

Star Island Corporation
Chief Executive Officer's Report
March 18, 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 are thrilled that IRAS is returning in 2016, and we also care very much about each conference that will be impacted by this development. Careful and collaborative work continues on a 2016 calendar solution; by way of reminder, a successful 2016 conference calendar will accommodate IRAS' growing numbers; reposition other impacted conferences in a way that will either improve their long-term situation or at least not detract from it; maximize overall conferee enrollment potential (across all conferences); and be in the best overall interest of Star Island. We have provided all impacted conferences with some options, and while we hope to finalize the 2016 calendar by the May 2 Council of Conferences meeting, we do not want to rush the process.
- The Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC), now ten members strong, continues to plan its shared booth at the General Assembly of the Unitarian Universalist Association, which will take place June 24-28 in Portland, OR. Booth volunteers, and housing for booth volunteers (for those who live in the Portland area), are needed – if you or someone you know is interested, please contact Kyle Belmont, Program and Outreach Coordinator, at kbelmont@starisland.org.
- Through our work with the United Church of Christ Office of Outdoor Ministry, a booth in the youth exhibit hall of the General Synod has been made available to us to share information about Star Island, and specifically the Star Gathering UCC 1 & 2 Youth Conferences. This year's General Synod will take place June 26-30 in Cleveland, OH. We are very much in need of volunteers to staff this booth space – if you or someone you know is attending the General Synod and are willing to help, please contact Kyle Belmont at kbelmont@starisland.org.
- We are making good progress developing increasingly meaningful relationships with UCC organizations in several other ways, including our membership with the UCC New England Outdoor Ministry Association (www.uccnecamps.org) – see attached poster, which features Star Island as one of six New England UCC camps. Also, we are thankful to Martha and Dave Burnham, as well as Barbara Smith-Delahunt, for their ambassadorial work on behalf of Star Island at the New Hampshire Conference UCC's "Prepared to Serve" event on February 21.
- We have been working with CrossCurrent Communications on a variety of projects, including collateral review and updates, pursuing coverage in targeted media outlets, and focusing on ways to convert today's day visitors (coming to Star aboard the Thomas Loughton) into tomorrow's conferees. Kyle Belmont and CrossCurrent have been working on enhancing our web site, with the primary goal of ensuring our home page and other pages are clear and as welcoming as possible to potential new Shoalers.
- Have you checked out our blog lately, at www.starisland.org/news?

- Since November, in an effort to further engage conference leadership, we have been sending out monthly emails to conference chairs and registrars. These emails cover many topics – by way of example, as conferences start putting their schedules together, we are encouraging them to collaborate with other conferences sharing the island. The emails go out the first Monday of every month except for July and August.
- We sent out 100 Pelican employment agreements on March 12, with a response deadline of March 25. Overall, responses have been very positive, and there have already been many energetic acceptances. We are excited about what is shaping up to be one of our best groups of Pelicans yet! We are also mindful that there are 80 applicants who did not get offered a position, many of whom have strong ties to Star Island. We continue to work wherever possible to address concerns and disappointment proactively. It seems to be paying off, as over the last two years there has been a lower than usual volume of calls and emails from unhappy applicants and/or their family members and friends.
- We have been working carefully on an updated version of four of our core policies, Safe Community, Sexual Harassment, Discrimination and Non-Sexual Harassment, and Child Abuse. We are grateful to the many people who have offered their insights into this process thus far, including Tom Kennedy, the Personnel Committee, selected staff members, our Board of Directors, and our HR consultant. The updated version is currently being reviewed by SIC legal counsel – my hope is that we can present a final recommendation to the Board for consideration at its March 24 meeting.

