

**STAR ISLAND CORPORATION
BOARD OF DIRECTORS MEETING**

Saturday June 27, 2015

10:30 am.

Marshman Building, Star Island

Members in attendance:

Lisa Braiterman

John Bush, Treasurer

Dan Cassell (incoming Pel representative)

Tom Coleman (President, ISAUU)

Erik Cordes

Dash Davis (outgoing Pel representative)

Josh Davis

Sharon Kennedy, President

Gary Kunz, Vice President

Suellen Peluso

Mary Trudeau, Clerk

Jordan Young

Absent:

Debbie Duval (President, SIUCC)

Sally Russell

Remote Attendance :

Nick Dembsey

Others attending the meeting:

Joe Watts, CEO

Jack Farrell, Island Manager

Opening Words. For opening words, Erik Cordes read excerpts from the Encyclical of Pope Francis, dated May 24, 2015. Erik commented that environmental spirituality is a universal message, and that there can be no effective ecology without adequate anthropology :

Nature cannot be regarded as something separate from ourselves or as a mere setting in which we live. We are part of nature, included in it and thus in constant interaction with it. Each organism, as a creature of God, is good and admirable in itself; the same is true of the harmonious ensemble of organisms existing in a defined space and functioning as a system. Although we are often not aware of it, we depend on these larger systems for our own existence. Once they become conscious of this, many people realize that we live and act on the basis of a reality which has previously been given to us, which precedes our existence and our abilities. So, when we speak of "sustainable use", consideration must always be given to each ecosystem's regenerative ability in its different areas and aspects. Today, the analysis of environmental problems cannot be separated from the analysis of human, family, work-related and urban contexts, nor from how individuals relate to themselves, which leads in turn to how they relate to others and to the environment. There can be no ecology without an adequate anthropology.

The history of our friendship with God is always linked to particular places which take on an intensely personal meaning. Going back to these places is a chance to recover something of their true selves.

Society is also enriched by a countless array of organizations which work to promote the common good and to defend the environment, whether natural or urban. Some, for example, show concern for a public place (a building, a fountain, an abandoned monument, a landscape, a square), and strive to protect, restore, improve or beautify it as something belonging to everyone. Around these community actions, relationships develop or are recovered and a new social fabric emerges. Thus, a community can break out of the indifference induced by consumerism. These actions cultivate a shared identity, with a story which can be remembered and handed on. These community actions, when they express self-giving love, can also become intense spiritual experiences.

An adequate understanding of spirituality consists in filling out what we mean by peace, which is much more than the absence of war. Inner peace is closely related to care for ecology and for the common good because, lived out

authentically, it is reflected in a balanced lifestyle together with a capacity for wonder which takes us to a deeper understanding of life.

May our struggles and our concern for this planet never take away the joy of our hope. Let ours be a time remembered for the awakening of a new reverence for life, the firm resolve to achieve sustainability, the quickening of the struggle for justice and peace, and the joyful celebration of life. We must not think that these efforts are not going to change the world.

Call to Order. Sharon Kennedy, President, called the meeting to Order at 10:34.

Check-in. Sharon began by asking if anyone had news that he or she wished to share with the other Board members. Joe Watts took the opportunity to welcome Dan Cassell, the new Pelican representative to the Board, and to thank Dash Davis, the outgoing Pelican representative for his service. Various members noted life changes and events. Of note, Gary Kunz expressed gratitude to the Island for hosting his son's wedding, stating that this event has deepened his relationship with the Island.

Minutes of the May 26, 2015, Meetings of Directors. Mary Trudeau, Clerk, noted that minor changes had been made to the text to reflect clerical errors within the draft. Upon a motion duly made and seconded, it was unanimously

VOTED: To approve the minutes, as amended, of the May 26, 2015 meeting of Directors

Reports

- **Pel Report.** Dash Davis noted that while much of his Board participation was via electronic communication, he had enjoyed his tenure as Pelican representative. He acknowledged his support of Dan Cassell, as his replacement, and expressed confidence in Dan's ability to represent the Pelican Communities interests. Dash described a positive change in the Pel community, with less peer tolerance of risky behaviors. He noted that there are fewer senior Pels this summer, and that this is part of the natural ebb and flow of the Pelican community. Dash remarked he was enjoying observing younger Pels grow into positions as their tenure and skills increased. Dash described the improved conditions of the Hotel as a metaphor for the structural stability of the Pel community. Dash left the meeting at 11:05.

