

**Star Island Corporation**  
**Chief Executive Officer's Report**  
**January 21, 2015**

***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 have over 60 conferences and groups lined up for 2015. Please see the attached 2015 Conference Calendar for the schedule as it currently stands. We expect a few more additions of small groups in the coming months.
- The Institute on Religion in an Age of Science (IRAS) will be holding its winter meeting in Portsmouth, NH, this weekend, when it is expected that the IRAS Council will vote on a summer venue for 2016 and beyond. We were pleased to welcome IRAS back to Star Island last summer, when the leadership of IRAS, the Star Island United Church of Christ and Star Gathering 2 Family & Youth Conferences (SG 2) worked proactively and collaboratively to share the island (which they will do again in 2015). Should IRAS vote to return to Star Island in 2016, we will need to find another calendar solution that both accommodates IRAS' growing numbers and also works for other impacted conferences (a process that has already begun, including a brainstorming session at the October 2014 Council of Conferences meeting).
- We are beginning to promote this year's conference season in earnest. For the second year in a row, online registration went live in early January. Our program catalog is at the printer, expected to be received in mailboxes next month. We have signed a professional services agreement with CrossCurrent Communications for 2015. Please see Kyle Belmont's Communications Report (attached) for more information on our many outreach and engagement efforts.
- We have received 172 Pelican applications to date (88 new and 84 returning), approximately eight less than last year at this time. We have engaged in significant outreach efforts this year, an example of which is through the United Church of Christ's national website ([www.oppsearch.ucc.org/web/fastdetails.aspx?id=1386&KeepThis=false&TB\\_iframe=true&height=847&width=960](http://www.oppsearch.ucc.org/web/fastdetails.aspx?id=1386&KeepThis=false&TB_iframe=true&height=847&width=960)). We are hopeful that our outreach efforts, over time, will increase the number of applications we are receiving each year.
- Our 2015 senior seasonal staff team is shaping up nicely. We are pleased that Bob Austin (Island Engineering Technician), John Bynum (Food Service Manager), Pat Ford (part-time Island Nurse), Marshall Frye (Island Engineer) and Warren Simard (part-time IT Technician) are returning from last year, and we anticipate confirming the rest of the senior seasonal staff team within the next couple of weeks.

- We are gearing up for the February 7 Chairs and Registrars meeting, which will be ably managed by Justina Maji.
- We are making good progress with our review and updating of Board and operating committee charges, some of which are attached. Please also find attached several 2014 committee reports, which will be included in the 2015 Annual Meeting packet prepared and sent out to our membership in March.

## ECONOMIC

- As usual, the year-end financials will not be available to present at the January Board meeting, so they will be included in the February Board meeting materials. While it is prudent to withhold firm conclusions until the financials are prepared, we are comfortable stating that we had yet another successful year financially. While our net operating gain will be lower than what was forecast in the November financials, we will still have a record operating gain approaching \$500K and will meet our debt service coverage obligations with Eastern Bank.
- To date, we have received 414 registrations representing 2,718 bed nights. For the second year in a row, online registration was available for most conferences in early January. All Star 2 is off to a fantastic start this year, leading the way with 129 registrations/881 bed nights to date.
- The Smith Monument restoration work, for which we received a \$22K grant from the Samuel P. Hunt Foundation last year, came in under budget by \$6,500, which we returned to the foundation last fall. Last month, we were pleasantly surprised to receive a check from the Hunt Foundation for \$6,500 to support our 2015 solar power operations. To date, we have quietly raised \$47,000 in pledges and gifts from individuals and foundations to support our solar power operations, prior to the targeted campaign we intend to launch in the coming months.
- Tomorrow night, the Finance Committee will review materials (see attached) from three banks, including our current bank, with the intention of making a recommendation on how to proceed. Our goal is to secure a \$1.1 million term loan (which would cover our existing term and boat loans), a \$650K revolving credit line, and an upfront commitment for debt financing of up to \$500K (to be borrowed when we begin work on our new wastewater treatment facility). Our intention is to have everything in place by early March.
- The Star Island Permanent Trust had another good year, including a 2014 total return of 10.0% (9.3% after fee). As of December 31, 2014, the Trust was valued at \$3,610,888, with 69.4% invested in common stocks, 24.1% in fixed income and 6.5% in cash reserves.
- We anticipate receiving our finance department assessment in the near future. The assessment will provide recommendations on how we can best structure things moving forward.
- Since the end of the 2014 summer season, Shoalers have purchased 15 room and board gift certificates totaling \$1,800. Gift certificates make an excellent gift and may be purchased at <https://starisland.thankyou4caring.org/star-island-corporation-gift-certificates>.
- We are working with our new auditors, Berry Dunn, in preparation for our 2014 audit, including a general purpose meeting on December 15 and a successful audit walk through the week of January 5. The audit fieldwork is scheduled for the week of February 23.

