Tom Coleman noted that in the spirit of the Centennial year marking the founding of the Corporation, he was offering a reading on the past and the future, from the writings of Dorothy Day:

We are communities in time and in a place, I know, but we are communities in faith as well — and sometimes time can stop shadowing us. Our lives are touched by those who lived centuries ago, and we hope that our lives will mean something to people who won't be alive until centuries from now. It's a great 'chain of being,' someone once told me, and I think our job is to do the best we can to hold up our small segment of the chain. That's one kind of localism, I guess, and one kind of politics — doing your utmost to keep that chain connected, unbroken. Our arms are linked — we try to be neighbors of His, and to speak up for His principles. That's a lifetime's job.

Check In. A brief sharing of life events and circumstances was done between the Board members.

Call to Order. Sharon Kennedy, President, called the meeting to Order at 1:10 pm.

Upon a motion duly made and seconded, the Board

VOTED to enter executive session, and to include Joe Watts in a portion of the meeting.

The Board resumed the public portion of the meeting at 2:09 pm. Joe Watts and Chris Bertoncini returned to the room, and Dan Cassell returned to the conference call.

Upon a motion made, and seconded, the Board

VOTED to approve the Minutes of the September 21, 2015, Meeting of Directors at Star Island as amended to correct language on pages 3 and 4.

Shorter Term Business 2016 Draft Budget Presentation: Joe Watts and Chris Bertoncini

- Joe discussed the progress made on the preparation of draft budgets for 2016. He noted that there were last minute adjustments to reflect the recently calculated cost of living (0%) and that parking fees are not be included in room rates. Joe noted that a finalized budget could be voted on in November or December, intentionally later than originally envisioned, which would have several benefits. John Bush noted that while a budget approval can be delayed, room and board rates must be determined prior to the publication of the “Blue Book”. Likewise, discounts need to be established early on, and staff wages calculated by the end of the year, as well.
- Chris Bertoncini, of Insource, summarized some of the assumptions being incorporated into the 2016 budget numbers. He noted that a 19,700 bed night goal would be set for 2016. He also noted that financial aid is assumed to rise by 5% of what was actually awarded in 2015, and that the Annual Fund has been assumed to have a 3% percent increase. Chris noted that the cost of professional services from Insource will appear larger as they will reflect a full year’s cost in 2016, rather than the partial year funded in 2015. Chris noted that, as is typical in similar operations, salaries reflect one of the largest expenditures.
- Room rates are proposed to increase selectively, with no increases proposed in Children’s rates. The Board discussed the relationship between room rates and the potential loss of registrations. John Bush noted that it is important to manage room rate increases carefully, and incrementally, to maintain registration levels.
- John gave a brief overview of the budget issues, from his position as treasurer. He noted that grants are soft money, and that many grants do not help the budget. He stressed that we cannot count on fundraising numbers until the end of the year. He noted that special events only generate a small amount of revenue. John mentioned that for the first time, the Development Office is using “targeted fundraising” and that this has a projected increase in the fundraising revenues for the year. Joe explained that we approved targeted fundraising in our current budget (FY15), and that we were on track so far. Also, FY16’s fundraising goals are, combined, less than the approved goals for FY15.
- Sharon asked each Board member to comment on some of the issues raised in the budget discussion, particularly room rate increases, proposed staffing changes, and fund raising efforts. Comments were generally positive, and supported the staff assumptions in budget planning. While the consensus of the group was to support raising room rates, there were concerns raised with the implications for affordability. It was noted that not

all bed nights are equal, and that a bed night sold to a vested shoaler is worth more than a bed night sold to a less committed shoaler. Another comment noted that fundraising to subsidize operations is not a sustainable policy, and that ideally room rates should eventually rise to cover operating costs. It was suggested that removing boat fares from room rates would allow shoalers to make a more accurate assessment of the cost to stay on Star Island. It was suggested that the perception of the cost to attend a conference is artificially high with boat fares and parking fees included in the rates.

The Board discussed the cost of credit card fees to the Island. Commentary included suggestions to encourage personal checks to pay Hotel bills, or perhaps back charging credit card fees to the card user, although it was noted that the Board has rejected this idea in the past.

Board comments included support for the current grant writing efforts, noting that the staff has had great successes in this arena. It was noted that some grants are budget neutral, but the Board remains committed to pursuing outside monies to fund the Island.

Upon a suggestion by Sharon Kennedy, the Board took a 15 minute break, reconvening at approximately 3:21 pm.

Reports (CEO's Report (including Discount Report, Registration, Development, Facilities), Financial Aid Report, Treasurer's Report and Pelican Liaison's Report)

Joe noted that his comments would be brief, as some of his points had been discussed earlier in the meeting.

