**Star Island Corporation (SIC)**

**Chief Executive Officer’s Report**

**April 3, 2018**

***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 continue to work closely with selected conferences on marketing and outreach, including Star Arts, Institute on Religion in an Age of Science (IRAS), Lifespan Religious Education (LRE), Youth Empowerment and Spirituality (YES) and the Star Gathering conferences.
* We are pleased with the progress we are making with our “SEA Star” educational initiative. Please see attached brochure for more information.
* On February 28, we enjoyed a productive winter staff retreat with the staff from Ferry Beach.
* We are making good progress with changing our retirement plan and co-fiduciary arrangements, including working with representatives from Bank of NH Wealth Management Services, Principal Life Insurance Company and Compass Retirement Consulting Group. Karynn Needel, one of our HR consultants from Insource Services, is working with various parties on this project, and we currently anticipate a June 1 rollout.
* Our Alcohol Working Group (working title), established to focus on issues associated with alcohol use on Star Island, has met three times this year, with a fourth meeting on the horizon. The group is approaching these issues from varying perspectives (conferee, Pelican, Health Committee, management, etc.) and has offered excellent input on what we might try to accomplish this year, as well as establishing some long-term goals. One major initiative we are planning for conferees is to host weekly town hall-style meetings this summer during our major conference weeks to discuss various issues and gather input to inform future changes. We are engaging in a similar dialogue with our employees – to this end, management and several Pelicans got together via video conference on March 7 to discuss the topic of alcohol use on Star Island. The meeting was productive and forward thinking, and we believe it will help set the tone for meetings we intend to hold throughout open-up and the regular season. Our comprehensive efforts include casting a wide net to involve those not typically categorized as Shoalers, such as the United States Coast Guard, Fred C. Church (our insurance agents), and the Rye Police Department.
* On the professional development front, Island Manager/Food Service Manager John Bynum and Conference Center Director/Back-up Island Manager Justina Maji attended a youth mental health first aid course on March 14. On Thursday, I will join John and Justina at a workshop on policies and procedures in the #MeToo environment. On the same day, Office Manager Kate Brady will attend a labor law training seminar offered by the New Hampshire Department of Labor.
* Pelican employment decisions were emailed on March 12, with a response deadline of March 26. Overall, responses have been very positive, and there have been many acceptances – we are in the process of filling a handful of remaining positions via the waitlist, and we are also actively considering hiring international workers through a highly recommended placement service. We are pleased by the 2018 Pelican roster to date, and we are also mindful that there are numerous applicants who did not get offered a position, many of whom have strong ties to Star Island.
* We just launched our search for a Community Outreach Manager (COM) – applications will be gathered this month, interviews will take place in May, and we expect our new COM to start by June 1 (which should allow for some overlap time with Lisa Santilli).
* Please find the 2018 Organizational Chart attached – we are pleased to have a staffing plan in place that helps us achieve many goals. Stemming from our conversations related to Pelican compensation over the last several months, we plan on posting our org chart in Pel Hall (as well as other employment related materials, such as the 2018 Wage Chart).

**ECONOMIC**

* As of April 1, we received 2,260 registrations representing 13,873 bed nights (68% of our 2018 Budget goal of 20,450) – please see attached bed night report for more information. Last year on April 1, we were at 14,055 bed nights (69% of our 2017 goal of 20,350), and on April 1, 2016, we were at 12,546 bed nights (64% of our 2016 goal of 19,650). While it remains too early to make accurate bed night projections, we feel we are on track overall. We are encouraging all Shoalers to bring at least one new person to the island this summer!
* Berry Dunn presented the draft 2017 audit to the Audit Subcommittee of the Finance Committee on March 29, and it will be presented to the Board at its April 10 meeting – please find the draft audit, two letters (required and advisory), and Berry Dunn’s presentation attached. We are pleased that Berry Dunn is presenting an unmodified/clean opinion, that they did not detect any weaknesses in our internal controls and that they did not make any significant audit adjustments. The Audit Subcommittee voted unanimously to recommend that the Board accept the 2017 audit as presented, and Chair Russ Peterson noted that he is very pleased by the state of our financials.
* Additionally, Star Island Corporation’s and the Permanent Trust’s 2017 Form 990 drafts have also been prepared by Berry Dunn, and each draft has been disseminated to its respective body for review. We anticipate finalizing the 990 drafts well in advance of the May 15 filing deadline.
* Please find attached the January/February Financials. Of note is the addition of an unbudgeted $25K to our 2018 Capital Budget projections for a new Main Pump Station and protective walls (see below).
* The Finance Committee met on March 21 to discuss several topics, including reviewing our financial statements, the status of the 2017 audit, long-range planning/visioning, the 2018 Capital Budget, reincorporating in New Hampshire, and more. The committee is scheduled to meet again on April 18.
* During this meeting, we introduced Kristen King of Insource Services to the committee and discussed transitional issues in our finance department. We are looking forward to meeting with John Bush and Jeff Loewer on Wednesday to discuss the Treasurer transition, as well as other issues.
* We are making excellent progress with the NH Department of Environmental Services (NHDES) on details related to our Clean Water State Revolving Fund (CWSRF) loan. We submitted our first loan disbursement request on March 23, received a timely approval, and expect to receive loan funds this week. Funds borrowed from now through the end of construction (anticipated June 2019) are subject to a 1.00% interest rate. Upon project completion, the total amount borrowed will be converted to a 20 year loan term with a fixed interest rate of 2.00%. However, we received formal acknowledgement from NHDES yesterday that our project is eligible for a 30 year loan term, so we are in the process of sorting out the final paperwork to make this change official.
* We do not expect to borrow against our revolving line of credit until next month, meaning we will not need to borrow in this way for over eight months, well beyond the required bank threshold of one month per year.
* The Trustees of the Star Island Permanent Trust Fund will be meeting on April 10. As of March 31, the value of the Trust was $4,191,849.

