

Star Island Corporation
Chief Executive Officer's Report
April 16, 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 have received 1,559 total registrations for 2013 conferences to date, representing 10,036 bed nights (53.9% of our 18,630 bed night goal). 1,263 of these registrations came via the online registration portal. These registrations have generated \$385,110 of which \$239,370 is room and board deposits and \$145,740 is conference programming fees.
 - Though we are behind last year by 116 bed nights to date, we are pleased with a few trends. First, our plan requires that we make up for the loss of Southern New Hampshire University (480 bed nights in 2012) – we have almost done this. Second, the pace of registrations has increased substantially over the last two weeks (54% faster than the same period in 2012 and 49% faster than the same period in 2011). Nevertheless, we need to overtake last year's bed night total of 18,268 by 362 bed nights, so we are watching registration numbers very closely and adjusting our areas of focus to optimize enrollment. We are still confident in our annual bed night projection of 18,630, though we will certainly adjust this projection up or down, as needed, as things develop in the coming weeks and months. Please see Justina Maji's and Mike Bray's report for a detailed week-by-week analysis of where we stand as of April 15.
 - The final draft of the 2012 audited financial statements is attached and will be presented to the Board by Melanie Bunker, CPA of Cummings, Lamont & McNamee, PA on April 23. The audit confirms, among other things, that our net 2012 operating gain was \$153,858.
 - It has been nearly five months since we paid off the full balance on our credit line. Though we expect to borrow again very soon, we are pleased to have gone five months without borrowing (compared to the one month or so we've gone in the past).
 - On April 2, we held a successful Regatta sponsorship event at the 100 Club in Portsmouth, with 21 people in attendance (including 3 staff). To date, 13 sponsors have signed on, representing \$7,700 in income (compared to 9 sponsors and \$6,000 last year). We're still short of our goal of doubling our sponsorships this year, though we're making progress. There is a genuine sense of partnership with our sponsors, and we expect this to grow in the months and years ahead. The Seacoast Media Group's Media Guide, which thanks all our sponsors (including those who are contributing in-kind gifts above and beyond the income listed above), will go out to over 60,000 people on May 2. Additionally, we now have a Gosport Regatta sponsorship packet, which provides us with the opportunity to more effectively present sponsorship options to businesses that could not attend our April 2 event.
 - Our new finance database, Financial Edge, is now online and in use, and fully integrated with Raiser's Edge (our fundraising and conference registration database). This integration – which we have not had till now – reduces workload and opportunity for error.
 - Russ Peterson, John Bush and I attended a productive meeting of the Star Island Permanent Trust on April 11 when, among other things, we had a detailed conversation about permanently restricted contributions, enjoyed a presentation on the Trust's performance, and presented the Trustees with a

brief update from Star Island Corporation. The Trust is valued at \$3,219,847 as of April 8 (please see attached summary pages for more information).

- We will be meeting with representatives of Eastern Bank on Tuesday, April 23. We expect to meet our new account representative, have a general check-in, discuss some points raised at the April 11 Permanent Trust meeting and discuss the future of our banking relationship, among other topics.

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.*

- We have come up with a budget-neutral plan to pay for damage we sustained this winter. Please see March Financials for details. We have deferred a number of projects that we will reinstate as soon as possible, whether in 2013 or 2014 (as we are able).
- With good input from staff, SFC (our fire safety consultant) and the Strategic Facilities Planning Committee, we have updated our 5 year Capital Improvement Plan (CIP). This plan will go before the Finance Committee this week, and we intend to present a final draft, along with an explanatory memo, to the Board next month.
- We are off to a great start to this year's open-up, in large part due to good planning, good employees, contractors and volunteers, and good weather. With a larger than normal crew due to the Oceanic project, it has been helpful to have John Bynum on island to handle all food service needs as well as get a jump on opening Newton Centre (our off-season kitchen) and planning for the upcoming season. As we are starting more capital projects earlier each season, there is an increased need for adequate accommodations (electricity, heat, water and wastewater) for contractors, staff and volunteers.
- Jack Farrell represented Star Island Corporation during our annual meeting with SFC, the Rye Fire Department and the Rye Building Inspector on March 21. The meeting was congenial, low key and routine. Everything covered was expected and there were no difficult questions or issues raised. It is evident that there is good collaboration between SIC, SFC, RFD and the Rye Building Inspector.
- Our major Oceanic north wall/carrying beam and front porch renovation project is going well. The rot damage discovered was very extensive, requiring complete replacement of the carrying timbers on both floors above and below the Lobby, and timber replacement well into Atlantic at the first floor level. There were a number of additional serious structural deformities uncovered which have been repaired. This project was very necessary and its completion will set the front of the Hotel up in good shape for a long time. Our continued support of our current weatherproofing goals will prevent these types of major problems from happening in the future. Despite the additional damage that was discovered, we are working to stay on budget for this project due to having a great crew working fast in good weather, along with the fact that we are serving as our own general contractor for this project. We are pouring a large number of concrete footings, and hope to extend work under Gosport as our budget allows.
- Based on input from the Rye Historic District (HDC), the Property Standards Committee continues to refine the porch railing design. By next week, we expect the committee to vote on a final railing design which would also meet the HDC and Rye Building Inspector standards. At the Annual Meeting, we will present an update on the Oceanic project, including the new railing design (the most noticeable change people will see this summer).
- We continue to make significant progress towards a comprehensive solar power solution for Star Island. On the technical front, we continue to work closely with Revolution Energy and have provided them with nearly all of the information they need about our systems. We have discovered that there is some information we don't have and will need to collect this summer (e.g. how many gallons we use for showers), though these details should not slow down the process. We are very

