

Regular Session Board Meeting Minutes for April 7, 2020

STAR ISLAND CORPORATION Regular Session of the Board of Directors

MEETING MINUTES April 7, 2020 at 7:00 pm Via Zoom

Members in Attendance:

Kyle Belmont
Tom Coleman (Vice President of the Board)
Erik Cordes
Nick Dembsey (President of the Board)
Leon Dunkley
Debbie Duval
Gary Kunz
Jeff Loewer (Treasurer)
Keri Mattaliano (SIUCC President)
Nathan Soule (ISAUU President)
Mary Trudeau (Clerk)
Arlyn Weeks
Louise Williams

Absent:

Other:

Joe Watts (CEO)
Celeste Magliocchetti (Pel Liaison)
Tricia Coleman (incoming ISAUU President)
Tammy Michaud (Berry Dunn)
Russ Peterson (Audit Subcommittee)

Opening Words – A poem by Alexander McCall Smith was offered by Arlyn Weeks:

In a time of distance

The unexpected always happens in the way
The unexpected has always occurred:
While we are doing something else,
While we are thinking of altogether
Different things – matters that events
Then show to be every bit as unimportant
As our human concerns so often are;

Regular Session Board Meeting Minutes for April 7, 2020

And then, with the unexpected upon us,
We look at one another with a sort of surprise;
How could things possibly turn out this way
When we are so competent, so pleased
With the elaborate systems we've created –
Networks and satellites, intelligent machines,
Pills for every eventuality – except this one?
And so we turn again to face one another
And discover those things
We had almost forgotten,
But that, mercifully, are still there:
Love and friendship, not just for those
To whom we are closest, but also for those
Whom we do not know and of whom
Perhaps we have in the past been frightened;
The words *brother* and *sister*, powerful still,
Are brought out, dusted down,
Found to be still capable of expressing
What we feel for others, that precise concern;
Joined together in adversity
We discover things we had put aside:
Old board games with obscure rules,
Books we had been meaning to read,
Letters we had intended to write,
Things we had thought we might say
But for which we never found the time;
And from these discoveries of self, of time,
There comes a new realisation
That we have been in too much of hurry,
That we have misused our fragile world,
That we have forgotten the claims of others
Who have been left behind;
We find that out in our seclusion,
In our silence; we commit ourselves afresh,
We look for a few bars of song
That we used to sing together,
A long time ago; we give what we can,
We wait, knowing that when this is over
A lot of us – not all perhaps – but most,
Will be slightly different people,
And our world, though diminished,
Will be much bigger, its beauty revealed afresh.

Check In – After a brief Board member check in, sharing milestones, the meeting was convened.

Regular Session Board Meeting Minutes for April 7, 2020

Call to Order – Nick Dembsey called the meeting to order at approximately 7:05 pm, noting that the Executive Session for the meeting would take place at the end of the regular meeting session.

Approval of February 29, 2020 Meeting Minutes:

The minutes had been circulated and amended prior to this meeting, and all edits were included in the draft provided to Board members prior to the vote.

Based on a motion duly made and seconded, the Board

VOTED to accept the February 29, 2020 meeting minutes, as provided by the Clerk.

The minutes were approved unanimously.

Action Items:

2019 Audit Presentation

Jeff Loewer introduced Tammy Michaud, of Berry Dunn, and Russ Peterson, Chair of the Audit Subcommittee of the Finance Committee. Russ noted that the roll of the subcommittee is to facilitate the annual audit, ensuring that the audit is done promptly and the SIC effort is well organized. He noted that he was pleased with this year's process and was pleased to receive an "unmodified" opinion on the audit prepared by Berry Dunn.

Russ also took the opportunity to comment on the current COVID-19 crisis, with respect to the decisions facing the SIC. While he noted some similarities to the 2007 closure of the island, he stated that the SIC is financially stronger, has identified resources for borrowing (if necessary) and that the entire world is in this situation, stressing this is not a Star Island issue.

Tammy Michaud presented a "high level" overview of the 2019 Audit. She noted confidence with the numbers in the Audit, as well as noting that the Audit was an "unmodified," clean opinion of the SIC finances. She noted that the Audit included a review of existing policies; a review of estimating practices; and a finding of "no material weaknesses" with respect to our internal controls. She stated that there were no difficulties in performing the Audit, and there were no disagreements with management.