**ENVIRONMENT**

* On March 2-3, a winter storm with high winds and 25 foot waves hit Star Island, coinciding with the highest tides experienced at the Isles of Shoals since 1921 (evening of March 2 and morning of March 3). The combination of wind, tide and wave height completely destroyed the Main Pump Station (MPS) of the wastewater treatment facility, damaged some roofs, eroded some roads and deposited a significant amount of debris on our shores. We were fortunate in that the overall damage could have been worse, the damaged roofs were already on our repair list for this spring and the debris can be removed by our volunteer labor pool. We will incur an unbudgeted expense of approximately $25K, as we need to not only replace the MPS, but to do so with a more permanent/anchored concrete tank, and to add additional protective/concrete walls around its perimeter. This project is of the highest priority, as we need a functioning MPS in order to operate our existing wastewater treatment facility and, therefore, open for the 2018 conference season.
* Yesterday, despite snow flurries, we enjoyed a successful transition from winter mode to spring/open-up mode. Our winter caretakers moved off the island, replaced by a small group of senior staff members and contractors, who are beginning work on a number of projects.
* On March 29, we had our annual pre-season meeting with the Rye Fire Department (RFD). Director of Facilities Jack Farrell, Island Manager John Bynum, Jeff Murphy of SFC Engineering (our professional fire safety consultant), RFD Chief Mark Cotreau, RFD Lieutenant Jeff DiBartolomeo and I were in attendance. Given that this was our first official meeting with Chief Cotreau, who became RFD Chief in September, we spent a good deal of time providing background information about Star Island and our history pertaining to fire safety. As we have done for more than a decade, we reviewed the annual letter from SFC to RFD, which summarizes fire and safety work completed last year and lays out our plans for the upcoming season. We also discussed how we would prefer to move away from highly detailed reports like SFC’s 2007 plan for fire safety – which served a purpose in the past – to a less cumbersome format, such as a simplified five-year plan. Other topics included RFD’s inspection (May 24) and staff training (June 13) schedule, future improvements to the Underworld and the idea of conducting joint drills with the United States Coast Guard. We were pleased with the tone and tenor of our meeting, and we continue to have a positive and collaborative relationship with RFD.
* Things are coming together nicely with our planning for our next wastewater treatment/water reclamation facility. The design engineering contract with Underwood Engineers has been approved by the NHDES and was signed on February 27. Underwood’s “Star Island Wastewater Treatment Facility Evaluations Report, Final – February 16, 2018” was also approved by NHDES, which in turn led to yesterday’s authorization of sole source procurement of the F.R. Mahoney Amphidrome system ([www.amphidrome.com](http://www.amphidrome.com)). On March 5, we submitted a comprehensive effluent reuse pilot program proposal to NHDES, which would set and test effluent reuse standards on Star Island for toilet flushing and other uses, with the goal of helping the NHDES establish effluent reuse standards for the State of New Hampshire. We are also in the midst of a comprehensive environmental review process for our project. In general, we are on track with our plan to commence construction this fall and complete work during open-up 2019, such that we are online for the 2019 conference season.
* I met with Jenn Seavey, Executive Director of the Shoals Marine Lab (SML), on March 29 to discuss several topics, including planned improvements to the Portsmouth dock and parking lot areas. Jenn noted that SML is in the preliminary planning stages of two property improvements they are hoping to make on Appledore Island in the years ahead – a building renovation and a new building for faculty housing.

