

STAR ISLAND CORPORATION
Board of Directors

MEETING MINUTES

Saturday November 19, 2016
Star Island Office and Conference Phone Call

Members in Attendance:

Lisa Braiterman
John Bush (Treasurer)
Tom Coleman (President of ISAUU)
Josh Davis
Nick Dembsey
Debbie Duval (President of SIUCC)
Roger Kellman
Gary Kunz (President of the Board)
Suellen Peluso

Hannah Swomley (Pel Liaison)
Mary Trudeau Clerk
Jordan Young (Vice President)
Louise Williams

Other:

Joe Watts, CEO
Pam Smith
Tom Rogers, Fred C Church Insurance

Absent: Erik Cordes

Check In:

After a brief check in where Board members briefly shared life's events with each other,

Opening Words:

Suellen Peluso offered the Board some opening words from a sermon, titled: Things That Matter. This sermon was given by the Reverend Robert M. Hardie of the All Souls Church Unitarian on Sunday November 13, 2016 in Washington DC. The link to the sermon is given below:

<http://www.all-souls.org/past-sermons>

<http://www.all-souls.org/robert-hardies>

Prefacing her reading of a Langston Hughes poem, Suellen shared some reflections on "sanctuary" as a place of safety or refuge, or as a holy place. The poem, titled "My People" is given below:

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The night is beautiful,
So the faces of my people.

The stars are beautiful,
So the eyes of my people.

Beautiful, also, is the sun.
Beautiful, also, are the souls of my people.

Call to Order:

Gary Kunz, President, called the meeting to order at 11:06 am.

Upon a motion duly made and seconded, the Board

VOTED to enter Executive Session for the purpose of approving the minutes of the October 25, 2016 Executive Session, as well as to discuss personnel issues, a situation on Appledore; and other legal issues concerning our 501(3)(c) status. Hannah Swomley did not attend the Executive Session, and Joe Watts remained in the meeting. Suellen Peluso left the executive session at noon to avoid a conflict of interest with one of the items being discussed, and she returned to the open meeting at 12:20 when the executive session was completed.

The Board returned to the regular Meeting at 12:20 pm. Hannah Swomley returned to the meeting.

Insurance Presentation by Tom Rogers of Fred C. Church Insurance Company

Tom Rogers, representing the Islands insurance agency, the Fred C. Church Insurance Company, met with the Board to review the Island's insurance policies and coverage. Tom began his presentation by noting that Star Island Corporation is one of his more aggressive accounts with respect to our commitment to assessing risk management. He reported that Star Island staff consistently reports changes in use, such as kayaks, the solar panels, and other island activities, making adjustments to our policies on a regular basis.

Tom noted that it is challenging to find insurance for a large, wood frame building located on an island. However, our primary policy insures the SIC for up to 2.5M, in a single loss, and the SIC has a 13M excess loss policy with Lloyds of London. The SIC has a "no fault" Accident and Medical policy that does not require an injured party to file suit to access funds. Tom noted that we also have a General Liability policy which does require a law suit to access the policy.

The SIC currently carries a Commercial insurance package which is a general liability coverage, that includes employee benefits liability, as well as "abuse" or molestation coverage. Automobile liability is used to insure our registered vehicles (none of the vehicles on the island are registered), and the SIC carries an Excess Umbrella Liability policy with an extra 9M in coverage for non marine incidents. The SIC carries both a Marine Policy, as well as Marine

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Excess coverage for our boats and water dependent activities. Tom reported that our pollution exposure has been dropping as our diesel consumption has been reduced.

Tom reported that the SIC carries Executive Risk coverage for the Board, employees of the SIC, staff and volunteers in a work capacity. The policy provides 3M in coverage for employment practices; 3M for directors and officers; and a 1M fiduciary liability policy.

The Board asked a multitude of questions. Discussion included coverage for sexual molestation claims; coverage of electrical and mechanical systems on the island; replacement costs versus actual cost; business interruption coverage and other specific concerns. Joe Watts noted that not all conferences carry Special Event Liability coverage, despite consistent urging by staff to conference leadership. In a similar vein, Joe reported that we require contractors to provide Certificates of Insurance.

The Board thanked Tom for taking the time to attend the meeting, noting that the discussion was informative and helpful. Tom offered to answer additional questions as they arise, and Joe suggested directing questions to him rather than contacting Tom Rogers directly.

LUNCH:

The Board adjourned for a short lunch break at 1:06 pm, returning to the meeting at approximately 1:26 pm. Debbie Duval and Jordan Young did not rejoin the group after the lunch break.

The Board reviewed the votes taken in Executive Session earlier in the day. The first vote taken was to approve the Acting CEO Agreement between Dave Boynton and the SIC for the period of time between June 25, 2017 and August 20, 2017.

