

**Star Island Corporation**  
**Chief Executive Officer's Report**  
**November 4, 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 are pleased to propose a 2014 budget to the Board which supports our budget guidelines. The budget accounts for the FEMA funds received (see below) and does not address the comprehensive alternative energy project we are working on with Revolution Energy. For the December Board meeting, we intend to present a budget version that does account for the energy project.
  - With a strong operating gain and a commitment to our island infrastructure, the proposed 2014 budget also includes a number of items that address affordability, including a reduction in 6-11 year old rates, an increase in financial aid and additional discount funding. The budget adequately funds staffing, marketing and numerous other areas essential to a successful year.
  - We have received a check for \$259,918.18 from the State of New Hampshire (FEMA funds), for reimbursement for and repairs to damages caused by Winter Storm Nemo (technically named "Disaster FEMA-4105-DR-NH"), as well as mitigation work to prevent damage from future weather events. Approximately \$47K is reflected as 2013 income in the October Financials, and the remaining \$213K is factored into the proposed 2014 budget.
  - Lease negotiations continue with the Portsmouth Historical Society. Our current rental agreement ends in January 2014.
  - Given our good cash position at the start of the year and our current cash flow situation, we were able to pay down the last of the credit line in October, sooner than anticipated. This is earlier than last year and should be a trend that will continue as long as we are able to consistently achieve our budgeted operating gains.
  
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 21<sup>st</sup> century standards consistent with the Corporation's values and mission.*
  - The new fire pump is on island and is in the process of being placed in the fire pump house. We intend to make as much progress as we possible on installing the new pump without actually filling it with water, and the rest of the set up and commissioning will be completed in the spring.
  - We have been working with the New Hampshire Department of Environmental Services and a volunteer composting expert to devise a system to compost sludge from the wastewater plant on the island. This process has the potential to save time and money, and to provide a source of valuable organic material to enhance island soils. This work has enabled us to eliminate the need to export sludge for 2013 resulting in savings in labor and disposal costs.
  - The new pier crane, installed at the beginning of this season, has enabled easier transfer of many items from our workboat to the island. With the replacement of the steel float with

lighter wooden floats, we have been able to haul floats with the crane this season instead of rolling them up the beach. The process is safer, quicker and can be done with less labor.

- Preliminary planning is underway for improvements to the fresh water system for 2014, which would include filtration of cistern water to provide better showers, as well as a more efficient source of drinking water.
- Planning is also underway for a number of 2014 projects including fresh water transport tanks on the Perseverance, dining room decor and soundproofing upgrades, kitchen improvements and building weatherization.
- The close-up process is nearly complete and activity on the island is winding down. We expect to hand the island over to Alex and Brad, our winter caretakers, around the middle of this month.
- Work continues on our comprehensive alternative energy system, including several meetings between Revolution Energy and our staff and committed volunteers. The Ad Hoc Solar PPA Review Committee met on October 30, when updates on progress in the areas of technical development, financial modeling and the most recent contract draft (including our auditor's opinion) were provided and discussed. The committee expressed concern that the project hasn't been finalized, as we are fast approaching the December 31 deadline stated in our letter of understanding with Revolution Energy. The committee also expressed full support of the project and wants it to move forward. A great deal of work has been accomplished over the last few weeks, and as of the writing of this report, we anticipate that the project details and the financial model and investor summary will be finalized in the immediate future. Once this is accomplished, Revolution Energy can formally approach their bank and potential equity investors. On November 1, I met with Clay Mitchell of Revolution Energy and expressed our timing concerns and also our support to get this project "across the goal line." Clay remains confident, and points to a number of pieces that are coming together right now. Clay also noted that by including our 2013 energy consumption information (including late season data) in the equation, the technical plans that are being finalized now will be better than they would have been without it. We expect to know a good deal more about how things are progressing by the November 19 Board meeting.

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 continue to provide regular communications to our constituents, most commonly via email/social media outlets.
- As we approach 2014, we are rolling out our strategic map for 2014-2016 in a number of ways. Later this month, a formal communication will be sent out from Board President Sharon Kennedy. Informally, we have been sharing the strategic map at various conference planning meetings. Remarks at Starry Night will highlight our successes with our current strategic plan, as well as presenting the map that will guide us for the next three years.

