

Star Island Corporation
Chief Executive Officer's Report
November 17, 2014

***Our 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.*

***Our Vision:** To create on Star Island an environment that frees all who come to renew spiritually, explore matters of consequence, and gain knowledge about the world as it might ideally be.*

COMMUNITY

- We launched our second annual Veteran's Raffle on Veteran's Day. The raffle winner and his or her family will receive a free week on Star Island in 2015, as a token of our deep appreciation for all that our veterans do for us. The drawing will occur on December 12. To date, 89 veterans have entered our raffle, which already exceeds last year's final entry total of 84. News of the raffle was carried in the national UCC email newsletter "Keeping You Posted" (www.act.ucc.org/site/MessageViewer/?dlv_id=94181&em_id=67143.0) and in our local paper (www.seacoastonline.com/article/20141110/NEWS/141119940/101017/NEWS).
- Over the next few months, we will be reorganizing our web site (www.starisland.org) in order to achieve several goals, including clearly presenting who we are and what we do, as well as presenting information in helpful and easy to use ways, particularly for potential new Shoalers. We will also be updating content as we go. We hope to identify funds for a complete web site redesign at a future date.
- The Personnel Committee is meeting this evening to discuss several topics, including gathering input on the 2015 wage review of Pelican and selected senior seasonal staff positions, as well as having an initial conversation about merit based pay increases (as suggested at the October 23 Finance Committee meeting).
- We are gearing up for the 2015 Pelican hiring process, which will again be ably managed by Office Manager Kate Brady. We anticipate our application to be online in early December.
- The Isles of Shoals Association Unitarian Universalist (ISAUU) held its annual meeting on November 2, where I had the privilege to offer Star Island Corporation's appreciation for all that ISAUU does for Star, and to enjoy a presentation offered by Irene Bush, Island Heritage and Artifacts Committee Chair. The ISAUU presented SIC with a fall gift of \$12,500, which exceeded our expectations by \$2,500.
- The Star Island United Church of Christ, Inc. (SIUCC) held its Annual Meeting on November 1. With the support of SIUCC President Debbie Duval, three SIC-generated topics were discussed: bringing the Laity Conference into the SIUCC family (SIUCC currently oversees four of our five UCC conferences); having SIUCC join staff and the Piscataqua Sailing Association in planning the 2015 Gosport Regatta; and discussing SIUCC involvement in SIC centennial planning and celebrations.
- The Outreach and Engagement Committee had a productive meeting on October 31. Among other topics, our 2014 and 2015 discount programs were reviewed. The committee is helping staff to organize our 2015 program catalog thematically, following up on one of the

recommendations included in our 2014 Strategic Marketing and Communications Plan (see May 27 Board meeting materials).

ECONOMIC

- The staff is pleased to present the 2015 Budget for Board consideration and approval. The staff budget substantially meets the Board's budget guidelines (see August 25 Board meeting materials). 2015 Budget highlights include a net operating gain of \$110K, a debt service coverage ratio of 1.78, bed nights totaling 19,550, a modest increase to adult room and board rates and a decrease to all youth rates, a modest increase to all staff salaries, and a capital budget of \$358K. Please see attached 2015 Budget and narrative memo from Finance Director Kristi Vazifdar for more information.
- The Finance Committee met on October 23, providing useful input on several topics, including our three 2015 Draft Budget versions (see October 28 Board meeting materials). The committee also recommended an auditing firm for Board approval.
- At its October 28 meeting, the Board selected Berry Dunn to conduct our 2014 audit. Treasurer John Bush has notified Berry Dunn, and we have already established a preliminary audit schedule. John has also notified the other firms we interviewed, including Cummings, Lamont & McNamee, thanking them for their many years of good service.
- We have met with representatives of four banks, including Eastern Bank, in connection with the renewal of our \$1.1 million term loan, our \$85K boat loan, our \$650K credit line, and our expectation that debt financing will likely be part of our new wastewater treatment facility financing plan (expected in 2016). Our term and boat loans come due in 2015, and we are honing in on the best option for Star, with the expectation that we will finalize everything by March.
- We have just paid down the full balance of our credit line, which was higher than in previous years due to the \$110,000 initial payment required to proceed with our solar power project. We will easily exceed the mandatory 30 day waiting period for credit line use, not projecting needing to draw from the credit line till sometime next year.
- After nearly fifteen years of dedicated service to Star Island, Kristi has chosen to move on, and we are working closely together to plan for an effective transition. We are grateful for Kristi's many contributions over the years.

ENVIRONMENT

- With the exception of the solar power and pier projects, close-up has been completed. Next week, we expect to make the transition from our close-up staff to our winter caretakers.
- All concrete work on the pier has been completed, resulting in over 75 cubic yards of concrete having been added to the pier between the batter wall and a repaired section of the deck. As soon as weather permits this week, the rip rap will be brought to the island and placed by our marine contractor. Weather permitting, we will also complete the wooden curbing this season (the railings will be installed in the spring regardless).
- The major construction phase of our solar power project is nearly complete. All of the solar panels, as well as about 85,000 lbs. of batteries, have been installed. Star Island Power, LLC is in the process of finishing up the wiring in the powerhouse, which includes connecting the batteries. We received a favorable inspection from New Hampshire State electrical inspectors on

November 12, and commissioning of the system is expected this week, with the expectation that we will pay our first invoice shortly thereafter. Commissioning will occur in the presence of representatives of Star Island Power, the equipment manufacturer and Dick Case, Island Manager and Director of Facilities Jack Farrell and Island Engineer Marshall Frye.