Upon a motion duly made and seconded, the Board

VOTED To approve the Acting CEO Agreement between Dave Boynton and the SIC for the period of time between June 25, 2017 and August 20, 2017.

The second vote taken in Executive Session was to approve the Summary of Understanding for Joe Watts 2017 Extended Time Off Period.

Upon a motion duly made and seconded, the Board

VOTED To approve the Summary of Understanding for Joe Watts 2017 Extended Time Off Period.

Approval of Minutes:

The Board reviewed the draft minutes of the October 25, 2016 Meeting. Lisa Braiterman noted several typos and misspellings and requested that the minutes be amended to correct these deficiencies.

Upon a motion duly made and seconded, the Board

VOTED unanimously to approve the amended minutes of the October 25, 2016 meeting of the Board of Directors

REPORTS :

Pel Report:

Hannah Swomley, the Pel representative, reported that the Pel Pages had been published and sent to the Pel Community. She noted that the annual Pel Reunion has been scheduled for New Years Eve.

The Board discussed Linda Lehman's initiative in posting a Pel survey on Facebook. The survey questions included issues concerning housing; management; and the 2016 summer operations. Hopefully, the survey response will be strong and information will be gathered to help with planning the 2017 season.

Treasurer's Report:

John Bush presented the Treasurer's report this month, noting some changes in the format of the financial reporting. John reported that the YTD financials were normal.

CEO Report (including Development and Marketing Report) Update and Question and Answer Session

Pam Smith entered the meeting at 1:30 pm.

Joe Watts noted that the SIC does not endorse political candidates, and that there will be no reference in the Blue Book to the recent election results. He noted that "climate change" is an increasingly popular conference topic, and that this is reflected in the conference descriptions in the Blue Book.

Pam Smith noted that she, Suellen Peluso and Peter Squires met with Joe to discuss long range planning, including the potential for a future capital campaign. As a result of these discussions, the Development office is planning to fund a Readiness Assessment to ascertain the viability of a future campaign. The Assessment will be prepared by an independent consultant, and is expected to cost between 10K and 15K dollars. Pam and Suellen spoke to the necessity of undertaking this assessment prior to any determination of a capital campaign.

Joe reviewed the progress of the Waste Water Treatment Facility (WWTF) permitting. Noting that the NH DES has commented on the proposed plans, adjustments to accommodate the comments will likely add additional time to the review period. Financing can proceed along a

parallel track, but delays in obtaining the permit may require the SIC to phase the construction of the new system. Joe noted that the loan application deadline is June 30, 2017 but that he expects to submit the paperwork well in advance of that date.

Upon a motion duly made and seconded, the Board

VOTED to approve the Pel Report, Treasurers report, CEO report and Development and Marketing report.

Shorter Term Business

Bringer of Light Award Discussion:

The Board agreed to delay this discussion to the December Board of Directors meeting.

2017 Budget Presentation:

Chris Bertoncini, of Insource, entered the meeting via Conference Call.

Chris highlighted the three scenarios in front of the Board, noting that the numbers show WWTF funding from Optima bank, and that this could be affected by obtaining by the CWTF financing offered by the State of New Hampshire. Chris briefly discussed the Appledore lease account treatment, noting that Berry Dunn continues to research the amortization of the lease. Chris noted that our conservative budgeting allows a 200K dollar surplus.

Room and Board Rates

Joe Watts asked that the Board review the Room and Board rates proposed in the A, B, and C budgets, noting that the staff requires Board approval of rates to continue developing the 2017 budget.

Each of the budget options presented to the Board offered various room rate increases. The Board discussed several options, including variable rates for low filling conferences; variable room rates based on amenities; and the use of discounts to compensate for room rate increases. It was generally agreed that keeping room and board rates low for children is key to maintaining affordability for families.

John Bush reported that the Finance Committee has consensus that room and board rates for children should be reduced, and that adult rates only should increase. Joe Watts noted that room rate increases are controversial with some of the conferences, resulting in issues with registrations for some conferences.

Based on a motion duly made and seconded, the Board

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VOTED to raise Room and Board rates 6% for Adult Single Rooms; 3% increase for Adult Shared Rooms; 5% rate decrease for children ages 6-11; and a 2% decrease for children ages 12-17.

2017 Staffing Issues and Expenses:

The Board discussed some of the staffing issues and concerns raised during the End of Season (EOS) conferences. Noting that there was a less than desirable level of staffing during the September conferences, issues were noted with the lack of lifeguards; housekeeping concerns; and generally too few employees on various crews. Joe noted that senior staff is developing strategies to address the issue, including consideration of variable wage rates for end of season help. Hannah Swomley, Pel representative, made several suggestions and observations. She suggested using experienced staff in the positions with the most responsibility, and using end of season hires for less skilled work. She also noted that end of season staff often cover multiple positions due to staffing shortages, and currently salaries do not reflect the increased responsibilities.

