

**STAR ISLAND CORPORATION**  
**Board of Directors**

**MEETING MINUTES**

October 9th, 2018 at 7 pm  
Via Zoom Cloud Meeting App.

Members in Attendance:

Tom Coleman  
Erik Cordes  
Nick Dembsey – Vice President  
Leon Dunkley  
Debbie Duval  
Roger Kellman  
Gary Kunz (President)  
Jeff Loewer (Treasurer)  
Suellen Peluso (arrived at 7:20 pm)  
Nathan Soule (ISAUU President)  
Louise Williams

Absent:

Chris Palazzolo (SIUCC President)  
Mary Trudeau (Clerk)

Other:

Joe Watts (CEO)  
Celeste Magliocchetti (Pel Liaison)

**Call to Order:**

Gary Kunz called the meeting to order at approximately 7:00 pm via Zoom Cloud Meeting Application.

**Opening Words:**

Debbie Duval treated us to opening words using the beatitudes from the Sermon on the Mount in honor of all of the women in the world, for all of the men who love women and for all of the people who have been abused, mocked or discriminated against.

**Executive Session:**

Based on a motion duly made and seconded, the Board voted to enter executive session (at 7:10 pm) to approve the Executive Session minutes from the August 27, 2018; and to discuss a personnel matter.

Joe Watts was invited into the executive session.

At 7:25 pm, the Board returned to regular session and Celeste Magliocchetti (Pel Liaison) joined the session.

**Review and Approval of Minutes of August 27, 2018 Meeting:**

Approval of the minutes of the August 27, 2018 SIC Board meeting was tabled due to the absence of the Board Secretary, Mary Trudeau.

**REPORTS:**

**CEO Report:**

Joe Watts updated his written report, noting that a new 5 year lease has been signed for the existing Portsmouth office space. He also reviewed some changes in the terms of the lease to allow more flexibility for all parties in the new lease.

Louise Williams asked about the discussions around the new August Family Week options. Joe detailed the initial thoughts around creating the conference and that the Kittery Day this summer was a spark for the concept for the Family Week will use as a model. The staff is working with the co-chairs of Star Gathering 2 and the chair of the new Family Week, Kris LoFrumento, on getting the conference up and running. Any overflow from existing conferences will be directed to this conference. There will also be a separate Family Week conference to run in parallel chaired by Tom and Patricia Coleman.

Note: Suellen Peluso joined the meeting at this point.

Roger Kellman thanked the staff for the Discount Report and suggested that future reports consider include the total amount of room and board revenue associated with the discounts that are used. Joe responded that this is a possibility going forward.

**Treasurer's Report:**

Jeff Loewer shared the updated Dashboard including the September 2018 financials. Jeff asked for feedback on the Dashboard and highlighted the changes around Bed Nights. Jeff also shared the Financial Reports and called out the significant items (Line of Credit payoff amount and timing; Statement of Activities – lower net income than budgeted-handling reserve funds – food over budget-conference operating budget).

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Tom Coleman spoke to the food budget and observed that perhaps the driver for the increase is that the increase is more reflective of the true cost of both improving the quality of the dining experience and the increased attendance at conferences rather than being related to staffing/training issues. Jeff responded that this will be factored in during the budgeting process. Debbie Duval raised a question about whether the cost of the Fire Board repairs belonged in the Operating Budget, where the expense is reflected as opposed to going in the Board Reserve Line. Jeff responded that since this was not an extraordinary expense it was felt that it belonged in the Conference Operating Expense line.

Joe Watts spoke to the impact of the “Temp Restricted Net Assets” line on the Projected Net Income in the FY2018 Budget caused by our choice to defer some work on two capital to next year. The result is that there is a positive effect on our projected cash position for FY2018 and a corresponding negative effect on the Net Income.

Nick Dembsey asked about the Board designated Reserve Fund. Jeff reassured the Board that fund is there and is not available for everyday expenses. There followed a discussion about the triggers for spending the fund and also how best to increase the fund. Joe Watts pointed out that the funds are accounted for in the Board Designated Funds line on the Balance Sheet and that there is a Board policy around what expenses can be offset with those funds.

**Pel Liaison Report:**

Celeste reported that close up is going well and that the meetings on Pel Compensation have been continuing and are going well. The conversations are effective and have touched on the issues of training and will inform the plans for next year. Celeste also thanked the Board for the Q&A session with the Pels during the Board retreat on the island. She felt it was productive and that all parties benefitted from the interaction.

Upon a motion duly made and seconded, the Board

**VOTED** to approve the CEO, Treasurer, and Pel Liaison Reports.

**Action Items:**

**Annual Committee Charge Review Reminder**

Gary Kunz reminded the Board Liaisons that they need to review and discuss their committees charge with the committee and report back to the Board on any suggested changes. There were no questions or comments.

**2018-2019 Board Meeting**

Gary reminded the Board that the approved calendar was included in the Board packet for the meeting and that there is one outstanding action item - to revisit whether or not to change from

Tuesday nights to Wednesday nights starting in May. There were no questions or comments.

## **2018 Budget Update**

Joe Watts reviewed the schedule for the budget drafts and set expectations for which Board meetings will be used for budget discussion and approval. Joe emphasized that there will be a need to reach a decision on the 2019 room and board rate in November so that it can be included in the program booklet before it gets published. Gary asked the Board to consider and request in advance any information that they might need to consider in reviewing the room and board rates at the next meeting. They are encouraged to email Joe Watts or Gary Kunz in advance of the meeting. There were no questions or comments.