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

- We were the beneficiary of 10,058 hours (approximately 1,436 days) of island volunteer time in 2013, which does not include conference volunteer projects, conference volunteerism, Board and committee work and/or any volunteer work that took place off-island (e.g. office volunteering). 3,407 hours were volunteered during open-up, 5,345 hours were volunteered

during the conference season and 1,125 hours were volunteered during close-up. A conservative estimate of the total value of this island volunteerism is \$86K. We are deeply grateful to our island volunteers for their service.

- We are gearing up for the 2014 Pelican hiring process. The application for employment for next season will be posted online next month.
- We have been working on lining up our senior seasonal staff team for 2014 and expect to have a higher than usual retention rate. We had a great team this year and continuity with talented staff members is a big part of having a successful year.

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 November 2 annual meeting of Life On A Star (LOAS) to deliver our heartfelt appreciation for all that LOAS does for Star Island, along with some updates on Star Island Corporation business. We also communicated with several other conferences in advance of their fall meetings, with some updates and messages of appreciation and support.
- We are working diligently on our 2014 conference schedule, including setting up some exciting new offerings. We currently anticipate hosting at least 63 conferences and groups in next season.
- We have begun planning for the 2014 General Assembly (GA) of the Unitarian Universalist Association, which will take place June 25-29 in Providence, RI. We are hopeful to have a strong Shoaler presence at next year's GA due to it being held at a New England venue.
- We continue to work with leaders at other UU camps and conference centers with the intent of building and promoting the UU camp and conference center experience. We are investigating the possibility of seeking funding from the Unitarian Universality Congregation at Shelter Rock (UUCSR) for the 2014 season and beyond. We intend to meet as a group with representatives of the UUCSR to discuss these possibilities.
- We have done some preliminary research into conservation easements, including forming a task force comprised of Tom Coleman, Josh Davis, Jack Farrell and me. We believe that conservation easements are a possible way to help sustain our natural and historical environment. We are committed to conducting our research in a manner that is consistent with our business plan and long-term vision for the Shoals, including our long-term partnership with the Shoals Marine Lab. At this point, we are gathering information to determine if this is a viable and worthwhile avenue to pursue in the future.
- We are offering a targeted congregation discount for 2014, which will increase integration with UUA and UCC denominational affairs.

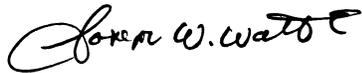
6. *Outreach and Engagement Goal: The Star Island Corporation will proactively reach out to attract new populations to the Island and to engage all in ways that bring them back each year consistent with the Corporation's values and mission.*

- Work continues with the Outreach and Engagement Committee, as we look ahead to our marketing and outreach plans for the 2014 season. We have a meeting scheduled for November 21, and we are increasingly utilizing the committee as an out-of-meeting resource for particular areas of inquiry, such as getting feedback on our upcoming web site redesign, which is anticipated to go live next month.

- We are gearing up for Starry Night, which will take place on Saturday, November 16. We are excited about this event, and we encourage everybody to attend – we hope to see you there, and please spread the word as broadly as possible.
- We are working on our 2014 Program Catalog (formerly known as the Blue Book). In addition to general information about Star Island and listing our exciting lineup of 2014 programs (conferences), we will be featuring our discount programs and acknowledging our 2013 Gosport Regatta sponsors.
- We are holding a raffle to honor our military veterans, which will be launched on Veteran's Day. The winner and his or her immediate family will receive free room and board at one of our selected 2014 conferences.
- Please see attached discount summary for a complete description of the discounts we intend to offer in 2014.

Due to a planned vacation, this CEO report has been written earlier than usual. I will augment this report with a verbal update at the November 19 Board meeting.

Sincerely,

A handwritten signature in black ink that reads "Joe W. Watts". The signature is written in a cursive style with a large, stylized initial "J".

Joe Watts  
Chief Executive Officer