

**STAR ISLAND CORPORATION
BOARD OF DIRECTORS MEETING**

Saturday November 21, 2015

11:00 am.

Star Island Corporation Office, Portsmouth NH

Members in attendance:

Dan Cassell (Pel Representative)
Tom Coleman (President, ISAUU)
Erik Cordes
Josh Davis
Nick Dembsey
Debbie Duval (President, UCC)
Sharon Kennedy, President
Gary Kunz, Vice President
Suellen Peluso
Mary Trudeau, Clerk
Jordan Young

Absent:
John Bush, Treasurer
Lisa Braiterman

Conference Call:
Chris Bertoncini, InSource (arrived at 1:10)
Erik Cordes (arrived at 2:20)
Sally Russell

Others attending the meeting:
Joe Watts, CEO
Pam Smith, Director of Development
(arrived at 12:45)

John Bush, after an accidental fall, left the meeting room prior to the commencement of business.

Opening Word: Suellen Peluso shared a poem by Mary Oliver, titled “Iraq”, noting that the troubles in Paris and the ongoing refugee crisis in Europe left her contemplating the balance between concerns for personal safety and the desire to consider humanitarian urges. The poem:

*I want to sing a song
For a body I saw
Crumpled
And without a name*

*But clearly someone young
Who had not yet lived his life
And never would.
How shall I do this?*

*What kind of song
Would serve such a purpose?
This poem may never end,
For what answer does it have*

*For anyone
In the distant*

*Comfortable country,
Simply looking on?*

*Clearly
He had a weapon in his hands
I think
He could have been no more than twenty.*

*I think whoever he was
Of whatever country,
He might have been my brother
Were the world different.*

*I think
He would not have been lying there
Were the world different
I think*

*If I had known him
On his birthday,
I would have made for him
A great celebration.*

Suellen then sang “May Nothing Evil Cross This Door” to the Board:

*May nothing evil cross this door,
and may ill fortune never pry
about these windows; may the roar
and rain go by.*

*By faith made strong, the rafters will
withstand the battering of the storm.
This hearth, though all the world grow chill,
will keep you warm.*

*Peace shall walk softly through these rooms,
touching our lips with holy wine,
till every casual corner blooms
into a shrine.*

*With laughter drown the raucous shout,
and, though these sheltering walls are thin,
may they be strong to keep hate out
and hold love in.*

Check In. A brief sharing of life events and circumstances was done between the Board members. In keeping with the season, members expressed thankfulness for the fullness of their lives.

Call to Order. Sharon Kennedy, President, called the meeting to Order at 11:30 am.

Upon a motion duly made and seconded, the Board

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

The Board resumed the public portion of the meeting at 12:20 pm. Dan Cassell returned to the meeting room.

Upon a motion made, and seconded, the Board

VOTED to approve the Minutes of the October 27, 2015, Meeting of Directors at Star Island as written.

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

CEO Reports

- **Development Report:** Joe reported that Pam Smith would be present for the budget discussion later in the meeting, and able to respond to development budget questions if needed.. Joe noted that the staff was adding handwritten notes on the fall appeals to specific conferences, and plans to expand this program. Joe noted that Grant solicitations continue, and that the annual Starry Night event is being held this evening. Without specifics, Joe reported that the Annual Fund goal is on track, and that the targeted giving has already exceeded our budget goals (referencing the sum of the "other current restricted gifts" and "net assets released from restrictions" lines on the October Financials).
- **Facilities Report:** Joe noted that Dick Case's report detailing the first year of operation of the solar array power generation is included in meeting materials. Joe reported that there has been a leadership change at the NH Department of Environmental Services offices, and that the Island staff is continuing to build a good relationship with the new leadership. Work on the planning for the Waste Water Treatment Facility upgrade continues, and the Island has signed a design release agreement with Busse, the owner of the proprietary technology, for the proposed system.
- **Registration :** Joe presented rate increase reports, detailing attendance and rate increases since 2007, showing that there does not appear to be a correlation between rate increases and overall conference attendance, though there are some specific conferences that have seen a decrease in enrollment, and our 2016 discount program will include programs targeting these conferences. Joe noted that there are several financial aid options available to defray costs, including opportunities to volunteer on the Island. Joe reported

that the Island recorded over 12K hours of volunteer time last year, providing a de facto financial aid option to shoalers.

