

**Star Island Corporation (SIC)
Chief Executive Officer's Report
August 20, 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 have been making great progress with the Beloved Community Project, which includes many things. One important event took place earlier this month, when religious leaders from across the country gathered on Star Island to reflect upon several issues related to race, racism, diversity and inclusion in various contexts. Board Member Rev. Leon Dunkley and Island Minister Rev. Chris Jablonski will be reporting about this special gathering, and where we go next, at the upcoming Board Retreat.
- We enjoyed a wonderful Kittery Family Festival on Star Island earlier this month, at the beginning of Star Gathering 2 (SG 2) and Youth Empowerment & Spirituality (YES) Week. Nearly 70 people from nearby Kittery and a few neighboring locations came out to Star for two days, and received a special glimpse of the magic of Star Island. We expect many of these folks will return for years to come.
- The Kittery Family Festival was one initiative of our joint SIC/Star Island United Church of Christ marketing team. A more expansive and exciting initiative is the formation of the Family Festival Conference (FFC – working title) for 2019, to run concurrently with SG 2 and YES. We hosted two town hall meetings – one with SG 2 and one with YES – during their week on island, at which we discussed the FFC and other marketing and outreach plans. The 2019 FFC Co-Chairs are Kris LoFrumento, Tricia Coleman and Board Member Tom Coleman. They will be working closely with the 2019 SG 2 Co-Chairs, Dave Boynton and Jenny Giering, as well as Conference Center Director Justina Maji and I, on planning an amazing week, and I fully expect that the 2019 SG 2/YES/FFC Week will be a highlight of the season. Our first inter-conference planning meeting took place on August 6, and our next meeting will take place on September 7.
- We are also getting a good jump on collaborating with the Lifespan Religious Education (LRE) Week leadership group on marketing and outreach for the 2019 conference. In addition to conference leadership and staff, we are pleased that Board Member Rev. Leon Dunkley is helping us with planning a wonderful and enriching 2019 conference. Our goal is to broaden the scope and focus of LRE Week, while at the same time preserving that which already makes it special. We had three on-island meetings during LRE Week, and look forward to continuing the conversation next month.
- We are also working actively with other conferences, such as Star Arts, on how to increase 2019 enrollments in exciting ways. We enjoyed a productive town hall meeting on marketing this conference in June, and our first joint SIC/Star Arts marketing team meeting will take place on September 8.

- Yesterday, we hosted our eleventh and final regular season town hall meeting on alcohol – one at every major conference week throughout the season (Star Arts/Natural History Week through Life On A Star (LOAS) 2), as well as one with the Pelicans. We have gathered some great input that will inform future decisions, while at the same time helped to instigate an ongoing conversation about the ideal culture around alcohol we want to have on Star Island. We have learned that many of our existing practices are healthy, safe and model excellence. We have also learned how we can improve in some areas. Our Alcohol and Safety Awareness Task Force is excited to move to the next phase of our work, where we synthesize data and come up with recommendations we hope to implement for next year.
- At the August Board retreat, the Board will be joined by many members of the year-round and seasonal management team for an informal Q&A session. Also during the retreat, the Board will meet with the Pelicans for a separate Q&A session. We are looking forward to these opportunities to engage with the Board.
- Speaking of Pelicans, this is the time of year when several of our regular season Pelicans are departing and end-of-season (EOS) Pelicans are arriving. To date, this transition has been smoother than the last few EOS transitions, though we are still understaffed and expect to be more so after LOAS 2. We are deeply grateful for all of our hardworking employees!

ECONOMIC

- As of August 15, we received 4,047 registrations representing 20,160 bed nights (99% of our 20,450 bed night goal). Please see the attached bed night report for more details. Last year at this time, we had registrations for 19,856 bed nights (98% of our 20,350 bed night goal), and in 2016 at this time, we had 19,884 bed nights (101% of our 2016 goal). Given our continued success with enrollments this year, after careful consideration, we updated our bed night projections from 20,450 (budget) to 20,550 in the attached July Financials. As of August 15, we needed to achieve 290 bed nights (net of cancelations) to reach our budgeted goal.
- We are excited that the Board is continuing the conversation about master planning at its upcoming retreat. One aspect of this planning is housing, and related to housing is guest bed nights. Since 2011, bed nights – the measure by which we track guest occupancy – are projected to increase from 17,801 to 20,550. This is an increase of 15.4%, or 2,749 bed nights (the equivalent of 393 full week conferees). The following chart illustrates how we have fared with bed nights since 2011:

Year	# Bed Nights (BN)	Change from Prior Year	Change from 2011
2018	20,550 (projected)	1.5% & 300 BN	15.4% & 2,749 BN
2017	20,250	1.3% & 264 BN	13.8% & 2,449 BN
2016	19,986	2.7% & 527 BN	12.3% & 2,185 BN
2015	19,459	0.5% & 98 BN	9.3% & 1,658 BN
2014	19,361	6.6% & 1,201 BN	8.8% & 1,560 BN
2013	18,160	(0.1%) & (17 BN)	2.0% & 359 BN
2012	18,177	2.1% & 376 BN	2.1% & 376 BN
2011	17,801		

