

Star Island Corporation (SIC)
Chief Executive Officer's Report
December 11, 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

- Our 2019 marketing and outreach efforts are well underway, with a heavy focus on Star Arts, Institute on Religion in an Age of Science, Faith Development (the new working title for Lifespan Religious Education), Star Gathering 2 and two new family conferences. Conference and staff joint marketing team meetings for all conferences have been occurring on a regular basis.
- Our sixth annual Veteran's Raffle brought in many entries, and we have drawn the winner and are currently in the process of confirming veteran status and other details before announcing the results. The raffle winner and their family will receive a free week on Star Island in 2019 as a token of our deep appreciation for all that our veterans do for us.
- Our online Pelican application went live on December 4, with an application deadline of January 28. We have received 22 applications so far – slightly more than last year at this time. In addition to soliciting applications via our website, email lists and social media, we have reached out to UU and UCC churches asking them to share our hiring flyer with their congregations, as well as asking our group of Star Island Ambassadors to do the same. As with last year, we are also posting our Pelican positions with some other seasonal employers (such as ski areas) and some colleges that have culinary and hospitality programs. We are planning on placing some additional paid advertisements this year as well.
- We are in the process of communicating with everyone on the seasonal professional staff team about 2019 agreements, which we hope to finalize next month (after 2019 budget approval). We anticipate having an excellent retention rate again this year, which helps in numerous ways.
- Our Alcohol & Safety Awareness Task Force met on December 4 to review the data we received during our summer town hall meetings. John Bynum, Island Manager, asked a series of questions of the group designed to help us determine what changes we would like to recommend for 2019. We intend to communicate our recommendations, along with a few policy changes, at the January 5 Chairs and Registrars meeting.
- The Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC) held its annual retreat November 14-16 at Ferry Beach Retreat & Conference Center, in Saco, ME.

ECONOMIC

- Please find attached a 2019 budget draft, including an accompanying memo and our strategic plan. We look forward to receiving additional feedback from the Finance Committee and Board at their upcoming meetings. At the November 17 Board meeting, the Board voted to increase room and board rates by 4% for the 2019 season. Our goal this month is to secure additional feedback with an eye towards submitting our 2019 budget proposal next month. Highlights of the attached 2019 budget draft include a net operating gain of \$323K, a debt service coverage ratio of 5.34, bed nights totaling

20,650, a 4% increase to room and board rates, a 3% wage increase for all staffing categories and a capital budget of \$1.482 million (\$600K of which is for our new wastewater treatment system).

- Please find attached the October Financials, which project a year-end net operating gain of \$323K (vs. a 2018 budget of \$319K) and capital expenditures of \$1.223M (vs. 2018 capital budget of \$1.343M). The November Financials are due out later this month.
- The Finance Committee met on November 14 to discuss the September Financials, Dashboard and three 2019 budget drafts (see November 17 Board meeting materials). The committee meets again tomorrow night.
- The 2018 audit gets underway soon. Berry Dunn, our auditors, will be in the office the second week of January for the planning phase, and audit field work will take place in late February/early March. The Audit Subcommittee, chaired by Russ Peterson, will hold its initial meeting on January 31.
- We expect online registration for the 2019 conference season to begin in early January.
- As we have done in previous holiday seasons, we are promoting Star Island room and board gift certificates. Gift certificates make an excellent holiday gift, so please spread the word – they may be purchased at <https://starisland.thankyou4caring.org/star-island-corporation-gift-certificates>.
- We are making good progress transitioning our finance department from a fully outsourced model with Insource Services to a hybrid staff/outsource model. In mid-January, our agreement with Insource Services is being restructured to reflect our new finance department model, and we move to a different payment structure on January 17.
- On November 17, at the recommendation of staff and the Finance Committee, the Board voted to authorize an increase to the amount of our Clean Water State Revolving Fund (SRF) loan from \$947,500 to \$1.3 million. As previously reported, the new SRF loan amount will enable us to complete construction of our new wastewater treatment/water reclamation facility, fund an effluent reuse pilot study and install a separate treatment system for winter use. We are working with the NH Department of Environmental Services (NHDES) on the paperwork required to make this change. We expect to submit our formal request later this month, which should lead to this change being official by March.