- We are meeting with our new wastewater treatment system design team early next month. Representatives from Busse Green Technologies will present us with their proposal for a new, energy efficient wastewater treatment system for Star Island, which has already been vetted by our consulting engineer. We expect to receive a proposal for a system that will be permit-application ready, along with a list of steps we would need to take to move this project to completion. After this presentation, we expect to have a much better sense of how long the system will take to install, as well as how much it will cost.
- Star Island Corporation was awarded the Island Energy Innovation Award by the Island Institute at its Fifth Annual Island Energy Conference on November 7. Russ Peterson, Dick Case and Jack Farrell received this prestigious award on behalf of the Corporation (see photo, right). The Island Energy Innovation Award is given in recognition of exemplary energy efficiency and renewable energy initiatives in New England island communities. We were selected from a competitive field in recognition of our overarching energy efforts, including conservation, communications, energy efficiency, community involvement and renewable energy.
- On October 30, Jack Farrell and I met with Gregg Caporossi, Maine and New Hampshire Project Manager for The Trust for Public Land (www.tpl.org), and Jennifer Seavey, Executive Director of the Shoals Marine Lab. Gregg presented us with some of his preliminary ideas about how we might better preserve, in perpetuity, Star and Appledore Islands. We expect to hear more from Gregg soon, after which we will reconvene our easement working group (which consists of me, Tom Coleman, Josh Davis and Jack Farrell).



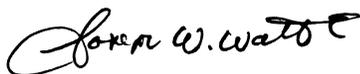
STEWARDSHIP

- Please see Director of Development Angela Matthews' attached report, including the October Annual Fund Comparison Report, which indicates that as of October 31, we were at \$283K in gifts and pledges. We have identified an additional \$112K in non-Combined Appeal funds resulting from our expectation that eight of our larger conferences will match their 2013 giving levels. Combined with \$34K in Combined Appeal gifts and pledges, we are projecting \$429K prior to additional giving we are anticipating as a result of several factors. Our fall appeal has been sent out, and we expect the response to this appeal to be reflected in the November Annual Fund Comparison Report. We continue to believe that we are on track to reach our Annual Fund budgeted goal of \$455K.

- Finalists for the Director of Development (DD) position will meet with our search committee on November 21. We expect to make a decision shortly thereafter, such that our next DD can begin on a part-time basis to achieve the benefits of meeting with Angela Matthews before the end of this year. We expect to have a full-time DD in place by early 2015.
- The Fund Development Committee (FDC) had a productive meeting on November 12. As part of our planned DD transition, I will be joining Board Liaison Suellen Peluso and Staff Liaison Angela Matthews for the next few FDC meetings.
- Every year, Star Island receives the tremendous benefit of countless hours of volunteer efforts. We are grateful to all of our volunteers, who help out in so many ways, both on and off of the island. This year, we received the benefit of 11,288 hours (about 1,613 days) of island volunteerism, worth a conservative estimated value of \$97K ~ please see the attached report for more information.
- At Star Island Corporation's suggestion, Art-Speak (www.art-speak.org), the City of Portsmouth's Cultural Commission, approached Portsmouth Mayor Robert Lister, requesting that he formally recognize Giving Tuesday, which takes place on December 2. On November 5, with Program and Outreach Coordinator Kyle Belmont in attendance, Mayor Lister delivered a proclamation (www.seacoastonline.com/article/20141105/NEWS/141109466). Giving Tuesday is an international day of giving that responds to the consumer-oriented days of Black Friday and Cyber Monday. Giving Tuesday is about giving time or money to organizations that need support, and one reason why we participate in this effort is to help supplement year-end giving to Star.
- Irene Bush and Kyle Belmont have collaborated to identify an exciting grant opportunity, and we are requesting Board approval to apply for a \$25,000 Museums for America grant from the Institute of Museum and Library Services for the purposes identified in the attached memo.
- We met with representatives of the Piscataqua Sailing Association on October 29 to debrief the 2014 Gosport Regatta and being planning the 2015 Regatta, which will take place on September 26-27.
- We are pleased to announce that the Star Island Corporation membership nomination packet forms are now available for online use and submission at www.starisland.org/about/membership.
- We are excited about Starry Night, which takes place on Saturday. Help spread the word ~ it should be a fun night for all. Tickets can be purchased at www.starisland.org/events/starry-night.

As we approach Thanksgiving, it is a great time to appreciate Star Island, and to express our gratitude to everybody who helps make it the example setting and community forming place that it is. Happy Thanksgiving!

Sincerely,



Joe Watts
Chief Executive Officer