**Star Island Corporation (SIC)**

**Chief Executive Officer’s Report**

**October 4, 2017**

***Our Mission:*** *To own and maintain Star Island and such other property as the Corporation may hold or acquire, as a center for religious, educational, and kindred purposes consistent with the principles of the Unitarian Universalist Association and the United Church of Christ.*

***Our Vision:*** *To create on Star Island an environment that frees all who come to renew spiritually, explore matters of consequence, and gain knowledge about the world as it might ideally be.*

**COMMUNITY**

* We enjoyed a successful conference season! Please see Conference Center Director Justina Maji’s Report on 2017 Conferences, attached, for more information, as well as the attached 2017 Island Evaluations summary, which provides useful statistics from 617 total respondents (a 13.6% increase from the number of responses we received last year), including:
	+ 96% of respondents rate the Pelicans and other staff as either excellent (71%) or good (25%).
	+ 92% of respondents feel they received a good value in room and board and other accommodations.
	+ 98% of respondents rate their overall experience at Star as either excellent (76%) or good (22%).
* We have made excellent progress with our marketing and outreach efforts this year. Please see the attached Communications Report from Lisa Santilli, Communications and Development Coordinator, for more information.
* We continue to work closely with selected conferences on marketing, and we are getting a jump on 2018 with joint conference-staff marketing team meetings, including productive meetings on October 2 with representatives of the Institute on Religion in an Age of Science (IRAS) and on September 29 with representatives from Star Gathering UCC conferences (and another SG/SIC meeting planned for October 11).
* The Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC) will have its annual retreat October 23-27 at Murray Grove Retreat and Renewal Center, in Lanoka Harbor, NJ. The UUACCC is committed to fostering and promoting the success, growth and well-being of Unitarian Universalist camps, retreat and conference centers, and the annual retreat is a time to share best practices, dig deep on specific topics, and plan for our annual presence at the General Assembly of the Unitarian Universalist Association.
* The Isles of Shoals Association Unitarian-Universalist (ISAUU) Board’s September 9 meeting took place on Star Island, during which I expressed SIC’s appreciation of all the ISAUU does for Star Island and brainstormed ways in which we can help each other to achieve our mutual goals.
* The Council of Conferences (CoC) will hold its fall meeting on October 14. Topics on the agenda include a season recap, diversity, scholarships and fundraising.
* We are deeply grateful for the tremendous effort of our Pelicans and senior staff members as they carried us through a successful end-of-season (EOS) period. Historically, and especially in recent years, it is challenging to find enough staff to work the EOS period (mid-August through mid-September). We took significant steps this year to help with filling EOS positions, including starting the EOS hiring process sooner, increasing promotions and offering cash incentives. Overall, our efforts were effective, as we were better staffed for the EOS period than in recent years. There is still work to be done, and this will remain a high priority item in 2018.
* The Personnel Committee met on September 18, primarily focusing on the proposed Extended Vacation Policy (formerly called Sabbatical Policy). We refined the policy draft based upon input received from Board members, and we are currently working with the committee and our professional HR consultant to finalize a new recommendation for presentation to the Board at a future meeting. The committee met again last night, focusing on aspects of the Pelican Compensation Task Force (PCTF) Report (see August Board Retreat materials), including identifying some possible next steps in the process. The committee will meet again on November 8 to continue the discussion about Pelican compensation (“compensation” is broadly defined to include more than just wages, such as things like living and working conditions).
* There are several other efforts underway dedicated to Pelican compensation, with two main objectives – to determine specific, realistic action items for 2018; and to develop a multi-year plan to bring us where we want to be over time. It is worth noting that we are starting from a good place, and a number of best practices are already in place. We are working on how to do some things even better, and also to bring to light some other things that we haven’t focused on as much in the past. To this end, we are working with a group of Pelicans selected by Celeste Magliocchetti, Pel Liaison to the Board, to discuss the PCTF Report and possible next steps – this Pelican compensation working group met on September 16 and September 29, and will meet a third time next week. On September 8, I met with Pel Council to secure their input on the Shack renovation project we are planning on proposing as part of the 2018 Budget. Also this month, I met with 2017 EOS Pelican and Personnel Committee member Lia Yannis to discuss some communications strategies we can adopt related to our work on this important topic. I have confidence that these and other efforts will help us achieve our objectives.

