

Star Island Corporation
Chief Executive Officer's Report
February 18, 2013

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.

1. *Finance: SIC will be a fiscally sound organization with a sustainable business model consistent with the Corporation's values and mission.*
 - We ended 2012 with an operating gain of just over \$140,000 (double our 2012 Budget goal). We have met our debt service coverage obligations with Eastern Bank for 2012.
 - We have received 300 total registrations for 2013 conferences to date, representing 2,091 bed nights (11.2% of our 18,630 bed night goal). 290 of these registrations came via the online registration portal. These registrations have generated \$88,810, of which \$57,115 is room and board deposits and \$31,695 is conference programming fees we will be disseminating to respective conferences in the near future. In the past, we didn't receive room and board deposits this early, so the new registration system is helping with cash flow.
 - Due to the combination of our operating gain and earlier than usual receipt of room and board deposits, we expect to go about three months (end of November 2012 to end of February 2013) without needing to borrow against our credit line. In the past we needed to borrow immediately or shortly after the mandatory one month no borrowing period.
 - On February 6, we submitted our Shelter Rock Large Grant application for \$100,000 to support critical fire safety upgrades on the island, and expect to know the results in May. We are grateful to Irene Bush for her good work on this application.
 - We hosted a productive Gosport Regatta sponsorship breakfast on February 1, where we engaged existing sponsors to determine what would make other local business partners join this effort for this year's regatta. We have asked our existing partners to invite potential future partners to a March 19 sponsorship event at the 100 Club in Portsmouth. Working closely with the Fund Development and Outreach and Engagement Committees, we are refining our sponsor benefits package for the Gosport Regatta, with the intent of having a sponsorship package ready prior to our March 19 event. Our goal is to at least double our sponsorships this year.
 - Work continues on updating our five year capital improvement plan (CIP). We intend to review this plan with the Strategic Facilities Planning Committee and SFC (our fire safety consultant) next month. Once the five year CIP is ready, we will be able to focus our attention on updating our five year financial plan.
 - Thanks to the generosity of our Star Island community, the Shining the Star capital campaign raised over \$2.2 million and received pledges for nearly another \$2.5 million in planned gifts, exceeding the revised campaign goal of \$4 million. Angela Matthews will be presenting a post-campaign report at the February Board retreat. Also, we are focusing our attention on how we will recognize the many people who contributed to this campaign – please find attached a summary of the recognition wall idea we are pursuing.

2. *Facilities: The SIC facilities will be kept in a steady state to keep Star Island safe, well maintained, structurally sound, and up to date with 21st century standards consistent with the Corporation's values and mission.*

- The island sustained damage during Winter Storm Nemo, when driving snows and 80 mph wind gusts battered the island. In addition to typical damage sustained during a storm of this nature (missing shingles and broken windows), snow infiltrated rooms in almost every case, except where we have recently upgraded to new windows (including Cottage A). The main pump station was destroyed, as were sections of the pier rail. The concrete pier cap and pier electrical conduit was damaged. The flat roof over the kitchen – already damaged during Hurricane Sandy – sustained additional damage and will now require full replacement (the flat roof section that was installed in 2010/2011 performed well in the high winds). All told, the cost of repairs will approach \$40,000, the majority of which is attributable to the roof replacement project (this was already in the CIP for a future season).
- Planning work continues on the major Oceanic north wall/carrying beam and front porch renovation project. We expect to begin on-island work in mid-March.
- We continue to work with due diligence on the Solar PPA project. We formalized our agreement with Revolution Energy by signing a Letter of Understanding, which specifies our mutual expectations of this project. We have conducted comprehensive reference checks with favorable results (special thanks to Dick Case for his assistance with this effort). We are working closely with Revolution Energy on refining the many technological aspects of the project. The ad hoc contract review committee met on February 11 to discuss specific issues with an eye toward developing an analytical approach we might employ once we have a contract draft in hand (expected at the end of this month). We are excited that representatives from Revolution Energy will be attending the February Board retreat. We are most grateful for the volunteer contributions of the many volunteers working on this project.
- We continue to work carefully with Jeremy Bell of ISSCo. (M/V Thomas Loughton) and Sue Reynolds of Island Cruises (M/V Uncle Oscar) to firm up all operational details for 2013. The 2013 ISSCo. contract addendum has been signed, and our 2013 Letter of Understanding with Island Cruises was signed on February 7.

