

Star Island Corporation
Chief Executive Officer's Report
December 10, 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

- The Outreach and Engagement Committee met on December 8 to discuss a range of topics, including reviewing the committee's work over the past year and helping to prioritize our 2015 marketing goals.
- Inspired by our communications plan from CrossCurrent Communications, we have drafted a series of sample press releases to provide to every conference leader. These sample press releases can be fleshed out by conference leaders for submission to their local press.
- We have received a good response to our second annual Veteran's Raffle on Veteran's Day, with 111 veterans entering our raffle to date (we had 84 entries last year). We will be randomly selecting this year's winner on December 15, and the raffle winner and his or her family will receive a free week on Star Island in 2015.
- We had our fall staff retreat on December 3, which focused on team building and appreciating our efforts over the last year. I am grateful to our hardworking and dedicated staff for all that they do for Star Island.
- Our online Pelican application went live on December 1, with a deadline of January 19. To date, we have received 21 applications, a little less than at this time in previous years. In addition to our usual advertising venues (our web site, email lists and social media), we are advertising in some UU and UCC congregations. We are also paying to post ads in certain venues (something we haven't done recently). Please see attached Pelican flyer, and help us by posting it anywhere you feel is appropriate.
- We are in the process of confirming 2015 senior staff agreements, and are pleased that Pat Ford, part-time Island Nurse, will be returning next year. We expect to fill most of our remaining seasonal senior staff positions by the end of this month, with a low degree of turnover in these key positions. We had an excellent seasonal senior staff this year, and we are pleased to enjoy leadership continuity as we head into next season.
- We sent two Thanksgiving emails out to everyone in our database – one to all Shoalers and another to our 2014 Pelicans – thanking everybody for all that they do for Star Island.

ECONOMIC

- The Finance Committee met on November 20 primarily to discuss the 2015 Budget proposed by the staff and to review next steps with our banking relationship (see below). The committee voted unanimously to recommend to the Board approval of the proposed 2015 Budget.

- At its November 22 meeting, the Board approved the 2015 Budget, slightly modified from the budget proposed by staff. The approved 2015 Budget calls for net income of \$3,506,713, net expense of \$3,400,292 and, therefore, a net operating gain of \$106,421 (with a debt service coverage ratio of 1.75).
- The November Financials are in the process of being prepared, and will be disseminated by the end of this week. We anticipate our projected net operating gain and debt service coverage ratio to be the same or higher than what we projected in our October Financials (\$521K and 1.54, respectively). At this time, we anticipate meeting or exceeding our June Approved 2014 Budget net operating gain of \$514K (debt ratio of 1.51). We are still on pace to have the highest net operating gain in the history of the Star Island Corporation – our main focus is on our debt ratio, which we need to keep at or above 1.25 for several reasons.
- We just received word that the McIninch Foundation is granting us \$20,000 in 2015 to support our solar power plant. Please see Angela Matthews' attached report for more information.
- We launched our 2015 gift certificate program on December 4, and to date have sold five gift certificates totaling \$650. This will be the third season for which gift certificates can be purchased – to date, we have sold 42 gift certificates totaling \$9,840. Gift certificates may be purchased at www.starisland.thankyou4caring.org/star-island-corporation-gift-certificates. Gift certificates make an excellent holiday gift, so please spread the word!
- We continue to make good progress investigating our options 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. We have asked for information from selected banks, including Eastern Bank (our current bank, with which we have a good banking relationship), and expect to know how we would like to proceed soon.
- We are commissioning a finance department assessment, which will evaluate our current staffing structure and offer recommendations for how to best align things moving forward. We expect to receive the final assessment next month.
- For the second year in a row, we expect online registration for the 2015 conference season to begin in early January.

ENVIRONMENT

- With Dick Case and Jack Farrell, Island Manager and Director of Facilities, in attendance, our solar power plant was commissioned on November 19. Dick has drafted a startup report, which demonstrates that the project is meeting our expectations overall (there will still be some tweaking to do in the spring). We received our first electronic system report on December 5, which indicated that we had used 60.095 kWh since November 19, meaning that we have been meeting all of the island's electric needs via the solar power system (we have not needed to use our generators to power the island since the solar power system was commissioned).
- Despite two valiant efforts over the last few weeks, the barge carrying tons of rip rap, lumber and other supplies in connection with our pier project has not yet been able to make the trip out to Star as a result of a continued stretch of unfavorable sea conditions. As of today, the barge remains fully loaded, and is tied off at the US Coast Guard station at the mouth of Portsmouth Harbor. Our hope is that there will be a three day good weather window before

the end of this month, in which case the supplies would be delivered to the island, the rip rap would be put in place, and the equipment we are renting would be removed from the island. From FEMA's perspective, we have until 2016 to complete this project, though we are motivated to finish this project in its entirety prior to the 2015 conference season.