- Thirty-two conferences & groups have already exceeded their budgeted bed night goal – this is nearly twice as many as last year at this time. Of the eight larger conferences with a bed night goal of over 1,000, five exceeded their goal and three fell short.
- The July Financials project a year-end net operating gain of \$325K (vs. budget of \$319K). Please see the attached July Financials for more information.
- The Finance Committee met on July 18 to discuss the May Financials, our capitalization policy and “Key Performance Indicators” (KPIs). Led by Treasurer Jeff Loewer, a sub-group of committee members has been formed to develop KPIs – otherwise known as a dashboard. The committee next meets on Wednesday.
- We have been working on components for the Long-range Integrated Financial Tool (LIFT), including refining multi-year financial and capital improvement plans. The LIFT should be completed on schedule in October, ahead of the 2019 Budget process.
- Over the last several years, we have issued Letters of Understanding (LOU) to each conference, and these LOUs include conference filling goals which are essentially based upon the previous year’s actuals, plus or minus any known changes. Over the years, we have worked hard to ensure that our conferences are able to bring out as many conferees as they want to bring out – we have done this in a number of ways, ranging from adding more beds (in existing rooms) to consolidating staff housing and offices. Over the last several years, we have raised the maximum regular season family conference filling goal from under 260 people, to 260, to 270, to 280 and now, in some cases, to over 300. Our current position for regular season family conferences which have exclusive access to the island is that (a) we want to enable each conference in this category to bring out as many conferees they wish to bring out, provided we have the beds and rooms to house them, while (b) we want each conference to understand that it can continue to have exclusive island access and also choose to limit its maximum number (lower than 300), provided the maximum remains at a reasonable level. By way of example, this season All Star 1 chose to have an average of 302 people/night on island this season, while International Affairs chose to have an average of 274 people/night. For conferences sharing the island, the capacity issues are different, and have historically worked out. As enrollments increase, however, we are bumping up against capacity issues – for example, the End of Summer Conference has far exceeded its conference filling goal (more than double), and there were a number of people on a waitlist because we were holding spots for other conferences happening at the same time, even though they hadn’t filled. We were able to manage this situation effectively for this year, though we foresee this and other conference capacity issues becoming increasingly challenging next year. This is a great “problem” to have – we have more people wanting to come than space. It’s important we manage this emerging challenge strategically, which is one of the reasons we are pleased to be working towards development of a master plan.
- We are in the final stages of negotiating a new five-year lease agreement with the Portsmouth Historical Society for our Portsmouth office. We hope to sign a new agreement for 2019-2023 by the end of next month.

ENVIRONMENT

- Representatives from the State Fire Marshal’s office and the Rye Fire Department (RFD), including RFD Chief Mark Cotreau, visited the island on August 9, along with Board Vice President Nick Dembsey. The experts witnessed a fire drill and offered their feedback, which was favorable and helpful. We met with RFD to review our medical evacuation procedures, and Nick, along with Pel

Liaison to the Board Celeste Magliocchetti and Rounder Supervisor/Volunteer Coordinator Aravis Albert, took the representatives from the State Fire Marshal's office on a general tour of the island. One result of this positive, productive and collaborative visit was to deepen our already favorable relationship with each other.

