

Star Island Corporation (SIC)
Chief Executive Officer's Report
April 30, 2019

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 a great conference line-up planned for 2019, and we have received some good publicity about this recently. One example is this April 7 feature in the Portsmouth Herald: www.seacoastonline.com/news/20190407/star-island-announces-summer-conferences. As a reminder, we have a strategic marketing plan that guides our media strategy. We are expecting a few features in other media outlets in the coming months.
- Under the guidance of Community Outreach Manager Ally Miner, our SEA Star Educational Program is moving to the next level. More and more schools are expressing interest in collaborating with us. One great example is that we are working with York (ME) High School to develop a program whereby their entire ninth grade class comes out to Star for an overnight each September to kick off their school year with a hands-on, experiential learning experience that focuses on important things like environmental stewardship and being kind and respectful to one another. Here is an April 9 feature on this exciting possibility: www.seacoastonline.com/news/20190409/star-island-experience-a-perfect-match-for-yhs-students.
- We believe that schools seeking out Star Island as a place to learn about being kind and respectful to one another ties in to our Beloved Community Project. And a lot is happening on the Beloved Community Project front at the moment, including the release of our new book *It Is Time Now – Offerings from the Star Island Beloved Community Project*. As I write this report, we have a team of Shoalers – representing the Board, year-round/seasonal professional staff, and Pelicans – at the Center for Ethical Living and Social Justice Renewal (CELSJR) in New Orleans engaging in anti-racism and diversity professional development. This is training our team will bring back to Star Island this summer (and beyond).
- As previously reported, we have been working closely and over time with selected conferences on marketing and outreach, and in some cases conference planning. Our focus on the SG 2/Family Festival/YES Week recently expanded to include planning for meaningful and enjoyable SG 2 and Family Festival conferences not just for this year, but also for 2020. We are lining up dynamic speakers and workshop leaders who will work through a social justice lens to address the general theme of each year's week ("Body" in 2019 and "Storytelling" in 2020). Our work goes far beyond marketing and outreach – our collaboration includes virtually all aspects of conference planning. We consider this work to be a pilot program, the results of which will help us to determine if this type of collaborative model is worth applying to other under-enrolled conference weeks in the future. Some of our SIC/SG2/Family Festival planning group met last weekend, and the whole group will next meet on Friday.

- From a collaborative marketing and outreach perspective, we continue to focus on several other weeks. One example is IRAS – our SIC/IRAS marketing team recently met on April 26 to talk about 2019 and start thinking about 2020.
- We have nearly finalized our 2019 Pelican roster, though we have three openings remaining. We are excited to have a very strong group of Pels this summer, including some international workers.

ECONOMIC

- As of April 15, we received 2,684 registrations representing 15,974 bed nights (77% of our 2019 Budget goal of 20,650). Last year on April 15, we were at 14,966 bed nights (73% of our 2018 goal of 20,450), and on April 15, 2017 we were at 14,711 bed nights (72% of our 2017 goal of 20,350). We are on track to reach our 2019 bed night goal, though it is still early to draw meaningful conclusions.
- We are currently projecting a net operating gain of \$303K (vs. budget of \$311K) – please see the attached March Financials and Dashboard for more information.
- At its April 9 meeting, the Board accepted the 2018 audit. We have filed the Star Island Permanent Trust Fund's 2018 Form 990 with the IRS. We are in the final stages of filing SIC's 2018 Forms 990 and 990-T with the IRS and the State of NH, as well as filing our A-9 Form (real estate exemption) and A-12 Form (charitable organization financial statement) with the Town of Rye. The Trust's Form 990 will also be filed soon with the State of NH.
- The Finance Committee met on April 3 to discuss several topics, including reviewing our financial statements, the 2018 audit, SIC's Form 990, and reviewing the status of capital projects, with a special focus on Brookfield/Rutledge Marine Lab. The committee next meets on Saturday.
- Our Debt Working Group, a subgroup of the Finance Committee, met on April 12 to continue its look at our borrowing with an eye towards making recommendations in October. The Debt Working Group next meets on May 21.
- We have borrowed against our revolving line of credit, a few weeks earlier than last year, in order to guarantee adequate cash flow during a busy open-up period.
- Our Clean Water State Revolving Fund (SRF) loan has been officially amended, as expected. The loan closing took place on April 5, and we are in possession of all of the final, official paperwork. We are grateful to the NH Department of Environmental Services for our ongoing collaboration, and for access to this special funding. By way of reminder, the SRF loan terms now include the ability to borrow up to \$1.3 million for a term of 30 years at a fixed interest rate of 2.704%. As of today, we have borrowed \$569,944 through this program, including the most recent disbursement of \$184,831, which posted today.

