

Star Island Corporation
Chief Executive Officer's Report
October 15, 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.*

- After final reconciliation of bed nights for the 2013 season, we can report that we received 3,776 total registrations for conferences and personal retreats, representing 18,170 bed nights (97.5% of our budgeted 18,630 bed night goal). Our online registration portal brought in 2,805 (74.3%) of these registrations. These registrations generated \$426,749 in room and board deposits and \$241,351 in conference programming fees, in addition to room and board payments collected on island.
- Our September financials demonstrate an additional decrease to room and board income for the year, one of the main causes of which is that significantly more children attended conferences this season than last, resulting in an income reduction of nearly \$30K. We intend to program our new database to track bed nights by age in 2014, which will enable us to receive these financial data in a more timely fashion. Our September financials also forecast an additional decrease to seasonal staffing expense for the year, which is a result of a number of factors including diligent hours monitoring and variable staffing. We hope to capitalize on this success even more in 2014.
- As a result of Winter Storm Nemo (technically named "Disaster FEMA-4105-DR-NH"), we have received a letter from the State of New Hampshire Department of Safety, Homeland Security and Emergency Management (HSEM) that states "a check or direct deposit to your financial account will be sent separately for \$259,918.18..." These funds are intended to be allocated as follows:
 - Dining Hall Roof: \$33,468 reimbursement and \$7,866 mitigation work
 - Main Pump Station (wastewater treatment system): \$11,839 reimbursement and \$7,055 mitigation work
 - Pier: estimated \$102,040 reimbursement/repair and \$97,650 mitigation work

Approximately \$45-50K of the reimbursement/repair funds would favorably impact our 2013 operating margin (e.g. the \$33,468 helps reimburse us for the roofing we needed to replace as a result of the storm). The remaining amount of \$210-215K would be designated as temporarily restricted until such time as it is spent (expected in 2014). Though we are increasingly confident that we will be receiving this funding, we believe the prudent course is to not include it in our financials at this time.

- We are pleased to present three budget versions for discussion during our October Board and Finance Committee meetings, with the intent of gathering input prior to staff proposing a budget for 2014 (scheduled for next month). Please see Finance Director Kristi Vazifdar's memo and 2014 budget versions for more details.
- The Star Island Permanent Trust met on October 8. Mike Charland of Wilkins Investment Council walked us through our portfolio which, as of October 4, was valued at \$3,359,092. The total account performance history since inception (9/94) was 10.0% (9.2% after fee). At the meeting, the contributions of recently deceased Trust member George Brandenburg were

acknowledged, and it was decided to leave George's position vacant until the next Annual Meeting of the Corporation. The Trust voted to disburse \$138K to Star Island Corporation in accordance with their spending policy (4.5% of a 3 year moving average, disbursed annually). The Trust also voted to invest up to \$7K in two important efforts to increase the Trust's holdings, a revamped McGill Society brochure and a web-based planned giving vendor, should Star Island Corporation choose to formally request funding for these resources.

- Lease negotiations continue with the Portsmouth Historical Society, with the intention of continuing to have our Portsmouth office in our current location.
- We were pleased with the overall success of our 2013 discount program, and are working carefully on our 2014 program. Please find attached a report on our 2013 discounts from Mike Bray and Kyle Belmont.
- We are sending out our fall Annual Fund appeal letter this week to over 7,000 potential donors.

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.*

- Our chapel capacity will increase next year, something we have been working on accomplishing since 2006. We have received a waiver signed by State Fire Marshal William Degnan stating that our request for a variance has been granted, subject to installing sprinklers and reconfiguring the door to swing in the direction of egress travel. Once we perform this work (expected prior to the 2014 conference season), we will be able to increase the permitted capacity of the chapel from under 50 to 91 persons.
- We are enjoying a productive yet low-key close-up. Due to the Gosport Regatta, close-up has been stretched out a bit compared to normal, and is anticipated to extend through mid-November, when our winter caretakers arrive. In addition to the Regatta, we were able to host a small birding conference and the Star Island United Church of Christ Board, as well as a volunteer weekend, during this year's modified close-up period.

- Stainless steel cables have been installed on the new front porch railing – the photo to the right demonstrates that these cables blend in, preserving historic aspects and wonderful views, while at the same time bringing the railing to code and, most important, making the porch an even safer place.