The discussion transitioned to review of the proposed staff wage increases shown in the various budget proposals. There was sentiment on the Board that the proposed increases were too low, and that the Board should consider a more significant percent increase, particularly for the seasonal staff. There was a protracted discussion relating to this issue. Concerns with wage increases included the need to balance affordability against our responsibilities to our employees. The Board discussed their role as an employer in the context of our shared values. Concerns were raised with the financial impact of a substantial pay raise.

Administratively, board members were concerned that the proposal of significant salary increase proposal was being brought up late in the budget process. Some board members noted that the issue had been raised at the August retreat, and that perhaps the message had not been effectively transmitted to the staff responsible for preparing the budget.

Based on a motion duly made and seconded, and with the addition of a friendly amendment, the Board

VOTED to have staff review the impact of a \$1.00 dollar per hour raise on Pel salaries for the 2017 season, and to have the staff provide the Board with a 50 point basis, as well as a 100 point basis.

The vote passed with 6 in favor, 2 opposed and 1 abstention.

The Board took the opportunity to discuss Pam Smith's confidence level with the Annual Fund goals. Pam noted that the projection is within reason, and that when the economy is good (as it is) then the Annual Fund does well. Pam noted that the key to the success of the Annual Fund is renewal. She noted that keeping donors giving is integral to the continued success of the fund in

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a community with limited membership. The Board requested the total amount of the monthly recurring donations, and Pam agreed to provide these numbers.

Alcohol Policy:

Joe Watts reported that the new Alcohol Policy will go into effect this summer. Joe will present the policy at the January meeting of conference chairs. He noted that conferees will need to be educated about the new rules. The key points of the new policy include:

All conferences which use our vessels to transport alcohol must purchase their alcohol in the State of New Hampshire. This is a requirement of the State of New Hampshire.

While alcohol usage areas will remain unchanged, individuals will be able to use alcohol in these areas even when it is outside of a conference sponsored event.

People under the age of 21 will be allowed to be present during conference sponsored events at which alcohol is served, provided that the conference assumes responsibility for ensuring that alcohol is NOT served to under 21 year olds.

Longer Term Business

CWSRF Vote Language:

The Board discussed the application for the State of NH Water Pollution Control Revolving Fund Loan and agreed that the CEO should continue to pursue this line of funding.

Based on a motion duly made and seconded, the Board

VOTED That the Board authorize the chief executive officer to make arrangements for the Corporation to enter into a loan agreement with the State of New Hampshire Water Pollution Control Revolving Loan Fund to borrow an amount no greater than \$957,000 for the purposes of installing a new wastewater treatment/water reclamation facility on Star Island, such agreement to be upon such term as such officer deems necessary or advisable to effect such purposes (provided however, that prior to executing and delivering the loan agreement, the Board shall first confirm its approval of the same in writing). The Board further authorizes the chief executive officer to sign the aforementioned loan agreement and related documents, as well as subsequent disbursement requests and related documents.

Nominating Committee Liaison Report:

Suellen Peluso reported that the Nominating Committee work is underway. She noted that Nancy Miller is leaving the Committee and that a replacement Chairperson will need to be

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chosen. The Committee is working on creating job descriptions for Board and Committee appointments. Suellen reminded the Board that committee work is a good way to vet prospective Board members, and that the Committee on Appointments can be a good resource for nominations.

Committee on Appointments:

Tom Coleman noted that Laird Kelly is stepping down from the Committee on Appointments and will be replaced as Chair by Nick Brezinski.

Tom Coleman presented nominations of the Finance and Audit Committee, as well as the Fund Development Committee to the Board for approval.

Upon a motion duly made and seconded, the Board reviewed and

VOTED to approve the appointments nominated by the Committee on Appointments as noted below:

Finance and Audit Committee

Louise Williams for a second three-year term starting in 2017.

Bob Giles for a second three-year term starting in 2017

Fund Development Committee

Suzanne May for a second three-year term starting in 2017.

Fund Development Liaison Report:

Suellen Peluso reported that the Committee has been working productively with Pam Smith. Suellen noted that it is important for recruits to this Committee to have a skill set that benefits the Development staff's responsibilities. She noted that this makes recruitment more difficult, but that professionalism on the Committee is essential.

Committee Charges and Report:

Gary Kunz reminded Board members that the annual Committee reports are due at the end of December. He noted that it is important to review Committee charges periodically, and that the end of the year is a good time to look at charges.

Other:

There was no other business.

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Reflections:

Gary noted that the Board's interest in adjusting the wage levels in the 2017 Budget should have been addressed at an earlier meeting, and that the timing of the request will likely require the Board to have an extra meeting this year. The Board noted the length of the meeting, and discussed the ideal of having discussions reflect the timing given on the meeting agendas.

Upon a motion duly made and seconded, the Board

VOTED To adjourn the meeting at 3:30 pm.

Submitted by:

Mary Trudeau, Clerk