**STEWARDSHIP**

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

* At its 2018 Winter Board Retreat, the Board requested more information about the breakdown of 2017 Annual Fund (AF) giving ($555K, or 113% of our 2017 goal of $490K). The results of our 2017 AF “donor pyramid” are:
	+ Top ~2% of donors: gift size over $3,000 (33% of AF total);
	+ Next ~10% of donors: gift size $1,000-$2,999 (35% of AF total);
	+ Next ~10% of donors: gift size $500-999 (12% of AF total);
	+ Remaining ~78%: gift size under $500 (20% of AF total).

This follows the prevalent “80/20” trend among non-profits – 80% of donations come from 20% of the donors (22% in our case).

* As of March 31, the AF had realized $49,340 in gifts, with a pledge balance of $12,000, for a total of $61,340 (12% of our 2018 goal of $505,000). Please see the attached March AF Comparison Report for more information. The following chart compares our progress this year to the previous two years:

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| --- | --- | --- | --- | --- | --- |
| **Year** | **Realized Gifts** | **Pledge Balance** | **Total** | **% to Goal** | **Total Donors** |
| **2018** | $49,340 | $12,000 | $61,340 | 12.1% | 181 |
| **2017** | $48,509 | $0 | $48,509 | 9.9% | 172 |
| **2016** | $26,341 | $9,000 | $35,341 | 7.4% | 120 |

We currently have 124 recurring/monthly donors – 111 give via credit card and 13 give via recurring bank check.

* Our spring AF appeal letter is in process, and is expected to be received by prospective donors by the end of this month.
* The Fund Development Committee (FDC) met on March 20. The discussion focused on our efforts to solicit former Pelicans to support the Shack and Underworld renovations in 2018-19.
* Speaking of which, we have identified fifteen former Pelican volunteers (ranging in age from 25 to 70) to lead our peer-to-peer fundraising efforts. Volunteers are reaching out to the Pelicans with whom they worked, and we have created a web page to support this effort, giving donors an easy place to make their gift and also to submit a testimonial about their Pel experience ([www.starisland.org/pelicanprojects](http://www.starisland.org/pelicanprojects)).
* We recently applied for and received a grant from the UUA Disaster Relief Fund, in response to winter storm damage on the island (see above). The $22K grant award will be used to install a concrete MPS for our wastewater treatment facility, as well as additional protective barriers to prevent future damage. We applied for an additional $3K grant from the UCC for the same purpose, and expect to hear soon.
* We are awaiting word on several other grant applications, including the following:
	+ (Know by Friday) $30K from the Seacoast Women’s Giving Circle in support of the Green Gosport Initiative;
	+ (Know by May 6) Over $14K from the Unitarian Universalist Congregation at Shelter Rock in support of fire safety improvements on island (part of a $100K grant application submitted on behalf of the Unitarian Universalist Alliance of Camps and Conference Centers);
	+ (Know by end of June) $20K from the UU Funding Program in support of the Beloved Community Project;
	+ (Know by end of June) $1K from the Isles of Shoals Historical Research Association in support of the Brookfield/Rutledge Marine Lab project.
* Additionally, we are requesting Board approval of a $25K grant application to the McIninch Foundation in support of the Brookfield/Rutledge Marine Lab project. The application due date is April 15, and we are recommending that the Board approves this request at its April 10 meeting.
* The Celia Thaxter Museum at Vaughn Cottage was recently nominated for a New Hampshire Preservation Alliance Achievement Award, which honors outstanding work in construction, education, planning and advocacy initiatives. Award recipients are selected in mid-April.
* On May 8, Flatbread in Portsmouth will be donating a portion of its proceeds to Star Island – come join us that night, and spread the word!
* Planning for the ninth annual Gosport Regatta is well underway. We are working with the Piscataqua Sailing Association on event promotions, and sponsors for our September 16 event will be secured in the coming months.
* We are gearing up for our upcoming spring volunteer weekends, which begin May 11-13. Each year, we benefit from over 10,000 hours of on-island volunteerism.
* We were recently selected to receive an AmeriCorps National Civilian Community Corps team on Star Island this June. As previously reported, the team is expected to consist of 6-10 members aged 18-24, who will be working on projects that support our Green Gosport Initiative, historic preservation of buildings and, possibly, winterization efforts. Please see [www.nationalservice.gov/programs/americorps](http://www.nationalservice.gov/programs/americorps) for more information.
* The Annual Meeting materials will be disseminated on April 11 – all Corporation members are encouraged to review these materials carefully and, whenever possible, attend the meeting, which will take place at the First Congregational Church of Holliston, MA on Saturday, May 5. The Council of Conferences will also meet on May 5.

Despite yesterday’s snow, spring has arrived, and with it the promise of another successful season on Star Island.

With Star Spirit,

Joe Watts

Chief Executive Officer