**Star Island Corporation (SIC)**

**Chief Executive Officer’s Report**

**January 16, 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**

* Please see Lisa Santilli’s Communications Report, attached, for an update on some of our many marketing and outreach efforts.
* As noted in Lisa’s report, our conference specific marketing teams continue to plan for 2018 and beyond. Our staff/Institute on Religion in an Age of Science (IRAS) marketing team met on January 9, and we are offering a marketing presentation at the upcoming IRAS Council Winter Meeting on Friday. Our staff/Star Island United Church of Christ marketing team met again on January 11.
* We enjoyed a productive chairs and registrars meeting on January 6. This annual gathering was attended by conference leaders from many of the over 60 conferences and groups scheduled for 2018. Many topics were discussed and many trainings were offered at this meeting. Island Minister Chris Jablonski announced our “Beloved Community Project,” which will focus on diversity and inclusion, and host a gathering of experts on these topics in August. I spoke at length about alcohol on Star Island, including strongly emphasizing safe and legal consumption, explaining how we are conducting a comprehensive review of our existing policies and procedures and calling for conference volunteers to participate in our review.
* The Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC) has decided to invest a portion of its annual dues to two UU organizations committed to diversity and inclusion work – the Center for Ethical Living and Social Justice Renewal ([www.celsjr.org](http://www.celsjr.org)) and Black Lives of Unitarian Universalism (BLUU), through the Unitarian Universalist Association’s Promise and Practice of Our Faith Campaign ([www.uua.org/giving/areas-support/funds/promise-and-practice](http://www.uua.org/giving/areas-support/funds/promise-and-practice)).
* Our fifth annual Veteran’s Raffle brought in 185 entries from across the globe (67% more entries than last year). We will be announcing the winner of the raffle – Nelson Linscott – via press release and to our constituents at the end of the month. Nelson, a US Army Veteran and Kittery, ME native, is an amateur photographer and has always wanted to visit Star Island to capture the beauty of the Shoals, and we look forward to welcoming him this summer. We are deeply grateful for Nelson’s service, and the service of all of our military veterans.
* Our ongoing focus on Pelican compensation (broadly defined to include more than wages) has resulted in many achievements and plans. We are excited about our upcoming video conference with 2017 Pelicans, to take place on January 22 – this is one means of many by which we are focusing on open communications with our employees.
* Our online Pelican application went live on December 4, with an application deadline of January 29.  As of today, we have received 86 applications, which is considerably lower than last year at this time (115 applications received). Each year, we continue to expand our hiring outreach, which has helped to counteract, at least in part, a downward trend in applications received. This year, we advertised using traditional sources (such as our web site and various Star Island email lists), in UU and UCC churches, at a number of colleges and universities (particularly those with hospitality programs), through employers who have an employment season complimenting ours (such as ski areas) and within organizations and colleges that might yield a more diverse applicant pool. Additionally, our wages are higher than they have been, and we are already promoting a financial incentive program for employees who can work through the end-of-season period.
* We are pleased that nearly our entire seasonal professional staff team is returning in 2018 – continuity on our leadership team has many benefits, and having nearly everyone return sets us up nicely for the year ahead. The lone exception is Rev. Lauren Smith, who will not be returning as our Co-Island Minister this year (Rev. Chris Jablonski will become our sole Island Minister), though she will be available on an informal basis to help out should the need arise – we are grateful for Lauren’s excellent service over the last few years.
* Please find attached several draft 2017 committee reports, which will be included in the 2018 Annual Meeting packet prepared and sent out to our membership in March.
* The Personnel Committee will be meeting on February 6 to discuss our pension plan options and review our Safe Community policy.
* We anticipate that 2018 letters of understanding between Star and individual conferences will go out prior to the end of this month.

**ECONOMIC**

* Online registration went live on January 1 – for the fifth year in a row, online registration was available in January. To date, we have received 375 registrations representing 2,183 bed nights (vs. 533 registrations representing 3,674 bed nights at this time last year). While it is premature to draw any conclusions from registration totals at this point in the year, it is worth noting that we anticipated a decline in early registrations this year as All Star 2 – typically the conference with the most registrations at this time of the year – is intentionally postponing their registration period until February 1.
* Please find attached the November Financials, which project a year-end net operating gain of $230K (vs. budget of $284K), and capital expenditures of $443K (vs. budget of $460K). We anticipate that the December/year-end financials will include a higher net operating gain due to a stronger than anticipated 2017 Annual Fund performance (see below).
* As has been our standard practice for the last few years, the first set of FY18 financials – the consolidated January/February Financials – will be ready in early March.
* We are working with our auditors, Berry Dunn, in preparation for our 2017 audit, including an initial planning phase which occurred January 8-9 in the Portsmouth office. The Audit Subcommittee of the Finance Committee holds its first meeting on February 1, and the audit fieldwork is scheduled for the week of March 5.
* The Finance Committee met on November 15 to discuss several topics, including the October Financials and the 2018 Budget. The committee meets again tomorrow night, with a primary focus on the 2018 Budget.
* The staff is pleased to propose the attached 2018 Budget for Board consideration and approval. The proposed 2018 Budget include a net operating gain of $319K, a debt service coverage ratio of 5.41, bed nights totaling 20,450, a 2-4% increase to room and board rates, a modest increase to all employee wages, and a capital budget of over $1.3 million. Please see attached 2018 Budget and corresponding memo for more information.