3. *Governance: The SIC will be an effectively governed, well managed organization positioned to deliver maximum value to its members and stakeholders consistent with the Corporation's values and mission.*

- We have disseminated materials for the strategic plan work group participants to review in advance of our February 23 session. Jan and Jim Prochaska will be facilitating, we are expecting 27 participants, and we are hoping to produce a draft strategic plan by the end of our session.
- The first ever joint meeting of the Chairs & Registrars and the Council of Conferences took place on February 2. About 60 conference leaders and delegates attended this productive meeting. There continues to be a sense of enthusiasm and excitement for Star's future.
- We will be developing tactics for achieving our strategic plan's objectives at our April 12 staff retreat.

4. *Human Resources: The SIC will develop, train and maintain effective human resources consistent with the Corporation's values and mission.*

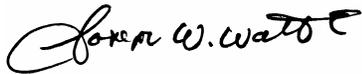
- Prior to our application closing date of January 21, we received 216 Pelican applications for 98 Pelican positions (more applications than last year). The hiring team has been working carefully on assembling a stellar roster for the 2013 season with a plan to send out employment agreements in March.
 - Nearly all senior seasonal staff positions have been filled for the 2013 season, and we are excited about our excellent group of dedicated and competent staff members.
 - Our spring volunteer program application is online, with a due date of February 22. As usual, we are receiving numerous applications.
 - On February 6, we enjoyed our third staff mini-retreat, a monthly opportunity to come together as a staff and work as a team on various issues. This month, we focused on our dashboard.
5. *Community Building Goal: Support a sense of community that serves conferences and conferees and inspires them to support initiatives for the well-being of the entire community consistent with the Corporation's values and mission.*
- Please see attached Board member opening word assignments for the remainder of 2013.
 - Our successful February 2 Chairs & Registrars meeting reinforced many of our Community Building Goal's objectives.
 - We are looking ahead to 2014, which marks the 400th anniversary of the mapping of the Isles of Shoals by Captain John Smith. We hope to partner with a number of organizations to promote this important historical event in a way that welcomes new people to Star Island. We are also investigating the feasibility of a special day visit for House Bill 441 sponsors (see below) and other friends from various levels of government, to be scheduled sometime during the 2013 season.
 - We are looking for volunteers to help work Star Island's booth at the 2013 UUA General Assembly (GA) in Louisville, KY (June 19-23). We have reached out to The Mountain, which appears to be the only other conference center with a presence at GA, to see how we can collaborate with them in preparation for and during GA. Numerous Board and staff members from The Mountain attend GA, and their outreach staff has some good ideas on how to run an effective booth. We intend to meet with them sometime next month.
6. *Outreach and Engagement Goal: The Star Island Corporation will proactively reach out to attract new populations to the Island and to engage all in ways that bring them back each year consistent with the Corporation's values and mission.*
- The 2013 Blue Book (our conference brochure) went in the mail on February 6, on schedule. Feedback about the brochure has been favorable.
 - We were able to launch online registration on February 8, substantially ahead of schedule, to coincide with the release of the Blue Book. We continue to work on refining the look and feel of the system to ensure that it is as user-friendly as possible.
 - The Star Island Newsletter is due out in March.
 - We had a productive meeting with the Outreach and Engagement Committee on February 14, and the staff marketing team continues to meet weekly to advance numerous marketing efforts for 2013 and beyond. Please see attached staff marketing team report for more details.
 - Working carefully with Jack Lightfoot, a Shoaler with good knowledge of and respect from the New Hampshire legislature, we sent a formal request on February 6 to the sponsors of

House Bill (HB) 441 (www.gencourt.state.nh.us/legislation/2013/HB0441.pdf), requesting that the bill include restoration and maintenance of the Smith Monument that already exists on Star Island. Angela Matthews and Jean Lightfoot attended a hearing of the Public Works Committee on February 12, at which HB 441 was discussed. Our request has been favorably received, and it has been informally suggested that if Star Island Corporation would consider an easement to the land under the Smith monument, then the State might be interested in helping us work to secure funding for a restoration. Regardless of the outcome, we have made positive inroads with a number of State legislators.

- The premiere episode of “Stranded” – in which Star Island is featured – airs on February 27 on the “Syfy Channel.” See www.syfy.com/stranded for more information. This show might generate interest in the Star Island Paranormal Experience conference taking place on island in mid-June.
- We are looking forward to our upcoming off-season gathering at South Church in Portsmouth this Friday, February 22. Please see attached invitation for more details, and please forward this invitation to as many of your friends as possible – this fun, low-key event is for both new and returning Shoalers!

There is a positive Star Spirit in the air, and countless people are engaged in our efforts to celebrate and improve Star Island!

Sincerely,

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

Joe Watts
Chief Executive Officer