- **Registration and Discount** Joe reported that the final bed night count was 19437, or (99.4%) of the targeted goal. This is a 9.4 percent increase from the 17,759 bed nights achieved five years ago. In evaluating the success of the substantial achievement of reaching the targeted bed nights, Joe noted that the Discount programs had been generally successful. IRAS conference was given a robust discount program in 2015 to encourage the return of the Conference to the Island, and Joe expected this program to be reduced in 2016. The most successful discount program, the returning Pel Discount was taken advantage of by 74 former Pelicans, and after three years, there were 22 returning pelican shoalers. Joe continues to believe that 20,000 bed nights is an attainable goal for the Island.
- **Development** continues to apply for grants, and our advocates at Shelter Rock are currently pursuing a 100K dollar grant from Shelter Rock to seed the fund for the new wastewater treatment plant. Joe noted that the Seven to Save Designation will allow for modification to the current LCHIP grant application, and adds credibility to upcoming proposals. Pam Smith is planning a presentation to the Board at the February retreat, where she will discuss our fundraising strategy for the next few years, leading up to our next capital campaign. A new fund, tentatively named "The Fund for the Oceanic" has been seeded with some lead donations, and is being used as an example of the Island

raising funds for maintenance and repair. This is important as some grant applications, such as the LCHIP grant, ask ‘what is the Island doing to raise funds’.

The Annual Fund is on target to meet the goals set for the year, and while current receipts may appear low, November and December are traditionally the months in which the greatest number of contributions are received. Joe urged Board members to attend the Starry Night event in November and to participate in the December 8 and 9 phonathon for the Annual Fund.

- **Facilities** report was presented by Joe Watts. Joe noted that Close Up is substantially complete, and that two caretakers are expected on the Island by mid November.
- **Financial Aid** report was given by Sally Russell, who noted that after a year of shared responsibilities, Tom Coleman will be taking over as head of this committee. Sally noted that the awarding of financial aid was done in three (3) rounds this past summer, and that over allocation in the first round helped increase the number of awards. She noted that shoalers may turn down an award if the offer from a particular conference is advantageous, leaving funds for later rounds of awards. This creates a margin where the awards can exceed the expected amount distributed in early award rounds. Sally stated that we need to advertise the availability of aid funds, if we are to spend all of the appropriated aid.
- **Treasurer’s Report.** John Bush reported that the finance committee is waiting for the final numbers from the Annual Fund drive. He noted that while he has no reason to expect less money than anticipated, he generally suggests waiting until the tally is finalized before spending the money. John mentioned that salary costs this summer were lower than expected. Joe noted that not all positions were filled this summer, particularly at the end of the summer, and that the staff has been working effectively over the last few years to manage hourly employees more effectively, thereby reducing staffing expenses. Commentary from the Board included discussion of the difficulty of finding end of season staff, particularly with a later closing date for the season. Joe noted that there is a conscious effort to keep labor costs low.
- **Pel Report.** Dan Cassell gave the Pel report, noting that it had been a good summer for the Pelican community. Noting that close-up was now complete, he remarked that despite a small crew, staff had functioned well and close-up had gone smoothly. Dan mentioned that there were a few points during the summer when the staff was stressed, of particular note was Board weekend with a large wedding and several smaller events. Dan noted that the staff rose to the occasion, and was proud of the service rendered during this “perfect storm” of conferences and events. Upon a motion duly made and seconded, the Board

VOTED: To accept the CEO Report (including the Registration, Development, Discount and Facilities Reports), as well as the Financial Aid, Treasurer’s Report and the Pel Report.

SHORTER TERM BUSINESS, Continued:

2015 Conference Season. Joe noted that Justina Maji had prepared a report, for the Board, detailing the numbers behind the successful season. Joe reported that the Island Survey had provided useful data to the staff, including reviews of food service and room amenities. While the reviews were consistently positive, Joe pointed out that feedback was addressed at staff meetings throughout the summer, allowing for changes and modifications during the season. The Board noted that the vast majority of conferee comments were favorable and positive, and that in particular, food service seemed well received by the conferees.

Joe discussed the recent special events on the Island (including several weddings) noting that while generating revenue, the events can be tough on the staff. While the Pel community appeared to welcome the challenges of the special events, the extended hours, particularly on a change-over day were difficult. He noted that staff continues to refine services to facilitate these opportunities. One challenge has been the assignment or allotment of public rooms when multiple conferences are on island together. Joe noted that staff is looking at ways of ensuring the assignment of public rooms is equitable and that multiple conferences all enjoy the opportunity to be on Star Island.

Banking Update and Action: Joe updated the Board on the status of the Optima banking opportunity, noting that Optima has extended the terms of the commitment letter to the end of November 2015. As the Eastern Bank loan expires in mid-December, pre payment penalties should be minimal.