Tammy noted that our cash position decreased slightly this year, and that our long term debt was up slightly as a result of the WWTF loan from the NHDES. She noted bed nights were up, and revenues were up about 8% percent last season. She found that there were approximately 100K dollars in program increases (largely due to salaries) and that fundraising was up, as well. In terms of emerging issues, Tammy commented that the IRS work plan, and the US Department of Labor overtime rule should be considered in future years. She noted that the Audit would have a footnote with a COVID-19 disclaimer.

Regular Session Board Meeting Minutes for April 7, 2020

Russ Peterson noted that our income statement shows a profit of 679K dollars, and as much of it is due to the profits within the Trust, he noted that these funds are not available for operations.

Based on a motion duly made and seconded, the Board

VOTED to approve the 2019 Audit, as presented

The vote was unanimous.

990 Tax Returns

Jeff Loewer reported that Star Island Corporation's Form 990 Tax Return was included in the Board Packet for review, and that the Finance Committee had no suggestions or changes proposed for the document. He noted that the Board members should review the filing and provide Joe Watts with any comments by 9 am on April 8, 2020.

Committee on Appointments Report:

There was no formal memo for the Board to review. Tom Coleman noted that the Committee's second meeting of the year is scheduled for next Sunday, and that the meeting will include a review of Committees with Joe Watts.

Verbal Reports:

CEO Report:

Joe Watts noted that COVID-19 related issues have dominated the staff's short term and long term work in recent weeks. He noted that the COVID-19 response running list related to planning for the pandemic is taking the place of his traditional written CEO report for the time being. Joe reported that he has been in touch with our bank, as well the Chair of the Permanent Trust and the Trust's investment firm, to prepare for the possibility of additional borrowing from our bank should we need to do so..

Treasurer's Report

Jeff Loewer noted that there were no financials submitted to the Board this week, and that the Year-To-Date reports should be available by April 10, 2020. Jeff reported that a COVID-19 Crisis Response Team, consisting of Russ Peterson; David Yermack; John Bush; Joe Watts; and himself has been meeting to discuss the implications of the current pandemic. He noted that the staff has filed for a Paycheck Protection Plan (PPP) small business loan (twice) and that the regulations appear to be evolving by the minute. He reported that a cash plan is being reviewed, and reworked, to facilitate future borrowing.

Pel Report

Regular Session Board Meeting Minutes for April 7, 2020

Celeste Magliocchetti reported on efforts to provide communication to the Pel Community. She noted that recent communications have reassured Pels that if they need to make other plans for the summer, it will not be held against them in future hiring decisions. Celeste noted that the uncertainty of summer employment is stressful for the community.

Discussion Items:

Coronavirus/COVID-19 Updates and Discussion:

Joe also reviewed actions taken in recent weeks to gather information and model various scenarios for the upcoming conference season. Joe noted that efforts have continued to focus on three possible scenarios:

- Normal Opening and Normal Length Season
- Late Opening and Shorter Season
- Closure for Season

Joe reported that he has been in regular communication with our bank, and confirmed that the credit line remains available to the SIC. He noted that a PPP loan application has been submitted, on behalf of the SIC, for a loan of approximately 360K dollars. He noted that, alternately or in conjunction with, the SIC has the possibility of borrowing additional funds on our existing term loan, using the Trust as collateral.

Joe noted that the Communications Subgroup of the Crisis Response Team continues to work on developing communications with our various constituent groups. He noted that emails have been sent, and responses have been overwhelmingly supportive. The staff marketing team and the Communications Subgroup have been developing talking points, for use in a closure situation, as well as reviewing other strategies for communication. Video messaging; zoom meetings; and other forums are being considered for use by our community.

Joe reminded the Board that Development and fund raising are challenging in uncertain times. He noted that the Campaign Readiness Assessment materials are a useful resource and have been useful to the Development team in recent weeks. Joe reported that the Health Committee has been actively reviewing various opening options, and are also taking this moment to review current policies, with respect to efficacy during a pandemic.

Joe reported that IRAS has decided to forego a conference on Star Island during the 2020 conference season. Joe noted that the decision was amicable, and that he fully anticipates a 2021 IRAS conference on the island.

A Pastoral Care Team is developing, with support from Debbie Duval, Leon Dunkley, Sophia Lyons and several other members of our community.

Joe noted that in response to COVID-19, a decision has been made to delay Open Up from April 13 to May 11, 2020. He noted that May 11 is the latest date we could begin Open Up and be

Regular Session Board Meeting Minutes for April 7, 2020

ready to start the conference season as scheduled.. He noted that later decision making necessarily delays the opening of the island, logistically speaking, by the length of the delay.