ENVIRONMENT

- Work on the project itself continues at a good pace. Jack Farrell, Director of Facilities, is serving as the General Contractor for our project, and we are pleased with how things are proceeding in a collaborative way with NHDES and our engineering firm (Underwood Engineers). As previously reported, FR Mahony is providing the Amphidrome system, which is the single largest expense for this project (\$309K) – shipment of the tanks has been delayed, though we anticipate receiving them this month. Additionally, here is an update on each of the six bid items for the project:
 - Bid Item 1 – Non-Electrical Demolition: we completed this bid item with our staff.
 - Bid Item 2 – Pre-purchased Equipment Install: we plan on completing this bid item with our staff in the spring.
 - Bid Item 3 – Metals Supply and Install: awarded to HL Patten Construction on November 27. Work to be performed over winter/spring.
 - Bid Item 4 – Pipe/Miscellaneous Equipment Supply/Install: awarded to HL Patten Construction on November 27. Work to be performed in the spring.
 - Bid Item 5 – Concrete Work: Awarded to HL Patten Construction on September 25. Majority of work completed this fall with remainder to be performed in the spring.
 - Bid Item 6 – Electrical & Instrumentation: Awarded to Ayer Electric on October 5. Work to be performed in the spring.

We are also working with NHDES and our engineer on numerous other aspects of this major project, including our effluent reuse pilot program. We secured builder's risk insurance last month, in advance of the first tank shipment.

- We are working with SFC Engineering, our professional fire safety consultant, on our agreement for 2019 (an annually recurring process).
- We are working with the United States Coast Guard on updating our Public Access Facility (PAF) plans, as our last review was in 2003-2004, when we first received PAF designation.
- We anticipate entering a new professional marine services agreement for 2019-2020 prior to the end of this year. This agreement will be largely similar to last year's agreement, outsourcing workboat runs, providing transportation of passengers, freight, luggage, trash, recycling, material for construction projects, etc. Our arrangement will also include income-generating island-based excursions (e.g. Appledore Island trips). All fuel, maintenance, and repair expenses will be covered by our professional marine services agreement.
- We are working with the Isles of Shoals Steamship Company on the 2019 conference ferry schedule, with a goal of reaching substantial completion by the January 5 Chairs and Registrars meeting. We also hope to finalize the 2019 Uncle Oscar schedule early in the New Year.
- We removed 83 of 95 bagsters of trash and debris from the island this close-up.
- We are making progress with planning several of the projects included in the proposed 2019 Capital Budget, such as plans for the Underworld renovations. The two major items planned for 2019 include a new wastewater treatment/water reclamation facility and the completion of the Brookfield/Rutledge Marine Lab Renovation Project.

STEWARDSHIP

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

- As of November 30, the Annual Fund (AF) had realized \$436,621 in gifts, with a pledge balance of \$27,917, for a total of \$464,537 (92% of our 2018 goal of \$505,000), with 179 Sustaining Star (recurring) donors. Please see the attached November AF Comparison Report for more information. The following chart compares 2018 to the previous two years, as of the end of November:

Year	Realized Gifts	Pledge Balance	Total	% to Goal	Total Donors
2018	\$436,621	\$27,917	\$464,537	92%	1,184
2017	\$415,534	\$42,907	\$458,441	94%	1,067
2016	\$365,684	\$24,025	\$389,709	81%	1,164

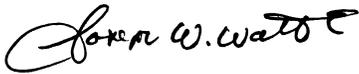
We are pleased with AF progress to date, including a 11% increase in the number of donors compared to last year at this time. We anticipate exceeding our 2018 AF goal of \$505,000.

- Last year, we were very grateful that we had 100% participation from SIC Board members, as well as from the staff team. We are optimistic that we will reach this goal again this year.
- We are grateful to the All Star 1 Conference for donating \$22,000 of its 2018 on-island auction proceeds to the 2018 Annual Fund.
- We are also grateful to the Life On A Star Conferences for their recent generous contributions to Star Island in the form of a \$9,038 gift to the 2018 Annual Fund and a \$5,673 gift in support of our Beloved Community Project. The latter gift enabled us to secure an additional \$5,000 in grant funding from the UU Funding Program (beyond the \$4,000 in grant funding they had already given us).
- We expect to receive Philanthropy Resource Group's (PRG) preliminary campaign readiness study findings in the near future, and we look forward to discussing their final report with the Board at its Winter Board Retreat, March 1-2.
- On November 27 and December 4, we enjoyed two Community Suppers in support of Star Island at Robert's Maine Grill in Kittery.

- We received a grant award for \$2,000 from the Rosamond Thaxter Foundation, renewing their support of our sustainability internship program.
- We enjoyed a successful Starry Night fundraising event on November 17, when Dr. Erik Cordes offered a fascinating presentation about his innovative research on deep-sea ecology and how to make it more accessible to the public in a way that inspires people to effect positive change. We also received some good press in advance of our event (www.seacoastonline.com/news/20181114/deep-ocean-expert-to-headline-star-island-fundraiser).

Happy Holidays!

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, stylized "J" and "W".

Joe Watts
Chief Executive Officer