

Star Island Corporation
Chief Executive Officer's Report
July 19, 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.

We are about halfway through the regular season. Generally speaking, our guests are very happy. The food is good, the island looks great and the Pels are fantastic. We are having a great summer.

The focus of this report is on budget projections, the solar power project, and various outreach efforts designed to increase enrollments. There are many other things going on, ranging from a very successful follow-up inspection from the Rye Fire Department and the State Fire Marshal's office to receiving a \$2,500 Gosport Regatta sponsorship from Eastern Bank. These items will be covered in my August report.

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 3,078 total registrations for 2013 conferences to date, representing 16,570 bed nights (88% of our 18,630 bed night goal). 2,396 of these registrations came via the online registration portal. In total, registrations have generated \$395,416 in room and board deposits and \$224,246 in conference programming fees, in addition to room and board payments collected on island.
- As of July 15, we were at 16,358 bed nights (please see attached bed night report). This is 58 bed nights ahead of where we were on 7/15/12 and 292 bed nights ahead of 7/15/11. As of July 19, we were at 16,570 bed nights. This is 645 bed nights short of where we were on 8/1/12 (17,215) and 110 bed nights ahead of 8/1/11 (16,460).
- Based upon lower than expected enrollments at specific conferences, the June Financials include a projection of 18,380 bed nights, 250 bed nights short of our 18,630 budgeted goal. While there is still a pathway to get to 18,630, it is now prudent to decrease expectations and plan accordingly. We are working on a plan to accommodate this projected decrease through expense reductions in various areas (see attached June Financials for details). Our intent is to stay within the footprint of the budget – we have made some adjustments already to help get us there. Other adjustments are being developed, and we want to wait and see how the bed night picture unfolds over the next month before implementing certain changes. We expect to have a much better sense of the bed night picture, and resulting impact on other line items, by the August Finance Committee and Board meetings.
- Despite this change in bed night projection, we are encouraged by a number of things. Numerous major conferences met or exceeded their budgeted goals, and we expect this to continue in the future. For those conferences that were significantly underenrolled, we have identified legitimate pathways for future growth. We are already working with the leadership groups of these conferences on what we can do to enhance enrollments significantly in 2014.

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 are in the final stages of contract development with Revolution Energy, and we expect to have a contract in place to send to the ad hoc contract review committee by July 25, after which we have scheduled two meetings of the committee. In addition to the contract, we plan on sending our contract assessment tool, a written opinion from Tony Delyani (our attorney) and a breakdown of our current

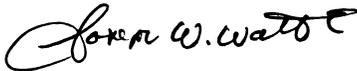
and proposed energy costs (as defined by the contract) to ensure that committee members have the information they need to come to a recommendation. We hope to have a recommendation to the Board for consideration at the August Board Retreat.

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.*

- In response to lower than expected enrollments at Star Gathering 2 Family and Youth Conferences, we recently launched a significant discount of 50% off for people new to Star who regularly attend selected UCC congregations throughout New England. We have offered this to 34 churches, and while it is too soon to gauge the impact of this last minute offer, the response to our contact has been overwhelmingly positive and we expect to develop a similar UCC congregation discount for 2014, which we can promote actively earlier in the process and expect will increase 2014 enrollment substantially.
- We have launched a similarly structured UCC congregation discount for Laity Weekend for 2013.
- We are promoting specific package deals and the multi-conference discount in a number of ways to increase attendance at selected "Gap Week" conferences.
- We are planning on reopening the Former Pelican discount, pending some final analysis and input from Outreach & Engagement Committee members.
- We are staffing a table at the "Sail Portsmouth" event early next month to promote the Gosport Regatta and other Star Island conferences and programs.
- We have extended the multi-conference discount of 50% to include the new Mindful Health Conference in early September.

Despite some challenges, this has been an incredibly rewarding conference season so far. People are having a great time, which ultimately helps our shared enterprise in many ways.

Sincerely,



Joe Watts
Chief Executive Officer