Joe reminded the Board that the earlier Clerk's Certificates authorizing the Chief Executive Officer of the Corporation to enter into loan agreements and a revolving line of credit have expired, and he requested that the Board vote to re authorize these bank agreements. Upon a motion made and seconded, the Board

VOTED

That the Corporation is hereby authorized to enter into the Loan Agreement in the amount of five hundred thousand dollars (\$500,000) 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 Loan Agreement on such terms and conditions as he deems in his reasonable discretion to be in the best interests of the Corporation, and

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 Director of the Corporation is hereby authorized to execute, acknowledge and deliver on behalf of the Corporation Loan Agreement on such terms and conditions as he deems in his reasonable discretion to be in the best interests of the Corporation, and

: 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 Director 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.

The motion was unanimously approved, and the Clerk’s Certificates were signed immediately after the vote by Sharon Kennedy (President) and John Bush (Treasurer), and certified by Mary Trudeau (Clerk).

LONGER TERM BUSINESS:

Committee on Appointments Report: Tom Coleman reported that the Committee is an active one and has good energy. He noted that the Committee has recommended to the Board that Dick Case be appointed Chair of the Strategic Facilities Committee. Upon a motion made and seconded, the Board

VOTED To appoint Dick Case as the Chair of the Strategic Facilities Committee.

Joe noted that a recent discussion with the Health Committee included mention of “advisor” status for members who have exceeded the term of their appointment. Joe noted that this concept needs clarification and may be in conflict with the Board policies for appointments.

Committee Task Force Update: Sally Russell discussed the progress made in gathering information for the Committee. She noted that interviews of staff are ongoing, and that she will have more to report in November.

Permanent Trust Report: Josh Davis reported that the Trust currently has approximately 3.5M dollars, reflecting a 5% percent loss due to recent market volatility. He noted that the Trust funds include 1.6M dollars collateral for the current 1M dollar loan. Josh noted that the Trust does not rely on the monthly financials prepared for the Island, but is interested in annual reporting. The Trust has approved a policy that supports its current lack of investment in fossil fuel companies, in concert with similar resolutions passed by the UUA and the UCC.

Annual Meeting Date and Venue: Joe notified the Board that the Annual Meeting will be held on April 30, 2016 at the UCC church in Holliston, MA. Joe remarked that using the same facility for a second consecutive year allows staff to plan more efficiently for the meeting. The Board asked that additional signage be used during the meeting day to direct Corporation members to the various rooms used during the meeting.

Facilitated Session at the February Retreat: Sharon Kennedy queried the Board’s interest in using Ellen Koenig as a facilitator for the February retreat. She noted that Ellen could focus on Committees this year, aiding the Board in their current review of committee workings and

composition. The Board agreed that Ellen had been helpful in evaluating Board processes last year, and that it could be worthwhile to continue working with her at the February retreat.

Sharon reminded the Board that the November 21, 2015 meeting will be held in Portsmouth, and that the Starry Night event will be in the evening between 5 and 7 pm. She urged Board members to attend Starry Night. John Bush graciously offered to host a dinner at his home, for the Board, after the event. Sharon noted that she would confirm this offer with Irene before accepting the dinner invitation on behalf of the Board.

Bylaws Working Group Update: Gary Kunz reported that he has enlisted Brad Greeley and Tom Kennedy to assist in the review of the Bylaws. He noted that discussions have included the logistics of including a minister on the Board of Directors, whether by policy or bylaw. Consideration to voting or non voting member status, as well as the religious orientation of the clergy, are being discussed. It was noted that the Nominating Committee has had difficulty recruiting ministers to the Board, in the past.

Corporation membership recruiting is also being reviewed, including the potential for self-nomination. Discussion included note that the island survey done this summer found that 60% percent of shoalers did not wish to become members of the Corporation.

Gary also noted that Membership Committee replacements are currently done on December 15, and that this date is problematic, and being used inconsistently. He noted that this date should be revised to reflect current practices. He noted that these bylaws are 60 years old and that he is advocating for revisions that improve clarity. Gary stated that bylaws should avoid “process” issues.

The Board discussed nominations from the floor of the annual meeting, agreeing that it is currently possible for this to occur.

Other:

- **Video and Teleconferencing.** It was noted that video conferencing is problematic to implement and that phone conferencing may be more effective for off site attendees.

Meeting Reflections: It was noted that missing Board members leave a void in the meeting. The consensus of the group was that this meeting was positive and productive, and that while times on the agenda proved inaccurate, the overall length of the agenda was correct and that estimated times kept the discussions on pace. The Vermont Room at the Federal Reserve Building is a wonderful location for a meeting, and the views of Boston Harbor were spectacular.

The consensus of the group was that the videoconferencing is difficult to incorporate into a live meeting, and that perhaps phone conferencing is more effective.

The next Board meeting is scheduled for Saturday November 21, 2015 in Portsmouth, NH at the Discover Portsmouth Center. The meeting will be held from 11:00 am to 3:00 pm.

There being no further business, it was moved, and seconded, and then unanimously

VOTED: To adjourn the meeting.

The meeting was adjourned at 4:50 pm.

Respectfully submitted,

Mary Trudeau, Clerk