Gary asked the Board (and Joe), “what would a safe opening look like?” Gary noted that an outbreak on Star would be unacceptable, as would a situation where conferees were exposed on Star, and then returned to their home communities. After allowing for a moment of contemplation, Nick asked each director to weigh in with their thoughts on the safety, and concerns, of opening for an upcoming conference season.

Concerns and thoughts expressed by the Board included:

- There is an inability to be in control of our own safety due to the transmission characteristics of the virus.
- Safety is our primary concern.
- The current pandemic situation is poorly defined, and the situation would have to be radically different to allow for a full season opening.
- The decision on the summer season should be made sooner rather than later.
- The decision on the summer season should be delayed as long as possible.
- A decision on the summer season should be announced at the Annual Meeting.
- Protection of staff is paramount.
- The decision on when, or if, to open may be made for us by local regulators and government mandates.
- We should plan for the worst, and hope for the best.
- We have a fiduciary obligation to consider the situation holistically.
- Is “hope” worth delaying a decision? How does hope impact our constituents during this pandemic?
- We should err on the side of safety and love.
- Vaccination uncertainty exists outside of our control.
- We have a responsibility to protect our at risk populations.

Discussion ensued. The Board generally agreed that a decision on the summer conference season should be made prior to the May 2, 2020 Annual Meeting. It was agreed that the Board would reconvene on April 22, 2020 to review the current situation, and to make a decision concerning the opening of the island at that meeting. The Board instructed staff to continue to expend efforts on developing a scenario describing “what does it look like to be closed this summer.” Joe agreed to continue developing communication plans, and noted that there may be a need to postpone opening/closure announcements until a date between April 22, 2020 and May 2, 2020 to ensure that staff is fully prepared and able to handle the logistics.

The Board took a straw vote, with directors supporting a decision to authorize Joe Watts to continue working towards a vision of what a closure would look like, and to reconvene the Board on April 22, 2020 to take a formal vote on the actions to be taken with respect to the 2020 conference season.

Other:

Regular Session Board Meeting Minutes for April 7, 2020

There were several items requiring Board votes or ratifications, and these votes were taken, as described below:

Based on a motion duly made and seconded, the Board

Comment [JW1]: This vote was included above.

VOTED To ratify the email vote of March 9-10 to change SIC's existing room and board deposit cancellation policy so that a full refund is issued for cancellations up to the day before the conference start date.

The vote was unanimous to approve the modification to the refund policy for registration cancellations.

Based on a motion duly made and seconded, the Board

VOTED To ratify the email **vote** of April 1-2, 2020 authorizing staff to apply for a CARES Act Paycheck Protection Program loan (\$368,112) for small businesses to use for payroll, rent, utilities, and mortgage interest payments during the COVID-19 crisis.

The vote was unanimous to approve submission of a CARES Act Paycheck Protection Program Loan.

Based on a motion duly made and seconded, the Board

VOTED to remove the internal \$500,000 maximum borrowing restriction on our revolving line of credit with Cambridge Trust, to be able to use up to the maximum available credit (\$650,000) on this line if necessary during the COVID-19 crisis.

The vote was unanimous to approve raising the internal borrowing restriction.

Based on a motion duly made and seconded, the Board

VOTED to permit use of the Star Island Corporation's board designated reserve fund as available cash for use if necessary during the COVID-19 crisis. The current balance of the reserve fund is \$165K.

The vote was unanimous to approve use of the reserve fund, if necessary.

Based on a motion duly made and seconded, the Board

VOTED to accept Cambridge Trust's offer to defer principal and interest payments on our term loan for a three month period (likely to be April, May, and June 2020)

The vote was unanimous to approve accepting the deferral.

Regular Session Board Meeting Minutes for April 7, 2020

Executive Session – Based on a motion duly made and seconded, the Board voted to enter into Executive Session, at approximately 9:09 pm. The Board discussed the CEO review timeline, as well as potential COVID-19 impacts on Star Island. The Board returned to regular session at approximately 9:16 pm

Meeting Reflections

Nick thanked the Board for extending the meeting time this evening. He noted that the meeting had been productive, and long. Joe expressed confidence in the ongoing review of information and preparations for the summer.

VOTED To adjourn the meeting at 9:19 pm

Meeting Adjourned.

Submitted by:

Mary Trudeau, Clerk