Dan Cassell introduced himself to the Board as a non-Shoaler Pel, with several years of work and volunteer experience on the Island. He described the Pel community as having a "great energy and work ethic" this summer.

- **CEO Report - Development, Facilities, and Registrations.** Joe began his CEO report with updates on the registration numbers for the summer. He noted a slight drop in registrations towards meeting the bed night goal of 19,550 this summer. Staff has been working with specific conference leadership groups to increase registrations, and he noted that some Conferences, such as Arts has additional registrations this summer. Joe stated that, despite the lower than expected registrations this month, there were no

changes in the financial projections for May, but that the lower than anticipated number of registrations trend continued, it could affect the June financial statement.

- **Development.** The Green Gosport initiative has raised approximately \$72,000 dollars to date. Joe noted that with the emphasis on sustainability and island ecology, the fund represents new circles of donations. An LCHIP grant application for approximately \$125,000 dollars was submitted this month, and discussions for a FEMA grant are ongoing with the agency. Joe noted that the Annual Fund was at \$81K in cash and pledges, to date. This contrasts to \$84K in 2014 and \$63K in 2013 at similar points in the fund raising year. However, Joe pointed out that it is still early in our annual fundraising cycle to draw meaningful conclusions from the comparisons. Joe, also, noted a new initiative for the Annual Fund, the “100 Reasons to Give” campaign. Pam Smith will be encouraging Shoalers to disclose their impetus for giving to the Island, and developing a list of “reasons” for use in fundraising this summer. Carol Weissman, a longtime Shoaler and experienced fund raiser, has given the island some literature and tools for fundraising.

Sharon noted that it is important that Board Members donate to all Island fundraising campaigns, and model themselves as ambassadors to their conferences. Pam is trying to use volunteer Shoalers to help model the various campaigns, and Sharon urged Board members to speak candidly with Pam to help her understand Island culture. Joe added that Pam is bringing new ideas to the table, and that this is exciting to watch unfold.

- **Facilities.** Joe deferred the bulk of this discussion until later in the day, to allow Jack to present to the Board. He did remark on the huge improvements to the dining room, made by Linda Lehman and her volunteer crew. Joe noted the aesthetics now include more framed artwork and historical menus; new curtains; a completed ceiling panel system to combat noise pollution; and new oilcloth table clothes to visually unite the room, and provide additional noise reduction.
- **Other Items**
 - *Regulatory Compliance:* Joe briefly discussed the regulatory compliance spread sheet of the status and deadlines associated with the various regulatory agencies. This approach uses a data base of deadlines, commitments and dates relating to regulatory compliance .
 - *2016 Calendar Discussions.* Joe reported that discussions are ongoing with the various conferences, and that the process is going well. He noted that while the calendar is not finalized, it appears that IRAS will be moving to Week 2 in the summer schedule.

- **Treasurer’s Report.** John Bush, Treasurer, gave the monthly report, detailing the financials, to date. John discussed the Five Year Goals, and the need to evaluate what we

anticipate in capital investments. Specifically, the Wastewater Treatment Facility (WWTF) will cost approximately \$840,000 dollars to construct and there is a significant amount of repair and upkeep work needed on the Hotel over the next few years. These represent significant financial commitments. John noted that there is a need for a Financial Planning study group to emerge from the Finance Committee for the purpose of developing a funding plan for the wastewater treatment plant expenditures.

John also noted that the collaboration with InSource is working towards development of a more comprehensible Financial Report format. He noted that people like to give to successful ventures and communicating our successes is an important component of a successful fund raising effort.

Jordan Young asked John whether the anticipated lower bed nights will affect the carrying capacity of the loans . John responded by noting that the carrying capacity of the loans is about \$1.5 to \$1.6 million and that this assumes a sustainable number of 20,000 to 21,000 bed nights per year, a number which we are building towards.

