

**Star Island Corporation (SIC)
Chief Executive Officer's Report
November 12, 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 had a fantastic conference season! Please see the attached 2018 Conference Season Report from Justina Maji, Conference Center Director. Justina will be joining the Board at its November 17 meeting to discuss the season.
- 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. This year, we are pleased that SIC will have a big presence at this retreat, with several staff members attending for selected days, as well as SIC Board member Tom Coleman joining me for the entire retreat.
- The Council of Conferences (CoC) met on October 13 to receive an SIC update, brainstorm on island fundraising methods for capital projects and discuss how conference filling goals are set. At the meeting, the CoC voted to amend its charter to add an SIC Board member to the CoC Board.
- Our Pelican compensation working group met again on October 10 to continue its focus on various areas related to compensation (in its broadest sense). At this meeting, the group discussed how to augment Pelican training, including using online resources as well as additional training periods for selected crews at the beginning of the season.
- We enjoyed a productive staff retreat on October 31, focusing on open-up, including scheduling, small conferences, volunteers, school groups, weddings, off-season housing, projects and off-season infrastructure parameters.
- We are off to a great start with marketing and outreach for the 2019 season, Our staff/IRAS marketing team met on October 24, and our staff/Star Arts marketing team met on October 25 – in both cases, we developed priorities and a timeline for our efforts leading up to these exciting 2019 conferences. On October 17 and November 1, our staff/Star Gathering 2/Family Festival Conference (FFC) marketing and conference co-planning team met to continue focusing on our primary conference marketing effort for 2019. We are pleased to welcome new FFC Co-Chair Brenda Bladen to our team, who will join FFC Co-Chair Kris LoFrumento, SG 2 Co-Chair Dave Boynton, SG 2 Co-Chair Jenny Giering, me and Justina Maji as we plan and promote what we expect to be a fantastic week on Star Island next summer. We are meeting with the leadership of Lifespan Religious Education (LRE) on November 17 to discuss how to broaden their focus to welcome new audiences, including a church group identified by LRE conferee and Outreach and Engagement Committee member Christana McKnight.
- We launched our sixth annual Veteran's Raffle on Veteran's Day (with the drawing on December 10). The raffle winner and his or her family will receive a free week on Star Island in 2019. Please see attached press release for more information. The Portsmouth Herald ran this story on November 5: www.seacoastonline.com/news/20181105/star-island-to-launch-veterans-affle.
- We are pleased to welcome Kelly Dwyer as our new Accounting Coordinator. Kelly, who will start in two weeks, will work alongside Kristen King of Insource Services (who will shift to a part-time basis). We are excited to be moving to this hybrid model for our finance department.

- We are gearing up for the 2019 Pelican hiring process, and we anticipate our application to be online in early December.
- The Personnel Committee met on October 16, focusing on our Personnel Handbook. Many good suggestions for the 2019 edition of the handbook were offered. The committee recommended that we conduct another year-round and ten month staff salary and benefits review.

ECONOMIC

- Please find attached three 2019 budget drafts, along with an accompanying memo. We look forward to receiving feedback from the Finance Committee and the Board of Directors during their upcoming meetings – this input will inform our final budget proposal, which will be submitted in January.
- Additionally, we would like to decide upon the 2019 room and board rate increase, if any, at the November 17 Board meeting. The 2019 budget drafts model increases in the 2-4% range.
- Please find attached the September Financials, which project a year-end net operating gain of \$325K (vs. a 2018 budget of \$319K), and capital expenditures of \$1.223M (vs. 2018 capital budget of \$1.343M).
- The Finance Committee met on October 3 to discuss the August Financials, Dashboard and Long-Range Integrated Financial Tool (see October 8 Board meeting materials). The committee meets again on Wednesday night.
- On October 15, the Trustees of the Star Island Permanent Trust met to discuss various topics, including a review of the market and the Trust's performance. The value of the Trust as of September 30 was \$4,404,722, and the October 2018 distribution to SIC was for \$182,418.
- We are planning our 2019 discount program, and expect it to be largely similar to our successful 2018 program.
- Now that bids are in, we have a clearer understanding of the anticipated expenses associated with construction of our new wastewater treatment/water reclamation facility. As previously reported, 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). In order to complete construction of the main facility, fund an effluent reuse pilot study and install a separate wastewater treatment system for winter use (see below), we anticipate expenses to come in at or under \$1.3 million. Accordingly, staff is recommending that the Board approve \$1.3 million as the new SRF loan amount (the currently approved amount is \$947,500). We are in the process of working with NHDES and our engineer (Underwood Engineers) to determine potential additional expenses associated with installation of an effluent reuse system (anticipated in 2020-2021), though we cannot project these expenses at this time due to a wide range based upon the types of technology under consideration.

ENVIRONMENT

- As for the project itself, we continue to make good progress. Last month, we completed one of the six bid items (demo) with our staff, saving over \$20K in the process. The majority of the concrete work was completed last month, when two concrete trucks made the trip to the island via a landing craft – the remainder of the concrete work will be completed in April. The contract for electrical work has been awarded, with the majority of the work expected to happen in the spring. We anticipate receiving shipment of the majority of the Amphidrome system (including the tanks) the week after Thanksgiving, and we are in the final stages of securing builder's risk insurance to cover transport of this and other materials and equipment. Though we put the remaining three bid items out to bid again, we were unsuccessful in our attempt to improve pricing. We are in the process of making a final decision on how to approach the remaining work, and anticipate a combination of doing a portion of the work ourselves,

as well as hiring a contractor who is familiar with the island and has done excellent work for us in the past.

