

**Star Island Corporation (SIC)
Chief Executive Officer's Report
October 2, 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 enjoyed another successful conference season! Please see the attached 2018 Island Evaluations summary, which provides useful statistics from 720 total respondents (a 17% increase from the number of responses we received last year), including:
 - 97% of respondents rate the Pelicans and other staff as either excellent (73%) or good (24%). This is up by 1% compared to last year.
 - 93% of respondents feel they received a good value in room and board and other accommodations. This is up by 1% compared to last year.
 - 98% of respondents rate their overall experience at Star as either excellent (75%) or good (23%). This is the same as last year.
- Please see the attached Communications Report from Ally Miner, Community Relations Manager, for more information. We have made excellent progress with our marketing and outreach efforts this year.
- We continue to work closely with selected conferences on marketing, such as Star Arts and Lifespan Religious Education (LRE). As previously reported, one of our major initiatives for 2019 is a focus on the Star Gathering (SG) 2 Family/Youth Empowerment and Spirituality (YES) week, during which we are planning a Family Festival Conference (FFC – working title). After a few conversations with our wonderful planning group for this week, we have decided to change things up – SG 2 Family Chairs Dave Boynton and Jenny Giering will continue to work with FFC Chair Kris LoFrumento, Justina Maji and me on our original project, the SG 2/YES week. Tom and Tricia Coleman will work to develop a new conference (name TBD) during a separate week. The primary focus of the FFC is to help bring more people to the SG 2/YES week, with the goal of having them ultimately become SG 2 (or possibly YES) conferees. We are hopeful that this method (successfully piloted with the Kittery Family Festival this summer) will not only work for this week, but might also serve as a model to help fill other under-enrolled conferences.
- The Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC) will have its annual retreat November 14-16 at Ferry Beach Retreat & Conference Center, in Saco, ME. 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 and dig deep on specific topics.
- The Council of Conferences (CoC) will hold its fall meeting on October 13. Topics on the agenda include a season recap, a discussion about and vote to change the CoC charter to permit an SIC Board

member to serve on the CoC Board, a discussion about upcoming capital projects through the lens of fundraising and a conversation about bed nights and conference filling goals.

- We are deeply grateful for the tremendous effort of our Pelicans, senior staff members and volunteers as they carried us through a successful end-of-season (EOS) period. It has been increasingly challenging to find enough people to work the EOS period (mid-August through mid-September). We continued to make progress this year with filling EOS positions, including starting the EOS hiring process soon, increasing promotions, offering cash incentives and relying on more volunteers. There is still work to be done, and this will remain a high priority item in 2019. Our Pelican compensation working group met on September 13 to focus on continuing our progress in various areas related to compensation (in its broadest sense), and we met again yesterday with a particular focus on the EOS period.
- We are pleased to welcome Emma Ouellet as our Administrative Assistant. Emma was selected from a deep applicant pool and from among a very strong group of finalists. Emma begins work this week.
- Our Alcohol and Safety Awareness Task Force met again on September 25, this time to discuss the results of the eleven town hall meetings on alcohol we hosted this season. We are focusing on how to synthesize all of the excellent information we received, with an eye towards what we are hoping to accomplish in 2019 and beyond.
- We are looking forward to our fall staff retreat on October 31, when we will be focusing on open-up, including scheduling, volunteers and school groups.

ECONOMIC

- Please find attached our final bed night report for the 2018 conference season. For the year, we received 4,112 registrations representing 20,178 bed nights (98.7% of our 20,450 bed night goal). Please see the attached bed night report for more details. In 2017, we had 20,250 bed nights (99.5% of our 20,350 bed night goal), and in 2016, we had 19,986 bed nights (101.7% of our 2016 bed night goal of 19,650). The lower than budgeted bed nights for the year is a direct result of marine weather related cancelations in September – prior to these cancelations, we had registrations for 20,430 bed nights and anticipated a few more coming in that would have brought us over our 2018 budgeted bed night goal of 20,450.
- The August Financials project a year-end net operating gain of \$137K (vs. 2018 budget of \$319K), and capital expenditures of \$1.212M (vs. 2018 capital budget of \$1.343M). The lower than anticipated capital expenditures and net operating gain are largely attributable to shifts in our capital project plans, including deferring \$125K in work on Oceanic and Brookfield/Rutledge Marine Lab to 2019, as well as corresponding income able to be released from restriction. Please see the attached August Financials for more information. The September Financials, expected to be ready later this month, will include updated room and board income projections based on the final bed night report for the season.
- The Finance Committee met on August 22 to discuss the June and July Financials, our key performance indicators (see draft dashboard, attached) and the 2019 Budget process. The committee meets again tomorrow night.
- Please find attached the Long-range Integrated Financial Tool (LIFT), which includes a Five Year Statement of Activities, a Capital Improvement Plan (2018-2022) and a simplified Development Overlay. The LIFT is a tool to help us plan for the future, not a proposed budget, and therefore does not include proposed net operating gains and ending cash positions for each of the next five years. As

noted in the LIFT memo, this tool is designed to instigate conversation about our various options to achieve future success. The LIFT does not model what we would do, but rather helps us identify the choices we might consider based on our strategic priorities. The LIFT is successful when it focuses our discussions 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.