- **Treasurers Report:** Joe presented the treasurers report in John Bush's absence. The October Financials showed that the net operating gain was slightly ahead of budget, and that the "debt service coverage ratio" was slightly below budget. Joe reminded the Board that the Optima loan closing was scheduled for mid December, and at that time our term loan with Eastern Bank will be paid off (with little to no prepayment penalties).
- **Pel Report:** Dan Cassell noted that there was little to report and did not present a formal report. Upon a motion duly made and seconded, the Board

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

SHORTER TERM BUSINESS, Continued:

Bringer of Light Award Discussion. Sharon Kennedy reviewed the Bringer of Light Award criteria, and requested Board members to consider whether or not to make the Award this year, as well as consideration of potential nominees. Sharon noted that it would be appropriate to solicit suggestions from Corporation members and staff, and that information concerning this award can be found on the Star Island website (www.starisland.org)

Grant Approvals: Joe reported that the Casey & Family Foundation had invited SIC to apply for a 25K dollar grant to support the Green Gosport Initiative and he asked that the Board approve the pursuit of this opportunity. He noted that the grant is an unspecified grant, and the restriction to a broader area – the Green Gosport Initiative – for the use of the monies was valuable to the Island.

Upon a motion duly made and seconded, the Board

VOTED to authorize the submission of a grant application to the Casey & Family Foundation for up to 25K dollars for the purpose of funding the Green Gosport Initiative.

Banking Update and Action: Joe reported that the Optima closing for the new 1.1M dollar loan will occur in mid December, noting that there will likely be no prepayment penalty with Eastern Bank.

After a short break for lunch at 12:45 pm, the Board resumed the public portion of the meeting at 1:08 pm. Chris Bertoncini, of InSource, entered the meeting via the conference call at 1:10 pm, and Pam Smith was in attendance from 12:45.

Credit Card Fee Discussion: Gary Kunz reviewed the implications of backcharging fees to cardholders paying hotel bills with credit cards. Gary reminded the group that the Board had considered this strategy in 2012, and had chosen not to mitigate fees in this way. Gary

mentioned 2012 legislative changes which regulate the ability of a vendor to charge a user fee for credit cards, noting that compliance would include conditions that could be onerous for the Island staff responsible for processing payments.

Gary reported that the Island pays approximately 21K dollars per year in credit card user fees from transactions taking place on the Island. Discussion included comments that this issue is not a simple discussion and that the Island should continue to explore ways to reduce fees. It was noted that a debit card transaction costs (0.21) cents, and personal checks have no service charge associated with their use.

The Board agreed to table this discussion until John Bush is in attendance at the December meeting. Joe will provide more information about our current credit card fee arrangement to the Finance Committee in advance of its December meeting. Joe also noted that we could approve a budget with credit card fees contained therein, and later implement a change in policy, if the board felt it prudent to do so..

Budget Presentation: Joe and Chris Bertoncini noted that they have spent time reviewing the three budget alternatives, and refining line items, since the last Board meeting. Chris noted that room and board data, broken down by conference and rate type, has been prepared since the last iteration of the budgets, and this provides a more refined estimate for room and board rates. Also, the bed-night prediction was lowered by 50. On the expense side, the depreciation numbers have been fleshed out, and are more accurate than those in earlier budgets.

While John Bush was not present at the meeting to comment on the new budgets, Sharon read a recent email from John detailing his opinions on several key points. The email noted that John is concerned that income has been overestimated, and worries that “soft” income numbers could have the Island operating at a loss next summer. Discussion by the Board concluded that the revenue predictions are reasonable.

John’s email also noted concern with staffing costs, and stressed that he has concerns with adding staff positions. Joe first clarified that we were not adding two nine month positions; rather, we are considering expanding two existing eight month positions. Joe reminded the Board that employee retention is important, and that costs to retain employees are significantly less than costs to recruit, train and replace. It was noted that increased staffing in Development is an investment in the future of the Island.

Other issues noted in John’s email included concern with the predicted fundraising revenues, with a specific concerns that the 40K dollar estimate for Special Events, as well as estimated Grants revenue, may be overstated. Response from Joe noted that this has been discussed with Pam Smith, and she is comfortable with the current numbers. John’s email also expressed concern with the Restricted Giving estimates, and Joe pointed out that the proposed 2016 goal is less than those included in the approved 2015 budget. Joe explained that the lower than budgeted revenues in Restricted Giving for 2015 is more than offset by the net assets released from restriction in 2015 – this is simply a reporting issue, because when you total these two budget lines, we have already exceeded our budget goals for 2015.. With this consideration, Joe felt the 2016 goals were appropriate and realistic.

Pam Smith addressed the Restricted Gift goals, noting that she had inherited the 2015 numbers, and that it had taken her some time to learn about the Star giving community. She stressed that she is working to develop new reasons to give, including a dedicated fund for the Oceanic Hotel and a Kiddie Barn project. She noted that the goal of this type of directed giving is to NOT detract from the Annual Fund, but to create additional opportunities for Island stewardship. Pam said she is confident that the Restricted Gift goal in 2016 is attainable. Pam noted that the Centennial is an opportunity to raise additional funds, and that she feels that sponsorship provides a new stream of revenue, as well.