* We were awarded a $125,000 grant from the Land and Community Heritage Investment Program (LCHIP) for Phase IV of the Oceanic Rehabilitation Project. On December 4, we received this award at a ceremony in Concord, NH, which was attended by NH Governor Chris Sununu and a large Star Island contingent (see photo to right). We are working closely with LCHIP to ensure that we meet all of the grant requirements needed for us to receive

approval for the start of the project this spring, as well as the first payment of the grant award ($62,500, or 50% of the total grant award).

**Front row**: Representative Laura Pentelakos (Portsmouth) ; Amanda Merrill (Board Chair of LCHIP); **2nd row**: Jack Farrell, Lorraine Stuart Merrill (Commissioner of Agriculture, Markets & Food); Representative Kate Murray (Rye); Dijit Taylor (Executive Director, LCHIP); Bruce Parsons; **3rd row:** Tom Coleman; Dick Case; Irene Bush; Joe Watts; Johnny Kadlik; Peter Squires; John Bush; Tom Mansfield

* We have been working with the NH Department of Environmental Services on details related to our Clean Water State Revolving Fund (CWSRF) loan. We have clarified the process for and timing of our first loan disbursement (anticipated later this winter), and also the process by which we could formally change the term of our CWSRF loan from 20 to 30 years, provided we are able to demonstrate that our wastewater treatment/water reclamation facility has a useful life of 30+ years.
* On December 31, the value of the Star Island Permanent Trust was $4,302,303, with a 2017 total account return of 10.3% (9.6% after fee). Since inception (23.25 years), the average annual total account return is 9.8% (9.1% after fee).

**ENVIRONMENT**

* We have signed our 2018 agreement with SFC Engineering, our professional fire safety consultant.
* We are meeting with the US Coast Guard later this month to review our evacuation protocols.
* We continue to make significant progress on plans for our next wastewater treatment/water reclamation facility. On January 5, we met with Underwood Engineering to discuss in greater detail the two systems still in consideration. As previously reported, one of the systems is an existing, commercial system that meets all of our identified needs, and the other is a late breaking alternative proposed by a staff member of the NHDES. We anticipate deciding upon the final design alternative and entering into a formal design phase engineering contract in the near future.
* We are making progress with planning several of the projects included in the proposed 2018 Capital Budget (see attached). Major projects planned for 2018 include Phase IV of the Oceanic Rehabilitation Project (spring), Phase I of the Brookfield/Rutledge Marine Lab Renovation Project (fall), the Shack Renovation (spring and fall) and Phase I of our new wastewater treatment/water reclamation facility (fall).
* Work continues on 2018 boat schedules. We have been working closely with the Isles of Shoals Steamship Company and Granite State Whale Watch (GSW), and we anticipate signing a one-year agreement with GSW for service to and from Rye, NH in the near future (we are in the midst of a five-year agreement with ISSCO).
* We have taken a fresh look at our professional marine services agreement and intend to enter into a one-year agreement in the near future, which will be largely similar to last year’s agreement. As with last year, our plan is to outsource the majority of our workboat runs, providing transportation of passengers, freight, luggage, trash, recycling, material for construction projects, etc., as well as management and oversight of these services. Our arrangement will also include income-generating island-based excursions (e.g. Appledore Island trips). All fuel, routine maintenance, and repair expenses will be covered by our professional marine services agreement. Of particular note, we are expanding the number of days during which employees can enjoy mainland time.