- We anticipate that the first draft of the 2019 Budget will be available in advance of the November Finance Committee and Board meetings. We expect to present the final 2019 Budget recommendation to the Board at its January meeting, though as has been the case for the last two years, we hope that next year's room and board rates can be approved prior to final budget approval, so we can include them in our 2019 conference brochure.
- We have launched a job search for an Accounting Coordinator position, with an application deadline of tomorrow. We are working with Insource Services to come up with a new hybrid model for our finance department, whereby we expect to have a finance person on our year-round staff as well as a senior finance consultant from Insource (Kristen King).
- This year, we borrowed \$200K from our credit line with Optima Bank & Trust, which is \$75K less than last year and a significant reduction in the amount we have borrowed compared to prior years. We started drawing from the line in late May, and we paid it off in late August.
- Trustees of the Star Island Permanent Trust met on Star Island on August 30, including a business meeting and a tour focusing on some of our recent capital projects. The Trustees will next meet on October 15 to discuss various topics, including a review of the market and the Trust's performance.
- We are pleased with the overall success of our 2018 discount program. The attached 2018 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:
 - 207 (5.0%) of our 4,112 registrations were discounted under one of our programs.
 - By number of discounts, most went to conferees attending LRE (35). Other conferences with more than 10 discounts received were, in order, SG1 (28), IRAS (23), SG2 (16), Midweek 1 (13), SG Family Weekend (12) and YES (11).
 - By total value of discounts, most went to conferees attending LRE (\$7,968), IRAS (\$6,983) and SG 1 (\$6,923).
 - We saw a fairly significant reduction in discount expense this year compared to last year. The most significant reduction occurred at Star Arts (\$9,297 to \$988) and LRE (\$12,627 to \$7,968).
- We are pleased to report that we sold the M/V Perseverance on September 21. We look forward to working with the Finance Committee and the Board on what we might do with the proceeds.
- Now that we have received bids for several bid items pertaining to the construction of our new wastewater treatment/water reclamation facility, we are in a better position to develop a more refined budget for the project. It has become clear that demand for quality contractors is on the rise, and as a result, we anticipate that the project will cost more than originally envisioned. On the bright side, our primary engineer has reported that our anticipated price increase is modest compared to the significant price increases he has observed with most of the projects he is working on. Fortunately, the New Hampshire Department of Environmental Services (NHDES) has agreed to increase the amount available to us via the Clean Water State Revolving Fund (SRF). We are in the process of working with our engineer and others to come up with an accurate forecasting of all anticipated costs, after which time we anticipate requesting that the Board formally approve a new SRF loan amount. As

a reminder, we currently have authority to borrow up to \$947,500 at a fixed interest rate of 2.00% for a term of 30 years.

ENVIRONMENT

- As for the project itself, we are making great progress. As a reminder, the NHDES has approved of us serving as our own general contractor for the project, with support from our engineering firm (Underwood Engineers). Of the six bid items included in our August Request for Proposals (RFPs), we have already awarded one contract (for concrete work) and expect to award another (electrical) on Friday. We are planning on taking on at least one of the bid items ourselves, and we will soon finalize our approach to the remaining bid items. Our plan is to finish the concrete work (including demo and construction) this month, and to receive shipment of the majority of the Amphidrome system (especially the tanks) by the end of this month (we formalized our agreement with FR Mahoney for the Amphidrome system last month). NHDES has remained an active partner throughout this collaborative process, including participating in several recent meetings ranging in topic from Davis-Bacon wage compliance to UV disinfection possibilities.
- Close-up is going well overall, and 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 to mid-November, when our winter caretakers arrive.
- In addition to routine close-up projects and our wastewater project, we are engaged in a number of other projects, including a lot of painting. Final exterior coats are being applied to Kiddie Barn/Starloft, the Shack and the Oceanic (from the Tower to Caswell). We are also doing some minor roof repairs while we have the lift on the island. Additionally, the interior and deck renovations for the Shack are complete, including an expanded deck with a “dugout” area that will serve to provide shelter and assist with noise reduction.
- As one may have gleaned on social media, work has begun in earnest on our exciting Brookfield/Rutledge Marine Lab project. After considerable deliberation and consultation with an engineer, we determined that the most responsible project approach was to replace the building. Our intention is to reuse some components of the building, such as the large ceiling beams, and to ensure that the new building will capture the look and feel of the old building. Brookfield will remain largely unchanged, except that the large windows will become large glass doors. The space currently occupied by the Brookfield closets will enable expansion of the Rutledge Marine Lab, which will be upgraded in several ways, including new equipment and an additional large tank. The decks will be expanded, and the bathrooms will be moved out onto the decks. Special thanks to Bruce Parsons, who is providing invaluable assistance with planning and design, as well as the Rutledge Marine Lab Committee and the Island Heritage & Artifacts Committee – and, of course, to Lois Williams, the McIninch Foundation, the Cogswell Benevolent Trust, and the Kinraide/Brookfield families for largely funding this project.
- I gave a tour of Star Island to the Executive Committee of the Shoals Marine Lab on September 5.
- Also on the marine transportation front, we are in the process of reviewing our professional services marine transportation agreement, with an eye towards 2019 and beyond. We feel that things ran smoothly this summer, augmented by our shore side facilities improvements and the addition of an in-town Logistics Manager position.
- The Strategic Facilities Planning Committee met on Star Island on September 1 when, among other topics, our Capital Improvement Plan (2018-2022) was discussed.