close to the point where the technical development of this project is such that we can proceed to development of a final contract, and we expect to reengage with the Ad Hoc Solar PPA Review Committee in the coming weeks.

- We had a proactive and positive meeting with representatives of the New Hampshire Department of Environmental Services (NHDES) on April 10. Jack Farrell, Kristen Simard, Clay Mitchell (Revolution Energy), Eric Weinreib (Altus Engineering) and I represented Star, and 12 regulators from different divisions, including Assistant Commissioner Vicki Quiram, represented NHDES. It is evident that the NHDES supports our request for an interdepartmental approach as we investigate and move forward with our next generation energy and wastewater treatment systems. Involving NHDES as a partner at this stage of the process is important and exciting, and we believe that our comprehensive approach to upgrading our systems is appealing to them (and will ultimately facilitate whatever approvals and permitting we will need to secure). We feel that Star Island can become a model for other places to emulate, and we are planning to get to the point where the NHDES will showcase us as a shining example of what can be accomplished when people work collaboratively with regulators. To quote Jack Farrell, this meeting was “nothing short of extraordinary.”
- We have decided to have a back-up generator on island for 2013 to ensure that we can provide reliable power for the season. We are looking at a lease agreement with a low monthly cost, which would increase on an hourly basis if need to use the generator. This plan should get us through to 2014, when we will either purchase new generators outright or have them rolled into the multi-year solar power purchase agreement under consideration.

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.*

- Our draft strategic plan for 2014-2016, as refined at the March 26 Board meeting, went out to Corporation members along with the Annual Meeting packet on March 29. The plan will be presented to the Corporation at the Annual Meeting on April 27.
- At our April 12 staff retreat, we began the process of drafting tactics to achieve the objectives of our draft strategic plan. We accomplished a lot and expect to have a complete set of draft tactics in the coming weeks. Once the strategic plan is finalized, we will be able to finalize our tactics, all of which we expect to complete well before the 2014 budget process.
- Also on April 12, we developed some draft “measurables” to be included in our “dashboard.” Our dashboard is designed to provide us with simplified and relevant information that is central to our success (e.g. number of bed nights/season). We believe that redesigning our dashboard in conjunction with both the strategic planning process and the implementation of our new database system is the most effective way to tie all of these pieces together to maximize our information gathering and sharing in the months and years ahead.

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

- We have nearly finalized the 2013 Pelican team. We are in the process of filling a few remaining positions from our robust waitlist, and expect to complete this process by next week (ahead of schedule). We have an excellent group of employees this year!
- We had a productive meeting of the Personnel Committee on March 20, where we discussed a number of topics ranging from the Pelican hiring process to our alcohol and drug policies.