- We met with the design team for our new, energy efficient wastewater treatment system on December 4, when we identified the remaining pieces of information that Busse Green Technologies needs from us in order for them to proceed to a design ready to be submitted for the permitting process. We anticipate receiving this design, along with more precise pricing for the system, next month.
- We submitted our National Pollutant Discharge Elimination System (NPDES) permit renewal application to the US Environmental Protection Agency and the NH Department of Environmental Services on December 1. This extensive application is required to renew our five year NPDES permit for our existing wastewater treatment facility, which is something we want to have in place regardless of how and when we proceed with the installation of our new system.
- The Health Committee met on December 3 and discussed, among several other topics, ways in which the committee can broaden its focus beyond its traditional and helpful focus on First Aid Station (FAS) operations (e.g. helping to create protocols for prevention of and response to infectious disease).
- We reconvened our easement working group on December 4 to discuss how to respond to Gregg Caporossi, Maine and New Hampshire Project Manager for The Trust for Public Land (www.tpl.org). They are interested in conducting an appraisal of Appledore Island at their expense, with no commitment of any course of action required by the Star Island Corporation. We feel that it is in Star's best interest to proceed with having this reputable organization conduct an appraisal, the results of which would be available several months from now.
- In collaboration with Shoals Marine Lab (SML) and the Seacoast Science Center, we are offering a dinner event focusing on the greening of the Isles of Shoals. Jack Farrell will join Ross Hansen, SML's Director of Facilities and Planning, to present a behind the scenes look at what we've been up to on Star and Appledore Islands. The event will take place at the Seacoast Science Center on the evening of February 5.
- We are working carefully with the Isles of Shoals Steamship Company (M/V Thomas Loughton) on our next long-term agreement, which will go into effect in advance of the 2015 season. We anticipate finalizing this agreement next month.

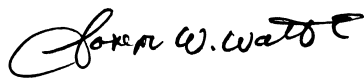
STEWARDSHIP

- Please see Director of Development Angela Matthews' attached report, including the November Annual Fund Comparison Report, which indicates that as of November 30, we were at \$332K in gifts and pledges. We have identified an additional \$67K in non-Combined Appeal funds resulting from our expectation that seven of our conferences will match their 2013 giving levels. Combined with \$34K in Combined Appeal gifts and pledges, we are projecting \$433K prior to additional giving we are anticipating as a result of several factors. We continue to believe that we are on track to reach our Annual Fund budgeted goal of \$455K.

- After months of careful work, we have made an employment offer to a qualified candidate for our Director of Development position. Our process benefited from many things, including having the benefit of a large applicant pool with many talented applicants, as well as excellent work by our search committee, other volunteers and Insource Services (our HR consultant). We are in the process of confirming details, and expect to be able to announce our new Director of Development in the very near future.
- On December 1, we updated our web site to include information about the Bringer of Light Award, including award criteria, past recipients and a process by which active Corporation members can suggest people for the Board's consideration. More information can be found at www.starisland.org/about/membership.
- In response to our Giving Tuesday (December 2) email, we received ten donations totaling \$1,960, and total giving for the day was \$3,070. We promoted this day through our social media outlets, where many Shoalers engaged in sharing why they support Star Island, and the Portsmouth Herald ran an article focusing on the importance of this day in which Star Island had a voice (www.seacoastonline.com/article/20141201/NEWS/141209899).
- On November 22, at the Starry Night event she brought into existence, we had the opportunity to recognize Angela Matthews for her many accomplishments during her tenure as our Director of Development. As Angela moves on to her next adventure at the end of this month, we are grateful for the many things she has done for Star.

We are rapidly approaching the end of what has been a great year for Star Island. We are planning for continued success in the New Year, appreciative of the many people who provide able stewardship of our Spirit's Home.

Sincerely,



Joe Watts
Chief Executive Officer