STEWARDSHIP

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

- As of September 30, the Annual Fund (AF) had realized \$339,378 in gifts, with a pledge balance of \$54,190, for a total of \$393,568 (78% of our 2018 goal of \$505,000), with 179 Sustaining Star (recurring) donors. Please see the attached August and September AF Comparison Reports for more information. The following chart compares 2018 to the previous two years, as of the end of September:

Year	Realized Gifts	Pledge Balance	Total	% to Goal	Total Donors
2018	\$339,378	\$54,190	\$393,568	78%	1,092
2017	\$298,903	\$61,213	\$360,116	73%	925
2016	\$298,351	\$59,077	\$357,428	74%	1,091

We are pleased with AF progress to date, including an 18% increase in the number of donors compared to last year at this time. At this time, we believe we will exceed our budgeted AF goal for 2018. We expect our Fall AF appeal letter to go in the mail by the beginning of November.

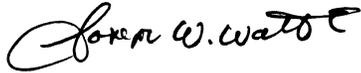
- The Fund Development Committee is meeting tomorrow night to receive an update on the conference season’s fundraising activities and to discuss Legacy Society stewardship.
- Staff is working on a proposal to modify the existing memorial bench policy. Our efforts are intended to bring further clarity, simplify our offerings and utilize a more durable and practical material. Additionally, our intention is to reduce the scope of our current Board approved policy by setting specific limitations on bench placement (our current policy permits benches to be “located around Star Island”) and requiring benches to be in memory of an individual (our current policy also permits benches in honor of a living individual).
- We have received a strong response to our RFP for fundraising consulting services to conduct a readiness study for a potential capital campaign. Along with Board member Suellen Peluso, we are in the midst of interviewing five of the respondents, and expect to make our selection by the end of next week.
- We recently applied for a \$2,500 grant from the Rosamond Thaxter Foundation in support of our 2019 sustainability internship program.
- Please find attached the final 2018-2019 Board meeting calendar, as agreed upon during the August Board Retreat.
- On September 16, we closed out our 2018 conference season with the ninth annual Gosport Regatta. The Regatta was well attended and people had a fantastic time. 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; Fun with Wind, which flew amazing kites; and the Isles of Shoals Steamship Company, which provided the spectator boat and other transportation throughout the event.
- We are gearing up for Starry Night, which will take place in the Discover Portsmouth Center on November 17. This year’s speaker will be our very own Dr. Erik Cordes, Associate Professor, Vice Chair of the Department of Biology at Temple University, who will discuss his innovative research on

deep-sea ecology and the impacts of humans on our oceans. We can't wait to learn about this important work, how it's making the world a better place, and what we can do to help. Erik was recently featured in the Huffington Post (www.huffingtonpost.com/entry/scientists-discover-giant-deep-sea-coral-reef-off-atlantic-coast_us_5b81c298e4b0cd327dfd415e). Check out more of his recent work (<https://sites.temple.edu/cordeslab/>) and register today (and ask your family and friends to do the same): www.starisland.org/programs/events.

- Robert's Maine Grill in Kittery is hosting another two Community Suppers in support of Star Island, on November 27 and December 4. Additionally, The Wilder, a new gastropub in Portsmouth, is hosting a GroupRaise meal in support of Star on October 27.

After another wonderful conference season, it is exciting to move back to the mainland and really start focusing on planning for a successful 2019 and beyond.

With Star Spirit,



Joe Watts

Chief Executive Officer