**ECONOMIC**

* Please find attached our final bed night report for the 2017 conference season. For the year, we received 4,066 registrations representing 20,250 bed nights (99.5% of our 20,350 bed night goal). Please see the attached bed night report for more details. In 2016, we had 19,986 bed nights (101.7% of our 2016 bed night goal of 19,650), and in 2015, we had 19,459 bed nights (99.5% of our 2015 bed night goal of 19,550). Despite falling 100 bed nights short of budget, we are pleased to have enjoyed our highest enrollment total in recent memory. Over the last five years (2013-2017), we have experienced bed night growth of 11.5% (2,090 bed nights). Over the last seven years (2011-2017), we have experienced bed night growth of 13.8% (2,449 bed nights).
* The August Financials project a year-end net operating gain of $273K (vs. a 2017 budget of $284K). The September Financials are expected to be released on October 16.
* The Finance Committee met on September 20 to discuss the August Financials, the PCTF Report and a draft Capital Improvement Plan (2017-2022). The committee meets again on October 18.
* Please find attached the Long-range Integrated Financial Tool (LIFT), which includes a Five Year Financial Plan and a Capital Improvement Plan (2017-2022), as well as a simplified development overlay. The LIFT is a tool to help us plan for the future, not a proposed five year budget, and as such does not include proposed net operating gains and ending cash positions for each of the next five years. Rather, the point of the tool is to help us identify opportunities and focus on which items we want to prioritize in the coming years, with the understanding that we cannot accomplish everything at once. The LIFT is successful when it focuses our discussions at the staff, Finance Committee and Board levels on big picture priorities, and we look forward to using this tool and discussions at upcoming meetings to help us chart a course for the next several years.
* This starts with the 2018 Budget, the first drafts of which will be available in advance of the November Finance Committee and Board meetings. We expect to present the final 2018 Budget recommendation to the Board at its January meeting, though as with last year, we hope the 2018 room and board rates can be approved prior to final budget approval, so we can include them in the 2018 conference brochure.
* This year, we borrowed $275K from our credit line with Optima Bank & Trust, a significant reduction in the amount we have borrowed in previous years. We started drawing from the line in early June, and paid it off in late August. While we still rely on this important cash flow vehicle, it is reassuring to know that we didn’t need to use it for most of the year, and that the amount we needed to borrow was lower than usual.
* Trustees of the Star Island Permanent Trust will meet on October 10 to discuss various topics, including a review of the market and the Trust’s performance, a review of the Trust’s investment policy (including consideration of the SIC Board’s recommendation to lower the annual distribution) and the possibility of an on-island meeting in 2018.
* We are pleased with the overall success of our 2017 discount program, and are beginning to work on our 2018 program. The attached 2017 discount summary from Mike Bray, Information Services Manager, includes an explanation of our discounts, followed by a summary of this year’s results. Some highlights include:
	+ 264 (6.5%) of our 4,066 registrations were discounted under one of our programs.
	+ By number of discounts, most went to conferees attending LRE (55). Other conferences with more than 10 discounts received were, in order, Star Arts (34), IRAS (25), SG 1 (21), Midweek 1 (18), SG2 (16), YES (14), Laity (12) and ISHRA September (11).
	+ By total value of discounts, most went to conferees attending LRE ($12,263). Other conferences with more than $5,000 of total discounts received were, in order, Star Arts ($9,297), IRAS ($6,998) and SG1 ($6,189).
* As previously noted, the Clean Water State Revolving Fund loan was signed on July 24. The loan – for up to $947,500 at a fixed interest rate of 2.00% for a term of 20 years – is now secured for us to use as needed for our new wastewater treatment/water reclamation facility.

**ENVIRONMENT**

* Engineering and design work, in collaboration with our engineers and the NH Department of Environmental Services (NHDES) continues. We are in the final stages of gathering operational data, which will be used to inform the final design. We are actively considering a range of possible systems to ensure that we select the system that best meets our needs. We expect to agree upon a final design in the coming months, in time for work to begin in Fall 2018 and be completed in Spring 2019 (so that the system is online for the 2019 season).
* Close-up is going well, as we are making good progress in putting island systems to bed for the winter. We anticipate finishing close-up with a small crew by early November, when our winter caretakers arrive.
* On August 24, representatives from the Rye Fire Department (RFD) came to the island for a routine follow up fire and safety inspection. The visit was cordial, collaborative and productive. No major issues or deficiencies were discovered during the visit, and some minor issues were identified (this normally happens, and helps us improve). During the inspection, some future plans were discussed, and RFD continues to emphasize the importance of a study and master plan for upgrades to the Underworld.
* The M/V Uncle Oscar made its final voyage from Star Island on September 16. We are grateful to Sue Reynolds, a true partner and friend of the Shoals, for her 21 years of excellent service.
* We are working closely with Jeremy Bell and Jerod Blanchette of the Isles of Shoals Steamship Company (ISSCO), and Pete Reynolds of Granite State Whale Watch, which operates out of Rye Harbor, on ferry schedules for the 2018 season. Pete is proposing to continue offering service from Rye, NH, following a similar model to that which we have followed with Island Cruises, which operated the M/V Uncle Oscar. Our goal is to come up with a schedule that works well for ISSCO, Granite State Whale Watch, and Star Island. We anticipate finalizing details by January.
* Also on the marine transportation front, we are in the process of reviewing our professional services marine transportation agreement, with an eye towards 2018 and beyond. Our fall staff retreat, which takes place on November 1, will be devoted to marine transportation and logistics. Ultimately, our goal is to come up with an integrated marine transportation plan that meets our myriad and evolving needs, and to do so by the end of this year.
* The Strategic Facilities Planning Committee met on Star Island on September 2 when, among other topics, our Capital Improvement Plan (2017-2022) was discussed.