- We have completed a comprehensive review and revision of our Personnel Handbook, with significant input from Saleha Walsh of Insource Services (our HR consultant) and legal review of selected topics from Charla Stevens of McLane Law Firm (our counsel).
 - On March 21, we had a meeting with Saleha and Charla to discuss proactively a number of personnel related issues, including ADA compliance, alcohol and drug policies, selected First Aid Station policies, vacation time accrual and hourly and weekly pay logistics. We are in a good position overall, and we are looking at ways we might become even more effective in 2014 and beyond.
 - We enjoyed a staff bonding event on March 27, working on breaking down our old “Star Shed” (our storage shed at the dock in Portsmouth) and building a new one. It was nice to be together in this way – something we seldom have a chance to do.
 - We also had a very positive and productive staff retreat on April 12, one of our semi-annual day-long staff retreats. The focus of this retreat was to continue our work on team-building, draft tactics for our draft strategic plan, and draft measurables for our new dashboard (see above).
 - Please find attached our staff covenant and meeting guidelines. We developed these together over the winter and intend to revisit them from time to time to make sure we are on track and to refine them as necessary.
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.*
- We have made substantial progress on planning our presence at the 2013 UUA General Assembly (GA) in Louisville, KY (June 19-23). Kris LoFrumento and Sue Flynn have agreed to serve as our booth “anchors,” and we are starting to hear from others who are interested in volunteering to join Kris and Sue in our booth. We still have room for volunteers, so if you or someone you know is interested, please let me know. On April 4, we had a fruitful meeting with Christy Kelly, The Mountain’s (www.mountaincenters.org) marketing person. The Mountain, a UU conference center in North Carolina, has had a presence at GA for some time, and we are booth neighbors with them this year. Christy is helping us to prepare, and we are planning to collaborate in a number of ways throughout the event.
 - The Isles of Shoals Historical Research Association’s (ISHRA) (www.ISHRA.org) spring meeting took place on April 9 and, on behalf of Star Island Corporation, I expressed appreciation of and gratitude for all they do for Star, ranging from excellent programming to substantial volunteer efforts. Dudley Dudley offered a compelling presentation chronicling the attempt by Aristotle Onassis to build a mega-refinery in Durham serviced by a super tanker terminal located at the Isles of Shoals. We intend to reach out to Dudley to bring her out to Star Island in some capacity this summer, likely in conjunction with offering a similar presentation.
 - The first meeting of the recognition work group is set for April 22. We will be taking a close look at our recognition plans in general, including the recent capital campaign, past staff leaders, and significant volunteer achievements.
 - We met with representatives from the Blue Ocean Society (www.blueoceansociety.org) on April 3 to discuss plans to hold at least two more presentations and volunteer clean-ups at Star Island this summer (one with the Pelicans and another with an August conference). We are also exploring the possibility of a partnership between the Blue Ocean Society and the Rutledge Marine Lab.
 - We learned recently that our efforts to include restoration of the existing Smith Monument on Star Island into House Bill 441 (which ultimately became part of HB 25) did not succeed. The process did manage to increase Star Island’s profile in positive ways, and we believe our recent efforts will bear fruit as we further plan and promote our 400th anniversary celebrations next year.

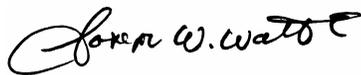
- Working with the Conference Services Committee, we are focusing on improving the food service experience on Star in a number of ways, including planning a sidebar for folks with dietary restrictions in the dining room (in addition to continuing tableside vegetarian service) stocked with yogurt, rice, nuts, nutritional yeast, etc. for those with certain dietary restrictions. We are also hoping to launch the “Island Grill” (at the base of the pier during peak day visitor boat arrival times) and to sell baked goods to conferees to bring home with them. In advance of this season, we are planning on sending a food service survey about food offerings and style of service to all 2010-2012 conferees.

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.*

- Russ Peterson and I attended a dinner event with approximately 20 people in attendance, predominantly representatives of the University of New Hampshire and Cornell University. This event focused on five emerging principles (see attached) about the future of the Shoals Marine Lab. A spirit of collaboration and symbiosis was evident.
- The electronic version of the Star Island Newsletter went out on April 8 and hard copies are due to be sent out to selected recipients in the near future.
- We are looking forward to the two community dinners taking place at Robert’s Maine Grill (Kittery, ME) on May 7 and May 14. Please help us spread the word to your friends in the Seacoast region.
- We are in the early stages of evaluating the effectiveness of our new discount programs. Up to this point, the former Pelican discount has been the most popular and the new family maximum has not caught on to the degree we were expecting. We are adjusting our marketing efforts to maximize the effectiveness of all programs, as we believe they will ultimately attract a large number of new folks (and folks who haven’t been to a full conference since 2010).
- The Facebook group “Hey Pels (& Pel Friends) – come to Star Island this summer!” was launched on March 28 and currently has 563 members. We believe that Facebook and other social networking opportunities are the best ways to reach the largest number of former Pelicans.

The Annual Meeting is just around the corner, open-up is well underway and our first guests arrive on island in less than two months. We are very excited!

Sincerely,



Joe Watts
Chief Executive Officer