ENVIRONMENT

- On April 12, we had our annual pre-season meeting with the Rye Fire Department (RFD). Director of Facilities Jack Farrell, Island Manager John Bynum, Jeff Murphy of SFC Engineering (our professional fire safety consultant), RFD Chief Mark Cotreau, RFD Lieutenant Jeff DiBartolomeo, Rye Building Inspector/Code Enforcement Officer Peter Rowell, and I were in attendance. This meeting was collaborative and helpful, and it is evident that the RFD is a true partner in ensuring our fire safety. At the meeting, we discussed a range of topics, including our multi-year Underworld project (RFD's top project priority), getting high-rise packs for the RFD to use on island, and a new option for conference storage. This year, RFD will be making five visits to the island – our annual

inspection (May), employee training (June), an overnight visit (July), a follow-up inspection (August), and a post-season debrief/Underworld project review (September).

- We are well into open-up as we rapidly approach the start of the conference season, and we are happy we were able to start earlier than usual this year (on March 11). As previously stated, we have our most ambitious capital project plan yet – at least since World War II – and things are generally on track with most capital projects, in addition to routine open-up activities. This year, we are thinking about the best ways to mitigate project delays should one or more projects bump up against the conference season, which could happen for a number of reasons ranging from bad weather to changes caused by project developments.
- As for our two biggest projects, our wastewater treatment/water reclamation facility project remains slightly ahead of schedule, which is great considering the complexity and variables associated with this project. Our Brookfield/Rutledge Marine Lab (RML) project is about two weeks behind schedule largely due to foundation work, as reported last month.
- Speaking of delays caused by the Brookfield/RML foundation work, we were able to come up with an effective modification of our capital project plans enabling us to maximize the use of our carpentry contractors by deploying them to other projects, when they were scheduled to work on Brookfield/RML but could not. Through this redeployment, we were able to get further along with Oceanic and Shack interior upgrades than originally envisioned, and we were able to make some repairs to Engineer's Cottage. Work on Cottage D, the windows of the Oceanic, and several other projects is at or ahead of schedule. We are grateful to have secured funding to do so much work this spring, and we are paying close attention as things unfold so that we can look at different capital project planning models in the future. Director of Facilities Jack Farrell, joined by Director of Development Peter Squires, will be offering a slide show presentation about our capital projects (among other things) to the SIC membership at the Annual Meeting on Saturday.
- On April 23, we had another productive construction planning meeting about our wastewater treatment/water reclamation facility with contractors, staff, our engineers and the New Hampshire Department of Environmental Services. These meetings continue to be important opportunities to check-in on the project, revise planning as needed, and maintain good lines of communication. Our next construction planning meeting is scheduled for May 14.
- We are in receipt of Amendment No. 11 to our Right of Entry (ROE) Agreement with the Pease Development Authority (the original agreement is from 2005) to use Burge Dock and premises for our boats, sheds, dumpsters, etc. This ROE amendment covers a five year period, through March 31, 2024, which is a welcome increase from previous annual and three year periods.
- Our approach to regulatory compliance has been proactive and collaborative, and this approach guides us as we navigate the complex regulatory environment in which Star operates. We have formed good relationships with many people in the regulatory community. In order to keep us in compliance with myriad regulatory requirements, including filings, we keep and maintain a dynamic workbook that serves as a repository for licenses, registrations, permits, and related materials. This workbook includes a compilation of details for each regulatory filing requirement, including regulatory authority; contacts; compliance and renewal/revision requirements, schedules and timelines; links to forms, fact sheets, and helpful information; passwords and log-ins for online submissions and renewals; ID numbers; personnel requirements; filing requirement status; and which staff member is responsible for the entry. Our regulatory compliance program also includes a checklist/calendar, which includes due dates for all regulatory filing requirements. Additionally, many key regulatory due dates are set as recurrences on my (digital) calendar, as well as on Office Manager Kate Brady's calendar, and we routinely review these due dates with relevant senior staff

and others throughout the year. We believe that when it comes to regulatory compliance, macro- and micromanagement are important tools to ensure that we stay on track.