**STEWARDSHIP**

 *(NOTE: Interim Director of Development Peter Squires and I have co-written this part of my report.)*

* As of September 30, our Annual Fund (AF) had realized $298,903 in gifts, with a pledge balance of $61,213, for a total of $360,116 (73% of our 2017 goal of $490,000). Please see the attached September AF Comparison Report for more information. The following chart compares 2017 to the previous two years:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **Realized Gifts** | **Pledge Balance** | **Total** | **% to Goal** | **Total Donors** |
| **2017** | $298,903 | $61,213 | $360,116 | 73% | 925 |
| **2016** | $298,351 | $59,077 | $357,428 | 74% | 1,091 |
| **2015** | $255,068 | $47,522 | $302,590 | 65% | 990 |

We are currently on pace with last year, and we believe we will achieve our AF goal for the year. Our Fall AF appeal letter is expected to go in the mail by the end of this month.

* On September 15, we hosted representatives from the Land and Community Heritage Investment Program (LCHIP) for a site visit to follow up on our application for a $125,000 grant for continued rehabilitation work on the Oceanic Hotel. We expect to receive final word about our grant application next month.
* We recently applied for a $2,500 grant from the Rosamond Thaxter Foundation in support of our 2018 sustainability internship program.
* Pam Smith, our Director of Development since 2015, has moved on to a new position. Pam’s many accomplishments in her tenure at Star have positioned us well, and we are deeply grateful for her excellent service. She will come back!
* On September 18, Peter Squires stepped into our Interim Director of Development role. In addition to being a long-time Shoaler, Peter has many years of well-rounded professional fundraising experience outside of Star Island, and has served as a conference AF volunteer and on the Fund Development Committee since 2012 (Chair since 2014).
* The Fund Development Committee met on September 13 to receive various updates and to discuss our end of year plans, including a successful transition from Pam to Peter. We have decided to postpone the capital campaign readiness study originally scheduled for the end of this year – our intention is to resume work on this sometime after we complete our Director of Development search this fall/winter. The committee next meets on October 11.
* The eighth annual Gosport Regatta took place on September 17, closing out our 2017 season on a high note. Operationally, this was our most successful regatta to date, and we are grateful to the many sponsors and volunteers who made this event possible. We are also thankful for the efforts of the Piscataqua Sailing Association, our event partner; Fink’s BBQ Smokehouse, which provided a delicious BBQ dinner; North River Band, which played great music; and Fun with Wind, which flew amazing kites despite weak winds.
* We are gearing up for Starry Night, which will take place in the Discover Portsmouth Center on November 18. This year’s speakers will be Mary Ellen Burke and Peter Randall, who will be talking about the process of writing *Gosport Remembered: The Last Village at the Isles of Shoals*, a Shoals classic reprinted by SIC as a special 20th anniversary commemorative edition. Register today (and ask your family and friends to do the same): [www.starisland.org/programs/events](http://www.starisland.org/programs/events).
* Sponsorship opportunities for Starry Night are available – please share the attached flyer with any prospective sponsors for this wonderful event, or connect with Lisa Santilli, Assistant Director of Communications and Development, for more information.
* 20 Years of Star Island Photography, a retrospective exhibit by the NH Society of Photographic Artists (NHSPA), will run from October 19-November 21 at the Discover Portsmouth Center. There will be an opening celebration on October 20 (free and open to the public) – register at [www.starisland.or/programs/events](http://www.starisland.or/programs/events). Photos on display will be on sale through November 21, and a portion of the proceeds will support the Star Island Corporation.
* Last night, Robert’s Maine Grill in Kittery hosted a “Community Supper,” where many Shoalers and non-Shoalers dined in support of Star Island. There is another Community Supper at Robert’s this evening.

I returned from a magical trip to Europe this summer to confirm what I had suspected – that things had run smoothly and effectively. This is a testament to the careful planning and hard work of many, and I am deeply grateful. I am especially grateful to David and Patty Boynton for their stewardship of the island during my time away.

With Star Spirit,

Joe Watts

Chief Executive Officer