While the Board agreed to delay approval of a budget until John Bush can attend a meeting, it was agreed that room and board rates should be set at this meeting to accommodate the timely printing of the program catalogue. Discussion included varying perspectives running the gamut from opinion that the rates are high, to opinions that the rates are undeveloped and can sustain significant increases. Consensus from the Board was to maintain youth rates at the current level. Joe noted that the “family” rate for two adults and two children under six has remained largely constant since 2007, due to children under 6 now coming for free. Joe also tracked the historical rate changes for the “shared room rate”, noting that since a significant jump in 2007 (20%) the majority of adjustments have been small in subsequent years, with no increases in 2010 and 2012.

Discussion included the desirability of single rooms, and the housing inefficiencies in assigning single adults to double rooms. The consensus of the Board was that the “single” category of room rate could withstand a larger percent increase than the “shared room rate” noting that encouraging shared quarters allowed for increased conference attendance.

Upon a motion duly made and seconded, the Board unanimously

VOTED To approve a six percent (6%) increase in the room and board rates for adults housed in single rooms; to approve a three percent (3%) increase in the room rates for adults in shared quarters; and to approve no change you youth rates.

Joe presented data on how we were faring against the Board’s goal of reducing staffing expenses by \$250,000 compared to 2011, and concluded that the budget versions being considered range from about 20K dollar under to about 30K dollar over, when adjusted for anticipated annual staff increases. The Board generally discussed the proposed staffing increases and encouraged Joe to continue to support the staffing figures that reflect the needs of the office and the Island. Joe noted that regional “Cost of Living Adjustment” and inflation estimates for 2015 are reported to be higher than zero, and the staff salary increases will likely be in the 1-2% range. The Board concluded that there should be some salary increases. Additional comments included concern that the food budget should be higher to allow for improved quality meals.

LONGER TERM BUSINESS:

Council of Conferences: Nick Dembsey reported on the recent and successful Council of Conferences. Nick noted that the focus of the meeting was on techniques for engaging

millennials. The meeting was well attended, informative and provided opportunity to engage younger representatives at the meeting.

Committee Task Force Update: Sally Russell discussed the progress made in gathering information for the Committee, noting that the input for Committees and senior staff is complete, and research has been submitted to Committee members. She discussed looking at the various committees for overlap and redundancy; working backwards from tasking to the function of Committees; and using committees to keep Corporation members engaged. Joe reminded the Board that one of the functions of the Task Force is to review committees for usefulness. He also noted that some staff work is currently driven by committee schedules, and that this may need to be revisited.

Nominating Committee: Suellen Peluso reported that the Committee is actively researching and recruiting potential Board members. She noted that the process is working to produce succession strategies for two to three years in the future. Suellen noted that there is a position open on the Permanent Trust, and that suggestions for membership would be welcomed. She suggested that the SIC put Board member biographies on the website.

Committee on Appointments: Tom Coleman presented the Committee on Appointments report, noting that appointments were proposed for several committees: Strategic Facilities; Finance Committee; Membership Committee; and the Health Committee. Tom discussed recent issues on the Committee, including the status of “advisors”. Joe noted that neither he nor Jack Farrell was consulted on a previous year’s appointment of an “advisor” to the Strategic Facilities Planning Committee, and that recent changes to the chair appointment process were made to ensure there was a healthy and fair selection process in place – we should work towards coming up with a similar process for the appointment of advisors. Nick noted that the Committee is balancing the need to retain continuity with the value of engaging new people. He stressed that Committees need to be a resource.

Upon a motion duly made and seconded, the Board unanimously

VOTED to approve the following appointments:

Strategic Facilities Mark Nash (First three year term)
 Mark Adams (advisor)
 Drew Martin (advisor)

Finance Committee Lisa Braiterman (Second three year term)

Membership Committee Nancy Wood (First three year term)
 Ben Cordes (First three year term)

Health Committee Marlene Bristol, NP (First three year term)

Fund Development Committee Liason Report: Suellen noted that the Chair, Peter Squires, and Pam Smith have a good relationship and that the Committee is functioning well.

Committee Charges and Report: Sharon Kennedy discussed the need to look at the charge of Committees at the completion of the task force review. She reminded Board members that Committees should submit their written reports to the Board by January, prior to sending it to the Star Island Corporation office for inclusion in the Annual Meeting materials.

Other:

- **Personnel Committee.** Sally Russell noted that she and Debbie Duval have collaborated on the staff reviews this year, in preparation for Debbie taking over the role in 2016.

Meeting Reflections: Despite the trauma of John Bush's accident at the start of the meeting, it was agreed that it was a productive day. Comments included note that the extended time frame of today's meeting encouraged conversation and discussion. Sharon reminded members that the Starry Night event started at 5 pm, and that light appetizers would be served.

The next Board meeting is scheduled for Tuesday December 22, 2015 via Go To Meeting teleconferencing. The meeting will be held from 7:00 pm to 9:00 pm, approximately.

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

VOTED: To adjourn the meeting.

The meeting was adjourned at 3:15 pm.

Respectfully submitted,



Mary Trudeau, Clerk