- Upon a motion duly made and seconded, the Board.

VOTED: To accept the CEO Report (including the Development and Registration Reports), the Pelican Report and the Treasurer's Report.

Sustainable Century Event Walkthrough. Joe Watts discussed the afternoon's activities, including the Ribbon Cutting of the new Solar Array and the celebration of the Corporations centennial year with a cake ceremony on the porch of the Hotel.

Sharon Kennedy noted that the Board would recess for lunch. She asked that the Board meeting reconvene at approximately 2:15 pm.

Financial Aid Committee Report. Jordan Young summarized the activities of the Financial Aid Committee, noting that the process of awarding aid is working increasingly well. Jordan credited Mike Bray with assistance in the logistics of processing the applications. Round One of the awards has been completed, and the Committee was able to fund approximately 88% percent of the requested amounts. Jordan noted that working with each conference to determine specific needs was helpful, and that a disproportionately large portion of the funds have been dispersed to young conferees. Jordan proposed that this is a positive achievement, providing a strategic method of engaging Shoalers at an impressionable point in their lives.

Shorter Term Business

- **Conflict of Interest Forms.** Sharon asked that Board members complete the Conflict of Interest disclosure forms and return them to her.
- **August on Island Board Retreat.** Sharon reminded Board members the August on island retreat is scheduled for August 29, 30 and 31, 2015. Proposed topics to be discussed include: governance; wastewater treatment facility funding; development of a

five year integrated plan for financing capital improvements; corporate sponsorship opportunities; Centennial activities, conferee amenities; Legacy Society; and a discussion on the Property Standards Committee Charter.

Longer Term Business

- **Facilities Report.** Jack Farrell entered the meeting at 2:45 pm and presented the Board with an overview of the facilities work done this spring. Major improvements were made to the Pier, including construction of a battery wall; a 150 foot long cap on the pier; and the pier railings which have been brought up to code

The truck trestle project was more costly than anticipated, but now has a sidewalk for pedestrian access and a 50k pound load capacity. Improvements to the Power House have been made, and it is apparent that a new roof and additional storage area are needed.

Jack noted that the Solar Viewing Deck has been popular, and provides opportunity for educational activities. The deck is part of an overall trail enhancement project.

The Resource Recovery Area (RRC), formerly known as the “dump” has been reorganized and restructured to provide for increased composting and food waste recycling. The glass crusher will produce a product suitable for use on gravel surfaces.

The Dining Room renovations were largely the result of volunteer efforts, and Jack praised the noise reduction and aesthetic improvements. It was noted that the noise reduction efforts will not be fully appreciated until the first large conference arrives on Island.

Jack noted that progress continues on the design of the Waste Water Treatment Facility (WWTF). The system of choice is a Membrane Bioreactor process developed by Busse, a German engineering firm. The system is a modular design, which will allow for increases in capacity, should they be required. The system requires a housing structure, and Jack noted that the construction of this building has been included in the cost estimates. The system is an innovative technology that produces a very clean water byproduct. Jack stated that using this water for non potable uses, such as toilet flushing or irrigation, has potential for the Island. John Bush asked whether the design capacity would allow for daily showers. Jack responded that the modular system has been oversized for current usage, but that the modular nature could accommodate such an increase in flows. Jack stated that the operation of the proposed system can be done remotely, and is less complicated than operation of the current system. While discussions with the permitting agencies are ongoing, Jack anticipated filing the permit applications with the State in the fall of 2015, with receipt of a final approval by January of 2016.

Discussion ensued on the financing of the WWTF. With questions on the cost comparison of using an American distributor, Jack stated that the German company is the sole distributor of the product. Financing is anticipated to be a combination of fund raising, grants and loans. Jack noted that the Island staff can coordinate the various players in the

development and construction of the system. John Bush noted that a subcommittee in the Finance Committee is looking at finance options, as well.

Josh Davis left the meeting at 3:30 pm.