**STEWARDSHIP**

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

* We benefited from a great year for fundraising in 2017, with the Annual Fund leading the way. We are incredibly grateful to the many Shoalers who contributed in 2017! As of January 10, our 2017 Annual Fund (AF) realized $550,880 in gifts, with a pledge balance of $715, for a total of $551,595, surpassing our goal of $490,000 by 13%. Please see the attached 2017 Year-End Comparison Report for more information. The following chart compares 2017 to the previous two years:

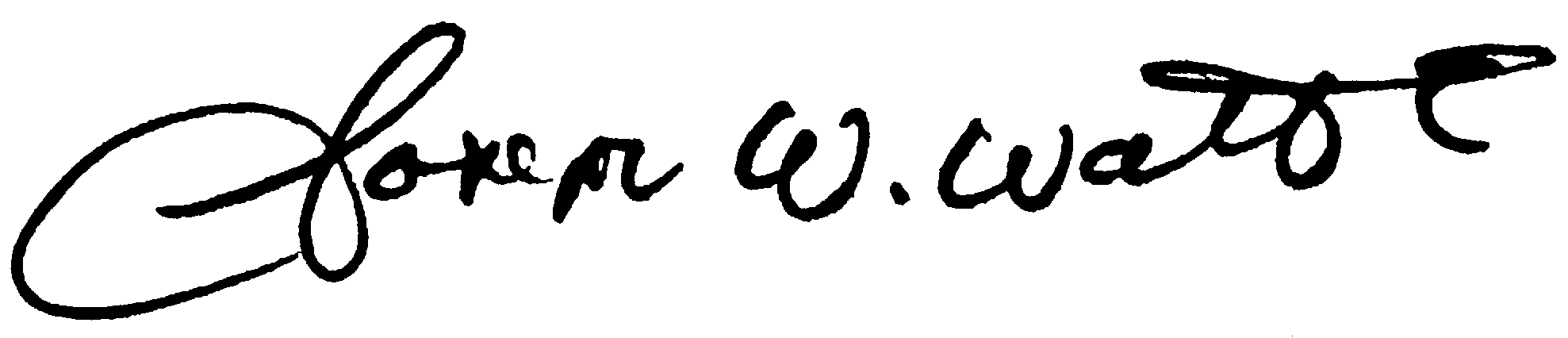
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| --- | --- | --- | --- | --- | --- |
| **Year** | **Realized Gifts** | **Pledge Balance** | **Total** | **% to Goal** | **Total Donors** |
| **2017** | $550,880 | $715 | $551,595 | 113% | 1,226 |
| **2016** | $492,475 | $4,495 | $499,865 | 104% | 1,361 |
| **2015** | $466,380 | $3,065 | $469,445 | 101% | 1,321 |

This is our highest AF total in recent memory, as well as our best collection rate. The spike in AF giving is largely attributable to the addition of a new major donor and a record year for the All Star 1 Conference, whose collective giving topped the $100,000 mark. It is also notable that we achieved 100% board and staff participation. Thank you and congratulations!

* We recently submitted a $5,000 grant application to the Fuller Foundation for renewed support of arts programs on Star.
* The Seacoast Women’s Giving Circle has announced that their grant focus for this cycle is the environment, and they have invited us to apply. Subject to Board approval at its January 23 meeting, we intend to apply for a $30,000 grant for operational support of our Green Gosport Initiative. The deadline for this grant application is January 26.
* The Fund Development Committee (FDC) met on December 13 to receive various updates and to discuss next steps for promoting the Star Island Legacy Society. This was the final meeting for long-time FDC member Martin Schrage, and last meeting as chair for Peter Squires. Judy Samuelson will be taking over as FDC Chair in 2018 – Judy has served on the FDC since 2016 and has also been a successful AF representative for LOAS 2. Judy met with us on January 12 for a productive planning meeting to discuss how the usefulness of FDC might be optimized in the coming year.
* We are in the process of recruiting our 2018 AF volunteers, and we have eight AF representatives lined up so far, including three from conferences that did not have 2017 AF representatives. Two of our primary goals for 2018 are for every conference to have an AF volunteer, and that the number of donors at every conference increases.
* On November 29, we had a productive planning meeting with the Piscataqua Sailing Association to discuss the 2018 Gosport Regatta. We are in the process of finalizing details for this year’s Regatta, which will take place on Sunday, September 16.
* We anticipate forwarding 15 new Corporation member applications to the Membership Committee this year, and we are expecting another dedicated and talented membership class.
* We enjoyed a successful Starry Night on November 18 – please see the attached Communications Report for more information.
* We are in the process of planning several volunteer weekends this spring (mid-May through early June), and we expect our online application to go live next month, with a deadline of early March. Ally Miner will be working to coordinate our spring island volunteers this year (with the exception of our medical volunteers, who will be ably coordinated by Sarah Whalen and Kerry Nolte).

Happy New Year! We are off to a great start to 2018.

With Star Spirit,



Joe Watts

Chief Executive Officer