- At the upcoming Board retreat, Director of Facilities Jack Farrell will offer a tour of our facilities, as well as a presentation on our new wastewater treatment/water reclamation facility. The tour will focus on some of the major projects we have completed so far this year, as well as some of the things we hope to accomplish later this year or in future years.
- One project underway is the Shack renovation (Pelican housing). Much of the interior and exterior was completed during open-up, and work is resuming now on interior spaces. We met with several employees (management and Pels) to discuss ideas for a new deck, and a follow-up meeting with Pel Council is scheduled for Friday night.
- We are also starting to plan in earnest for future projects, such as Underworld renovations (likely a multi-year project) and converting Cottage D first floor offices to housing. More imminently, we are preparing to start two major projects this fall. One of them is the Brookfield/Rutledge Marine Lab renovation, and we are planning on doing all demo work this fall.
- The other major project we are starting this fall is our new wastewater treatment/water reclamation facility. Our collaborative work with the New Hampshire Department of Environmental Services (NHDES) and Underwood Engineering is moving into the next phase, as the final facility design was formally approved last month. The Construction Phase Engineering Contract with Underwood has been approved by NHDES, and I have signed the contract. At the beginning of this month, we sent out Requests For Proposals (RFPs) to several potential subcontractors in various areas (e.g. concrete, electrical), and we anticipate lining this up such that work can begin, as anticipated, on schedule this fall. We are also working on other aspects of the project, such as deciding upon the optimal winter treatment solution and planning the peripheral layout of the facility (e.g. buildings, sludge drying beds). We were able to successfully pilot a shower model during LOAS 1 that permitted conferees to take a shower on any day of the week (though we still emphasized the importance of conservation). We look forward to discussing these and other aspects of the project during the upcoming Board retreat.
- As previously reported, we are considering selling the M/V Perseverance, which is currently sitting in dry dock. We received an appraisal of the vessel, as well as a few offers, and it's possible we will sell the vessel this summer. If we do sell the vessel, we could add the proceeds to SIC's Funded Reserve Fund (see May 2014 Board meeting materials), with the caveat that should we desire to purchase a new vessel sometime in the future, the Board would choose to release the funds for this purpose. There are of course other ways we could handle the proceeds of a sale, and we look forward to working with the Finance Committee and Board should we go through with a sale.
- Things have been going well this year with our marine transportation services, with relatively few hiccups. The reconfiguration and expansion of our shore side facilities in Portsmouth have made a big difference. We are sharing some of the costs of these improvements with the Shoals Marine Lab.
- Speaking of which, we look forward to a tour of Appledore Island with the Board on August 25.
- We have put a down payment on outdoor exercise stations and expect to receive them late next month. Thus, installation will happen after the conference season – we expect the stations to be installed prior to the 2019 conference season.
- Our Joint Loss Management Committee (JLMC) met on July 19. Community Health Advocate Sarah Whalen was elected Chair, and Zephyr Girard from our Carpentry Crew was elected Secretary. The

JLMC’s policy statement states: “The [JLMC]...is a collaborative effort comprised of both managerial and non-managerial staff that strives for a healthy and safe working environment. The committee aims to safeguard and improve the health, safety, welfare and security of Star Island’s employees, volunteers, conferees, contractors and visitors, and to create an atmosphere where health and safety are paramount considerations. The committee strives to provide concrete and effective recommendations, ideally with measurable outcomes.” The next JLMC meeting is scheduled for August 25.

STEWARDSHIP

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

- Please see the attached July AF Comparison Report for more information. The following chart compares 2018 to the previous two years:

Year	Realized Gifts	Pledge Balance	Total	% to Goal	Total Donors
2018	\$235,874	\$26,173	\$262,047	52%	743
2017	\$199,674	\$25,887	\$225,561	46%	684
2016	\$180,691	\$22,147	\$202,838	42%	690

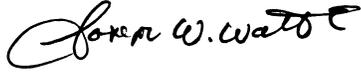
We are pleased with AF progress to date, including a 9% increase in the number of donors compared to last year at this time. Additionally, we have 153 Sustaining Star donors as of the end of July.

- We are pleased to have recently received a generous pledge for \$300,000 for future capital projects, and that \$150,000 of this pledge has already been fulfilled. We are working with the donors on a communications plan for this gift, which we expect to rollout this winter as a way of both recognizing the family and encouraging others to give. It is important to note that among other things, the donors were inspired by Lois Williams’ \$300,000 gift.
- We received a \$10,000 grant from the Cogswell Benevolent Trust in support of the Brookfield/Rutledge Marine Lab project.
- Please find attached a draft 2018-2019 Board meeting calendar – the goal is to finalize the meeting calendar this month.
- The Fund Development Committee met on June 26 to discuss including information on minimum distribution requirements in our 2018 Annual Fund Fall Appeal for 70+ year-olds, as well as various on-island fundraising strategies. The committee meets again in September.
- As reported in July, we plan to change our memorial stone policy (www.starisland.org/donate/memorials) so that all proceeds go to the Star Island Permanent Trust Fund rather than the Annual Fund (starting in 2019). Also, we are excited about the possibility of modifying our memorial bench policy in a way that will encourage more people to participate, and we look forward to discussing our ideas with the Board at its upcoming retreat.
- Our RFPs for fundraising consulting services (see July Board meeting materials) to conduct a readiness study for a potential capital campaign went out recently (for example, www.nhnonprofits.org/resource_center?q=bulletin-board/3486).
- At the August Board retreat, Peter Squires will provide an update on our 2018 fundraising efforts, as well as a look ahead to how some of our future development plans are shaping up.

- We are looking forward to the ninth annual Gosport Regatta, which will take place on September 16. More information, including how to register, can be found at www.starisland.org/regatta.

Overall, we are having a fantastic season. A year ago, I had just returned from an extended vacation time with my family. This summer, I have thoroughly enjoyed reconnecting with the conferences I missed during that time, ranging from All Star 1 through LOAS 1.

With Star Spirit,

A handwritten signature in black ink that reads "Joe W. Watts". The signature is written in a cursive style with a large initial "J" and a stylized "W".

Joe Watts

Chief Executive Officer