Integrated Financial Planning Tool. Joe Watts introduced the discussion as being version 2.0 of an earlier five year financial plan developed in August of 2014 to prioritize upcoming capital expenditures. Joe stated that the plan should reflect discussions of core choices over the next few years, as well as a method of ranking the likelihood of available financing. Joe noted that this plan is being constructed in the shadow of a capital campaign, and needs to incorporate, and differentiate, different perspectives, including the Finance Committee, the Strategic Facilities Planning Committee, the Fund Development Committee, and the Conference Services Committee. The plan should identify what we can afford, as well as how we can afford this, with “fundability” as a key component of the plan for expenditures.

These projections are meant to help us plan for the future so that we can take full advantage of opportunities beneficial to Star Island Corporation. The point of this tool is to help us identify our strengths and challenges so that we can best proceed over the next several years. ***This is not a proposed five year budget,*** which would look quite different.

Discussion included possible choices, and decisions on priority projects. It was noted that the WWTF will not be built in 2016 and a determination of the exact construction timing has not been made. Joe noted that priorities will need to be established in the 2016 budget.

Membership Committee Liason Report. Gary Kunz reported that changes in the Membership process need to be approved by the Board, and noted that the Committee recommends adoption of a policy for Emeritus Membership in the Corporation. Gary believes the Membership Committee is functioning well, and that we need to encourage the nomination of new members as well as the retention of old shoalers. The following language captures the intent of the memo submitted to the Board for approval:

We recognize that passing years and changing circumstances may make it no longer possible for devoted Shoalers to participate as they once did. The Corporation wishes to extend a way for those members who have given long and devoted service to the island to be recognized and to maintain their contact with the Corporation when active participation must be reduced or cease altogether.

Upon a motion duly made and seconded to accept the new criteria for emeritus membership and to re affirm the existing policy for new memberships, it was

VOTED: unanimously to approve the motion

Committee on Appointments Report. Tom Coleman reported that the Committee had requested the following reappointments:

Deb Weiner-Soule (second three year term)
Tyne Allhouse (second three year term)
Nick Bresinsky to become co-chair with Laird Kelly beginning in 2016

The Committee has made the following recommendation for the Finance Committee:

Russ Petersen (first term)

The Committee has also made the following recommendation for the Committee on Engagement:

Tim O'Donnell (second three year term)

Upon a motion duly made and seconded, the Board

VOTED: unanimously to approve the recommendations of the Committee for assignments to the Committee on Appointments; the Finance Committee and the Committee on Engagements.

2015-2016 Calendar: Sharon noted that the Board does not always meet in July, and that members should keep the evening of Tuesday July 28, 2015 free, in case a meeting is required. The Board agreed to reschedule the September meeting until Monday September 21, 2015 to accommodate conflicts in Board member schedules.

Joe noted that there is a possibility Starry Night event will be changed from November 21 to November 11, 2015 and that this could affect the timing of the November meeting. The December meeting will remain on December 22, 2015.

Joe also reported that the Annual Meeting is likely to be held on April 9 or April 30, 2016, with a preference for the later date.

Property Standards Charge: Jordan Young prefaced his comments by noting that the Property Standards Committee is the only Committee currently operating without a formal Charge. A memo detailing the proposed charge was included in the packet of materials provided to the Directors for this meeting. He noted that the Board has a new Chairman and that the proposed Charge will formalize the Committees responsibilities. Jordan noted that the Committee plays the role of a Zoning Officer for the Island, and sets the expectation for the preservation and expansion of the Island. The Committee typically holds three meetings a year, with two held in the Spring. The Committee should help with the negotiations between shareholders on various development projects.

Upon a motion duly made and seconded, the Board unanimously

VOTED: to approve the Charge for the Property Standards Committee

Resignation of Judy O’Keefe: Sharon Kennedy announced that Judy O’Keefe has resigned her positions on both the Permanent Trust and the Finance Committees.

Executive Session. At 5:15 p.m., the Board voted to go into Executive Session. The purpose of the meeting was to discuss the CEO goals and upcoming contract negotiations.

The Board meeting was reconvened at 5:45 p.m. for the purpose of adjournment.

The next Board meeting is tentatively scheduled for Tuesday evening, July 28, 2015, by conference call.

There being no further business, it was

VOTED: To adjourn the meeting.

The meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Mary Trudeau, Clerk