STEWARDSHIP

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

- As reported last month, as of March 31, our 2019 Annual Fund (AF) had realized \$62,038 in gifts, with a pledge balance of \$11,250, for a total of \$73,288 (14% of our 2019 goal of \$525,000). The following chart compares our progress this year to the previous two years:

Year	Realized Gifts	Pledge Balance	Total	% to Goal	Total Donors
2019	\$62,038	\$11,250	\$73,288	14%	240
2018	\$49,340	\$12,000	\$61,340	12%	181
2017	\$48,509	\$0	\$48,509	10%	172

As of the end of March, we had 183 recurring/monthly donors (162 via credit card and 21 via check), representing a 48% increase over the 124 recurring/monthly donors we had on March 31, 2018.

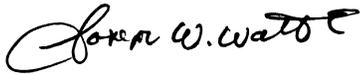
- We anticipate that the April AF Comparison Report, which is due out soon, will indicate that we remain ahead of last year's pace in terms of pledges/donations and recurring/monthly donors.
- As requested at the April 9 Board meeting, please find attached our 10-year AF performance analysis conducted by Five Maples.
- We have secured commitments from 2019 AF volunteers at 15 conferences so far, and our goal is to surpass last year's total of 16 conferences.
- People are starting to receive our spring 2019 AF appeal letter, which should get to everyone no later than the end of this week.
- Our annual Star Island Newsletter also went out recently. This important publication is our primary vehicle for printed donor recognition, as well as an opportunity to build excitement for the coming conference season and a number of our important strategic goals and initiatives.
- We are looking forward to the May 7 Board meeting, during which we will continue discussion about the recommendations made in the attached Campaign Readiness Assessment. Speaking of which, the Fund Development Committee met on April 9 to tee up discussion on the Campaign Readiness Assessment, and discussions will continue at the committee's May meeting.
- We recently submitted grant applications requesting \$25,000 from the Madelaine von Weber Trust and \$10,000 from the Cricket Foundation, both for the wastewater treatment/water reclamation project. We plan to submit a grant request for \$5,000 from the Georgia-Pacific Foundation this spring in support of the Green Gosport Initiative.
- Traci Blackmon, the Associate General Minister of Justice & Local Church Ministries for The United Church of Christ (and future SG 2 Speaker of the Week) has authorized a \$2,500 grant from The United Church of Christ to be used to support the 2019 SG 2 Family Conference. Also, we recently received a \$250 grant from the Portsmouth Garden Club for flowers and gardens.
- We expect to host our final site visit from representatives of the Land and Community Heritage Investment Program (LCHIP) in late May to demonstrate the completion of the historic preservation/rehabilitation work on the Oceanic tower and west façade. This is one of the last steps to fulfill our grant requirements to receive the final \$25,000 payment of LCHIP's \$125,000 grant for

this work. We are grateful for their generous support totaling just under \$400,000 dating back to 2010.

- On April 23, Flatbread Company in Portsmouth hosted a community supper to benefit Star Island, and a “slice” of proceeds amounting to just under \$800 (including our raffle) was donated to Star Island. A good number of Shoalers enjoyed a delicious dinner, and everyone who came through the door couldn’t help but notice our engaging Star Island promotional table.

There is a lot going on. And we know that our work, together, helps us to advance our mission, vision and values. We take pride in the work that we are doing for our Spirit’s Home. We are looking forward to another successful conference season, which begins in just a few weeks.

With Star Spirit,

A handwritten signature in black ink that reads "Joe W. Watts". The signature is written in a cursive, flowing style.

Joe Watts

Chief Executive Officer