

Star Island Corporation (SIC)
Chief Executive Officer's Report
January 15, 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 staff/conference joint marketing teams continue to plan for 2019 and beyond, including recent meetings for Star Arts, Faith Development (formerly LRE) and Star Gathering 2/Family Festival. We continue our focus on a number of conferences, including Institute on Religion in an Age of Science and Youth Empowerment and Spirituality. We are also pleased with the independent marketing efforts of the Star Union Conference.
- Please see Ally Miner's Communications Report, attached, for an update on some of our many marketing and outreach efforts.
- We enjoyed a productive and inspiring meeting of the 2019 chairs and registrars on January 5. This annual gathering was attended by conference leaders from many of the 70 conferences and groups scheduled for 2019. We covered a lot of topics and offered man training at this meeting, including rules and recommendations stemming from the work of our Alcohol & Safety Awareness Task Force and the town-hall style meetings we conducted this summer with conferences and the Pelicans.
- Our sixth annual Veteran's Raffle brought in 60 entries from across the country. We will be announcing the winner of the raffle – LaVonne Black of New Albany, PA – via our blog page and social media platforms this week. Lavonne served for eight years in the army as a German linguist in Berlin, and she also spent time in the reserves. LaVonne will be a new Shoaler this year – she heard about Star from a friend. LaVonne is looking forward to her trip, being on the coast, exploring the island, and meeting great people. We are deeply grateful for LaVonne's service, and the service of all of our military veterans, and we are looking forward to hosting her and her family this summer.
- As of today, we have received 83 Pelican applications, which is similar to last year (84) but lower than the previous three years (average of 111). Each year, we continue to expand our hiring outreach, which has helped to counteract, at least in part, a downward trend in applications received. Our Pelican application is live at www.starisland.org/working, and the application deadline for 2019 regular season positions is Monday, January 28. Please spread the word about this amazing opportunity!
- We are pleased that several members of our seasonal professional staff team are returning in 2019, including John Bynum (Island Manager and Food Services Manager), Tim Dullea (IT Manager), Rev. Chris Jablonski (Island Minister), Mark Nash (Facilities Manager), Connor Rasmussen (Logistics Manager), Kristen Simard (Environmental Services Manager) and Sarah Whalen (Community Health Advocate). We are also happy that Alice James (Executive Chef) will be joining our team. Dwayne Aljets and Bob Austin will not be returning this summer, and we are very grateful for their past service in the facilities department.
- Kelly Dwyer became our Accounting Coordinator in late November, and she is off to a great start. Kelly's position is a major part of the transition of our finance department model (see below). We are in the process of hiring a new year-round Administrative Assistant position.

- Please find attached several draft 2018 committee reports, which will be included in the 2019 Annual Meeting packet prepared and sent out to our membership in March.
- The Personnel Committee met last night to review the attached Consolidated SIC Annual Policies (a.k.a. Safe Community Policy), and to begin a longer term look at salary increases, bonuses and the benefit package for year-round/9+ month employees.
- On January 4, we sent out 2019 letters of understanding between Star and individual conferences.

ECONOMIC

- On December 18, the Board approved the 2019 Budget, highlights of which include a net operating gain of \$311K; a debt service coverage ratio of 5.29; bed nights totaling 20,650; a 4% increase to room and board rates; funding for the equivalent of a 3% wage increase for all positions; and a capital budget of \$1.60 million (\$720K of which is for our new wastewater treatment/water reclamation facility). Our 2019 Budget is robust, demonstrating a serious commitment to our strategic goals and objectives.
- Online registration went live on January 1. To date, we have received 489 registrations representing 2,711 bed nights (vs. 375 registrations representing 2,183 bed nights at this time last year). It is premature to draw any conclusions from registration totals at this point in the year.
- Please find attached the November Dashboard, as well as the November Financials, which project a year-end net operating gain of \$334K (vs. budget of \$319K) and capital expenditures of \$1.16M (vs. 2018 capital budget of \$1.34M). We anticipate that the December/year-end financials (due out next month) will include a higher net operating gain due to a stronger than anticipated 2018 Annual Fund performance (see below), as well as an unanticipated insurance payment.
- The first set of FY19 financials – the consolidated January/February Financials – will be ready in early March.
- We are working with Berry Dunn (our auditors) in preparation for our 2018 audit, including an initial planning phase, which took place on Friday in the Portsmouth office. The Audit Subcommittee of the Finance Committee holds its first meeting on January 31, and the audit fieldwork is scheduled for the week of March 4.
- The Finance Committee met on December 12 to discuss the October Financials, Dashboard and the 2019 Budget. The committee meets again tomorrow night.
- We renewed our credit line with Optima Bank & Trust last month.
- We signed an amendment to our agreement with Insource Services on December 20. On Thursday, we officially transition our finance department from a fully outsourced model with Insource Services to a hybrid staff/outsourced model. We have been preparing for this transition for several weeks, and we are confident that it will be a smooth one.
- On December 31, the value of the Star Island Permanent Trust was \$4,049,868, with a 2018 total account return of -1.9% (-2.6% after fee). These 2018 results are better than the broad market average for the year. Since inception (24.25 years), the average annual total account return is 9.3% (8.6% after fee).
- On December 14, we submitted to NH Department of Environmental Services (NHDES) a formal request to change the terms of our existing Clean Water State Revolving Fund (SRF) loan. Our request included three changes: (1) to change the maximum amount from \$947,500 to \$1.3 million; (2) to change the scheduled completion date from May 1, 2019 to December 15, 2019 (with the ability to continue disbursement requests through September 15, 2020); and (3) to change the term from 20 to 30 years (this was approved in April 2018). We anticipate a favorable response to come sometime in March.