## ENVIRONMENT

- Our solar power plant is operational and has been producing power every day since November 19. As expected, programming and setting adjustments have been needed – Ayer Electric was on Star Island for this purpose last week, and Schneider Electric, the equipment provider, will be making the trip out to the island next month to tweak the system further. Dick Case has continued to remain actively involved with this project, providing invaluable assistance on numerous occasions. We are pleased with how the system is working.
- We did enjoy a rare good weather window just before the holiday break, enabling the majority of the pier project to be completed last month, including final placement of the rip rap and successful transport of the lumber and other materials needed to install the curbing to which our new pier railing will ultimately be attached. We amended the contract with our marine contractor accordingly, deferring \$20K of work from 2014 to 2015, and we expect the curbing and new railing to be installed prior to the start of the 2015 conference season.
- Work continues with the design team for our new, energy efficient wastewater treatment system. We have provided our consulting engineer and Busse Green Technologies with most of the information they need from us in order for them to proceed to a design ready to be submitted for the permitting process, and we anticipate getting them the final pieces they need by the end of this month. They will in turn provide us with a final design proposal, along with more precise pricing for the system.
- Our work with the Trust for Public Land (TPL) continues. We have authorized TPL to commission an appraisal of Appledore Island at their expense, with no commitment of any course of action required by the Star Island Corporation. We have approved the appraiser they've selected, and he is expected to begin work soon. The results of the appraisal, which will be available several months from now, will help inform the options available to us, which could range from doing nothing at all to a conservation easement with fee acquisition model, whereby an independent trust would be established to own and manage the island. One of our top priorities throughout this process is to protect Appledore Island in perpetuity.
- We are excited to be partnering with the Shoals Marine Lab (SML) and the Seacoast Science Center on a collaborative 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 the many sustainability measures that are in effect on Star and Appledore Islands. The event will take place at the Seacoast Science Center at 6:00 p.m. on February 5, and proceeds benefit all three organizations. For more information and to purchase tickets, go to [www.z2systems.com/np/clients/seacoast/event.jsp?event=685&](http://www.z2systems.com/np/clients/seacoast/event.jsp?event=685&).
- We continue to work with the Isles of Shoals Steamship Company (M/V Thomas Loughton) on our next long-term agreement, which we anticipate finalizing next month.
- We have signed our annual contract for fire protection consulting with SFC Engineering Partnership, our professional fire safety consultant.

## STEWARDSHIP

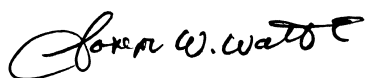
- We officially welcomed Pam Smith, our new Director of Development, to our staff leadership team yesterday. Pam has more than twenty years of experience in development and nonprofit management, and she comes to us from the University of New Hampshire, where she had a

leadership role in successfully managing the institution's annual fund and most recently served as Director of Donor Relations. While there is no formal Development Report this month, a brief letter from Pam to the Board is attached.

- Even though our year-end financials are not yet available, we have a pretty good sense of our 2014 fundraising results. Overall, we had a very successful year, especially considering grant income, various restricted gifts and gifts-in-kind. It appears that we will fall a bit short of our 2014 Annual Fund goal, though we still anticipate coming in over \$440K for the year (vs. \$455K budgeted). We had about \$18K in unpaid pledges for 2014 (Annual Fund, Combined Appeal and Capital Campaign combined), and we hope to collect most of these pledges this year.
- The winner of our second annual veteran's raffle is Tom McNaugher of McLean, VA. Tom, a US Army veteran who served in Vietnam and the First Gulf War, is a longtime Shoaler who has attended the International Affairs Conference since 1992. From our local news outlet: [www.seacoastonline.com/article/20141219/NEWS/141219077/101141/NEWS](http://www.seacoastonline.com/article/20141219/NEWS/141219077/101141/NEWS).
- We are in the process of planning several volunteer weekends this spring – more information is available online at [www.starisland.org/working/springvolunteer](http://www.starisland.org/working/springvolunteer), including dates and volunteer job descriptions. Linda Lehman is coordinating our island volunteers this year, with the exception of our medical volunteers, which are being coordinated by Pat Ford. We will be posting the volunteer application in early February, with an anticipated deadline of early March.
- At its Annual Meeting on January 11, the membership of the Portsmouth Athenaeum voted to create an institutional share (and, therefore membership) for Star Island Corporation.
- We received 35 new Corporation member applications this year, which will be forwarded to the Membership Committee for their review. We are expecting another sizeable, dedicated and talented membership class this year.

The New Year is upon us, and with it a sense of excitement for all that is possible on and for Star Island. May 2015 bring continued success to our Spirit's Home.

Sincerely,



Joe Watts  
Chief Executive Officer