## **Starloft Policy Approval**

Joe Watts presented the recommended Starloft policy to the Board for approval as included in the Board packet. A motion was made to accept the policy and a discussion followed. Jeff Loewer recommended a small change in the wording (change 'digs' to 'accommodations'). The friendly amendment was accepted by Joe Watts. Debbie Duval suggested rewording the frequency part for the policy and it was decided to break the sentence in to two sentences for clarity. Leon Dunkley asked about the background for the changing of the policy and Joe responded that the change was triggered by the realization that the written policy and common use policy were at odds and that this will bring those into sync.

**VOTED** to approve the submitted Starloft Policy as amended. The motion passed unanimously.

## **Committee on Appointments Report**

Tom Coleman presented the report and no action by the Board was necessary since the committee involved is a staff committee. Tom asked the Board to act as an extension of the Committee on Appointments and to forward any recommendations to the COA for action as appropriate. Joe Watts pointed out that the CoA is aware that the November Board meeting may be the last meeting this year and that any actions necessary to fill position before the start of 2019 need to be brought to the Board for action at the November meeting.

## **Discussion Items:**

### **Long-range Integrated Financial Tool (LIFT)**

Joe Watts introduced the LIFT and noted that the LIFT was reviewed at the Finance Committee and was a work in progress. He expressed that there is an expectation that the tool will change and evolve into more of a modelling tool. Joe also called out areas that might trigger questions such as bed nights, Capital Campaign, etc. Jeff Loewer also added his comments about the LIFT tool (salary increases are not included, unsustainable levels of Capital spending outside of a Capital Campaign).

Nick Dembsey commented that the LIFT tool can grow be used as an important tool for running through very specific scenarios (weather disaster, recession, scenario x, windfall of income) for future planning. This can be useful for both staff and the Board for understanding what may be needed for longer range planning. Joe asked the Board for scenarios that the staff might model going forward. Nick suggested a future session to brainstorm a short list of critical scenarios but that the staff should work on an initial list. Joe Watts agreed and asked that we schedule such a session.

### **Wastewater Treatment Facility (WWTF) Budget Update:**

Joe Watts reported that the conversion of the existing WWTF is underway. It's a complicated project due to the additional State Revolving Fund (SRF) loan requirements. Some contracts have been signed and a concrete truck is scheduled to come to the island. Joe further explained that the costs from the initial estimates have gone up past the original loan ceiling so that we will need to borrow additional funds from the state. The NH Department of Environmental Services (NHDES) is agreeable to expanding the amount of the SRF loan to the SIC to cover the additional costs. Joe Watts anticipates that he will be approaching the Board at a future meeting for the increase in authorization. Tom Coleman asked if the SRF loan rate remains the same and whether this extension would change any of the terms of the loan. Joe responded that it remains the same. Gary Kunz clarified that the project is going to exceed the current funding, and that the NHDES is willing to increase the amount of the loan provided the SIC Board authorizes a request for the increase. Gary has asked Joe and the staff to come back with a number that will cover this and any future increases. He further clarified that the loan terms will not change – fixed 2.00% interest for a term of 30 years – and that the repayment of the loan does not need to start until we have completed all phases of the project that the SRF loan covers.

### **Marine Services:**

Joe Watts informed the Board that the sale of the Perseverance has been completed.

He also provided an update on the Marine Services agreement. He said that the next agreement may be a multi-year position, will most likely be with the same vendor and that there is a potential conflict of interest which will require the Board's approval.

Louise Williams raised a question around what the Board should look at regarding the conflict of interest and if there are other concerns that the Board should consider, including if there are auditing concerns that the Board needs to consider. Joe Watts responded that our current auditors have reviewed both the agreement and the process and have found no concerns. In particular, Louise asked Joe to provide a statement on how the conflict of interest will be monitored in terms of the dual role nature of the conflict. Jeff Loewer suggested that Joe use the NH state 'sole source' contracting model as a template for this effort.

## **2018 Financial Grants Report**

Debbie Duval provided a summary of the 2018 season Financial Grants report. She reported that there were 120 applications for financial assistance which covered a total of 216 people. The Committee granted financial assistance to 58 of the applications which covered 112 people for a total distribution of \$28,870. This resulted in a net revenue to the SIC from room and board of \$47,172. Debbie provided the following data points for comparison with last year. Last year there were 116 apps representing 211 people and the total amount of grants was \$32,000. The committee has postulated that the difference for this year over last year was largely due to a more conservative posture on part of the committee in an effort to keep closer to the budgeted ceiling. For next year, the committee is looking to strengthen the conversations with the conference counterparts to increase the collaboration and make sure that the maximum coverage is provided. Jeff Loewer asked Debbie if she felt that there were any substantial unmet needs on the part of conferees. Debbie responded that there were no indications of that happening and elaborated on how the Financial Grants committee collaborated with the conference committees to help maximize the grants for anyone who applied to both the SIC and conference committees.

Suellen Peluso pointed out that there is an evolution of the grant process and that we need to keep in mind that there still remains unserved segments of the SIC community and that additional funds are necessary to address this need through a variety of ways, not just through financial assistance.

At this point in the meeting Gary Kunz tabled the rest of the agenda in order to respect the closing time of the meeting. Gary briefly reviewed the items that will carry over to the next meeting. He then briefed the Board on an idea to have one of the authors of the Island Opened Late Report do a 10 year retrospective look at how we are doing in regards to that report. He asked for input from the Board on the idea via an email response.

### **Reflections:**

Nick – He expressed his desire for more screen sharing during the meeting so that the Board can see the items being discussed.

Debbie – Commented on the audio difficulties hearing certain members and hoped that these difficulties can be addressed over time.

Gary – Suggested using a headset to improve communications.

Joe – Complimented the participants on their use of mute to help keep down transient noises.

Upon a motion duly made and seconded, the Board

**VOTED** To adjourn the meeting at 9:00 pm.

Submitted by:  
Gary Kunz, President

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