- On October 19, we met with our engineers and representatives of the NHDES to discuss a number of topics, including determining the best solution for a separate wastewater treatment system for winter use. We need a new winter wastewater treatment system, and we are pleased that the SRF loan can be extended to cover the expense of this system. At this meeting, we also discussed the possibility of installing composting toilets in Brookfield/Rutledge Marine Lab as part of our renovations there, as well as our effluent reuse pilot program. We are in the process of working with the NHDES and our engineers on the best way to proceed with this program and, ultimately, the system we should install, being mindful of both efficiency and expense.
- We have completed another successful close-up of the island, while also getting a good jump on some of our 2019 capital projects. Our winter caretaker, Alex de Steiguer, moved out to the island earlier this month.
- A number of people have inquired about our plans for Brookfield/Rutledge Marine Lab (RML), and this is the general message we have been sharing about this exciting project: Star Island staff, committees, other volunteers and consultants have been working over the last two years to design an updated Brookfield/RML building to be completed this spring. The building is modeled after the original Brookfield/RML, with some exciting updates, including the addition of sliding glass doors across the front of the building for expanded access and an optional open air experience; extension of the front and side porches; conference supplies storage space; relocation of the bathrooms to the west porch for improved accessibility; updated lighting; the addition of a water bottle fill station and drinking fountain and storage cubbies; an added office space next to the marine lab dive closet; amphitheater style-seating in front of an expanded marine lab and classroom space; updated marine lab equipment, furniture, and supplies; and a brand new aquarium tank with exterior visibility on the northeast corner of the lab. Brookfield/RML will also be home to a new Gulf of Maine mural and other strategically placed educational panels, similar to the Historic Fishing Panels installed in 2017. We are committed to preserving the look and feel of the original building, while improving the infrastructure and maintaining the space for conference center purposes as well as educational programming. We remain deeply thankful to the generous donors and grant funders who have contributed to the Brookfield/RML project.
- We were pleased with our marine transportation program this year, which provided more runs to and from Star Island than in recent memory, including many good options for employees wishing to enjoy more time off in Portsmouth. We are now looking ahead to next year, with a goal of finalizing the conference boat schedule prior to the January 5 Chairs and Registrars meeting. We are working with the Isles of Shoals Steamship Company, Granite State Whale Watch and our staff to come up with a master boat schedule that meets our many needs.



STEWARDSHIP

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

- As of October 31, the Annual Fund (AF) had realized \$356,243 in gifts, with a pledge balance of \$51,108, for a total of \$407,351 (81% of our 2018 goal of \$505,000), with 181 Sustaining Star (recurring) donors. Please see the attached October AF Comparison Report for more information. The following chart compares 2018 to the previous two years, as of the end of October:

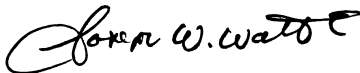
Year	Realized Gifts	Pledge Balance	Total	% to Goal	Total Donors
2018	\$356,243	\$51,108	\$407,351	81%	1,107
2017	\$352,069	\$55,894	\$407,963	83%	979
2016	\$320,640	\$49,297	\$369,937	77%	1,134

We are pleased with AF progress to date, including a 13% increase in the number of donors compared to last year at this time. Our Fall AF appeal letter was mailed at the end of October.

- The Fund Development Committee met on November 5 to discuss the proposed modifications to the memorial bench policy. Their input will help inform the proposal that is brought before the Board at its Board's Winter Retreat (March 1-2).
- We are pleased to have engaged Philanthropy Resource Group (PRG) to conduct a campaign readiness study. Staff has already met extensively with Maryann LaCroix Lindberg, President of PRG, and she will be conducting interviews of a few of our constituents in the coming weeks to help inform her work. We anticipate receiving PRG's preliminary report in early January (in advance of 2019 Budget approval), and we look forward to receiving their final recommendations in time for the Board's Winter Retreat.
- Peter attended the Association of Fundraising Professionals – Northern New England's Annual Conference on November 7-9.
- On October 15, we met with our friends at the Piscataqua Sailing Association to debrief the 2018 Gosport Regatta, and begin planning for the 2019 Gosport Regatta, which will be our tenth annual regatta.
- On October 27, we enjoyed dining with Star friends at The Wilder in Portsmouth, when we raised over \$300 in support of Star Island. Robert's Maine Grill in Kittery is hosting another two Community Suppers in support of Star Island, on November 27 and December 4.
- Starry Night will take place in the Discover Portsmouth Center on November 17. Register today at www.starisland.org/programs/events! This year's speaker will be Dr. Erik Cordes, who will be talking about his innovative research on deep-sea ecology and the impacts of humans on our oceans.
- We are grateful to all of our volunteers, who help out in so many ways. This year, we were the beneficiaries of about 9,600 hours of island volunteerism. Please see the attached 2018 Island Volunteer Report for more information.

As we approach Thanksgiving, it is a wonderful time to think about how grateful we are for Star Island, and for the many people who are stewards of our Spirit's Home.

With Star Spirit,



Joe Watts
Chief Executive Officer