ENVIRONMENT

- Our work on the wastewater treatment/water reclamation facility itself is ongoing. We were able to deliver four (of six) of the Amphidrome tanks to Star Island on December 20, and we delivered the remaining two tanks on January 2. The process for delivering the tanks from where they were manufactured to Star Island included several steps. We were pleased to be able to deliver them aboard the M/V Hurricane, and to offload them onto the island using the telelift we purchased last year. The tanks are one part of the overall Amphidrome system, and we continue to work with FR Mahony (our vendor) and Underwood Engineers (our engineer) on details related to other aspects of the system. On January 23, we will have a construction planning meeting with all of our contractors, staff, our engineers and the NHDES to go check-in on the project and make sure everyone is on the same page as we prepare to resume construction in earnest this spring.
- We signed our 2019 agreement with SFC Engineering, our professional fire safety consultant for the last several years, on January 2.
- We signed our 2019 professional marine services agreement on January 9. As previously reported, our 2019 agreement is largely similar to last year's agreement.
- The conference Letters of Understanding include all proposed 2019 conference ferry times, which we agreed upon with the Isles of Shoals Steamship Company on December 21 (ahead of schedule). We anticipate finalizing the 2019 ferry schedule by early February.
- We signed our 2019 agreement with Granite State Whale Watch, the company that runs the M/V Uncle Oscar, on January 4.
- We are excited about this year's capital project plan, which includes over \$1.60 million for projects ranging from Cottage D first floor renovations to fixing up/painting the Chapel steeple. Securing funding for our ambitious capital project plan is one important element for success. Another is getting the work done, and we are in the process of reviewing our overall staffing and contractor plan for the 2019 season. We have identified four categories of capital projects – those that must happen in the winter/spring; those that we would like to have happen in the spring, but could defer to the fall (or later) if needed; those that we are planning for the fall; and those that we could opt to defer to a future year. Our hope is to have the right mix of skilled staff, contractors, Pelicans and volunteers to get everything done on schedule, though it is reassuring to have a plan in place to defer some work if necessary.



STEWARDSHIP

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

- We are deeply grateful to the many Shoalers who made donations in 2018. It was a great year for fundraising, with the Annual Fund leading the way. As of January 14, our 2018 Annual Fund (AF) realized \$548,632 in gifts, with a pledge balance of \$8,100, for a total of \$556,732, surpassing our goal of \$505,000 by over 10%, with 182 Sustaining Star (recurring) donors. We were also pleased to see the number of donors return to the same level as 2016, after a fairly significant dip in 2017. Please see the attached 2018 Year-End 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 | \$548,632 | \$8,100 | \$556,732 | 110% | 1,356 |
| 2017 | \$552,240 | \$70 | \$552,310 | 113% | 1,226 |
| 2016 | \$492,475 | \$4,495 | \$499,865 | 104% | 1,361 |

This is our highest AF total in recent memory, and we are already off to a strong start in 2019.

- We are in the process of recruiting our 2019 AF volunteers. Two of our primary goals are for every conference to have an AF volunteer, and that the number of donors at every conference increases.
- We recently submitted a \$5,500 grant application to the Fuller Foundation for renewed support of arts programs on Star.
- We recently submitted a letter of inquiry to the Roy A. Hunt Foundation for a \$35,000 grant in support of our wastewater treatment/water reclamation facility. We expect to hear from the foundation by the end of February, and if we are invited to apply for a grant, we would anticipate bringing this before the Board at its Winter Board Retreat in early March.
- Please find attached Philanthropy Resource Group’s “Campaign Readiness Assessment,” dated January 10. This comprehensive report is being presented to the Board this month, to give members time to review it carefully prior to the Winter Board Retreat.
- The staff is pleased to present the attached proposal for changes to our existing Memorial Bench Policy. Our proposal is informed by input from several constituencies. We are presenting our proposal to the Board this month, with the goal of having a final vote no later than the Winter Board Retreat, as we are hoping to order benches in March. On January 11, we took a field trip to Swenson Granite Works in Rowley, MA – we anticipate that they will be our bench vendor. This trip reinforced our recommendations, as we feel the benches we are proposing will fit in very well on Star Island.
- We anticipate forwarding 12 new Corporation member applications to the Membership Committee this year, and we are expecting another dedicated and talented membership class.
- 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. Aravis Albert will be working with Justina Maji to coordinate our spring island volunteers this year (with the exception of our medical volunteers, who will be coordinated by Sarah Whalen).



A Board member recently wrote something that resonated with me: “Matters of the heart, spirit, conscience, and community are worth attending to. I am so impressed by and proud of the line-up of conferences and activities on Star Island this summer.” Star does make a difference in peoples’ lives and in the world!

With Star Spirit,

A handwritten signature in cursive that reads "Joe Watts".

Joe Watts
Chief Executive Officer