- We continue to make progress towards a comprehensive alternative energy system. The Ad Hoc Solar PPA Review Committee met on September 30 and discussed the most recent contract draft, offering some suggestions for further inquiry and revision. We are seeking our auditor's opinion on how the financial arrangements specified by the current contract draft will be treated. We have been working closely with Revolution Energy to flesh out some of the technical details of the project to ensure that we are confident that the contract terms are in line with the technical capabilities of the proposed system. We expect the investor summary, which is contingent upon technical details and financial modeling, to be completed in the near future. We recognize that

time is running short, as our letter of understanding with Revolution Energy, as well as the contingencies specified in Article 9 of the contract, identify December 31, 2013 as the deadline for completion. Our ad hoc group will reconvene on October 30.

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 sent out a "Starburst" to key stakeholders on October 15, celebrating successful conferences, the increase in chapel capacity, FEMA reimbursement and mitigation funding, the return of IRAS in 2014, our strategic map for 2014-2016, progress towards a comprehensive alternative energy system and 2013 financial aid awards. More substantive communications on selected topics will be sent out in the months ahead, and ongoing communication with our constituents remains a high priority.
- There was a productive meeting of the Council of Conferences on October 12, where a number of topics were discussed, ranging from conference governance and rate structures to how to engage the next generation of Shoalers. There was a conversation about IRS group exemption status, during which we expressed our desire to work collaboratively with individual conference leaders wishing to further explore bringing more structure/organization to their conference.

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

- We enjoyed a productive staff retreat on Star Island on October 10. Our biannual retreats provide year-round and senior seasonal staff members the opportunity to come together as a leadership team to focus on team-building and one or more particular topics. At this retreat, we focused on potential income opportunities that we could develop over the next one to three years.
- As supported by the Board's 2014 budget guidelines, our budget versions include a compensation increase for all staff members (year-round, senior seasonal and Pelicans). The budget versions also include funding to act upon some of the recommendations we received from our HR consultant.
- Through proactive management and careful hours tracking, we have exceeded our own expectations by providing high quality service while significantly reducing staffing expense this year. Our variable staffing efforts have increased efficiency, while at the same time keeping customer service at a high level.

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.*

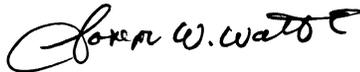
- I attended the Isles of Shoals Association Unitarian-Universalist (ISAUU) Board's meeting on October 3, where I affirmed our appreciation for all that the ISAUU does for Star Island. A number of topics were covered, and the ISAUU Board voted to authorize a fall gift to Star Island Corporation of up to \$15K, depending on the final reconciliation of the Shops on Star.
- We concluded a successful conference season, marked by gatherings filled with the Star Spirit.
- On September 26-29, I participated in an enriching retreat of UU camp and conference center directors at Unirondack. This multi-faceted retreat focused on numerous opportunities for collaboration, ranging from shared grant opportunities to increasing our connection with the UUA through their "congregations and beyond" vision, as expressed in Rev. Peter Morales' paper (www.uua.org/documents/moralespeter/120115_congs_beyond.pdf). The next annual retreat of

UU camp and conference center directors will take place on Star Island in September 2014, with a focus on fundraising strategies.

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 Fall 2013 edition of the Star Island Newsletter, with a focus on Star giving in its various forms, was popularly received.
 - On September 18, I attended a planning meeting hosted by Art-Speak, the City of Portsmouth's Cultural Commission. The meeting focused on the creation of a Portsmouth area arts and cultural alliance. Our intent is that Star Island Corporation will become a central part of this important local initiative.
 - Crisp September weather and good cheer graced the Gosport Regatta, which took place on September 28-29. This important outreach and fundraising event has grown each year, and our strong partnership with the Piscataqua Sailing Association and others is increasing awareness of Star Island in a number of positive ways. We are grateful to our many event sponsors, and we value these partnerships and look to build upon them even more next year. Mark your calendars – the 2014 Gosport Regatta will take place on September 20-21, and we are hopeful for an even stronger turnout. Please see Director of Development Angela Matthews' report for more details.

As I approach the end of my first year as CEO, I have been reflecting on how much we have accomplished, and how much I have learned. I am grateful for the ongoing support of numerous Shoalers, as we work together for the benefit of our Spirit's Home.

Sincerely,



Joe Watts
Chief Executive Officer