ECONOMIC

- We are currently projecting a net operating gain of \$141K and a debt service coverage ratio of 1.60 – please see the attached February Financials for more information.
- As of March 16, we received 1,512 total registrations for 2015 conferences, representing 10,000 bed nights (51.2% of our 19,550 bed night goal). Registration has generated \$384,370 thus far – \$247,796 in room and board deposits and \$136,574 in conference programming fees (the latter of which are disseminated to conferences). Last year at this time, we had registrations for 9,635 bed nights (50.1% of our 2014 goal), and in 2013 at this time, we had registrations for 7,488 bed nights (40.2% of our 2013 goal). While it is still early to draw meaningful conclusions, we feel good about the overall pace of enrollments to date.
- There have been some developments on the banking front. The results of a special meeting of the Star Island Permanent Trust on February 26 enable us to proceed with lining up the \$500K wastewater loan outlined in the December 23, 2014 commitment letter from Optima Bank, with a provision that the Trustees would need to vote at a future date to have the Trust serve as collateral before we are permitted to borrow funds using this facility. On March 6, we discovered that we would incur a penalty if we paid off our large term loan with Eastern Bank early, so we are continuing our banking relationship with Eastern for now, under current terms and conditions, and Optima has agreed to keep their offer on the table for at least 90 days. As a result of these developments, we are using our existing credit line facility with Eastern Bank to pay off our boat loan with Eastern (due today).
- Our new auditors completed their fieldwork the last week of February and have since been working on the first draft of our 2014 audit, which we expect to receive soon. Our auditors will present our audit subcommittee with final statements next month, in advance of them being presented to the Board on April 21.
- The Finance Committee met on February 18 to discuss our unaudited 2014 financials, our January financials, the then current draft of our long range integrated financial plan, our upcoming banking renewals, and the status of our 2014 audit. The Finance Committee meets again this evening.

- Insource Services is gearing up to begin work as our finance department. Chris Bertoncini and members from his team will be here next week, beginning a planned transitional period that includes sufficient overlap with Kristi Vazifdar, Finance Director, who will continue working for Star full-time through the end of this month. Starting in early April, Insource will be serving as Star's finance department, and Kristi will be working on a part-time basis for a number of weeks to help orient the Insource team and to focus on special projects, such as our long range integrated financial plan.
- We have been making good progress on "Version 2.0" of our long range integrated financial plan. Currently, staff is revising the plan, with input from the Strategic Facilities Planning Committee. Over the next several weeks, we intend to solicit input from the Conference Services, Finance and Fund Development Committees, with an eye towards finalizing the template for our plan by June.

ENVIRONMENT

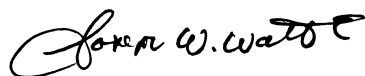
- Jack Farrell, Island Manager and Director of Facilities, has provided the attached update on where things stand with planning for our new, energy efficient wastewater treatment facility. We are not concerned that receipt of a final design is taking a bit longer than originally anticipated. Once we do receive the design, we will be able to create a detailed project plan and timeline, initiate the permitting process, and more fully develop a detailed funding plan for the project.
- We signed a five year agreement with the Isles of Shoals Steamship Company (M/V Thomas Lughton and M/V Celia Thaxter) on February 23.
- We continue to refine our capital project planning for the 2015 season. For a few reasons, we have modified our plans since the 2015 Budget was approved in November – in addition to the changes outlined in the January 27 Board meeting materials, the budget for the pier project has increased, as we feel it is important to complete the resurfacing of the pier all the way to the south/island end of the pier (including the sidewalk), which we now know will cost more to accomplish than we anticipated when we proposed the budget back in November. In order to stay within the footprint of the originally approved capital budget, we have largely covered the anticipated pier expenditure by eliminating the Kiddie Barn improvement project from this year's project list. Should we have greater than anticipated success with targeted appeals, grants and/or other support, we hope to begin work on the Kiddie Barn project this fall. Please see the attached February Financials for more information.
- The Strategic Facilities Planning Committee reconvened on March 10, under newly appointed Acting Chair Dick Case's able leadership. The meeting was collaborative and positive. Committee members were asked to provide input on the current draft of the five year facilities plan included in the long range integrated financial plan, and several helpful suggestions have been offered to date. The preamble to the committee's charge was discussed. Dick provided an update on how favorably the solar power plant has been working since it went online last November. We are pleased that this important committee is up and running again, after a few months of inactivity.

STEWARDSHIP

- Please see Pam Smith's Development Report, attached, for how we are progressing towards our 2015 development goals, as well as many other exciting things happening on the development front.
- We have further defined a multi-year targeted appeal focusing on the many achievements, as well as future plans, stemming from our Green Gosport Initiative. This year's primary focus, not surprisingly, is on our new solar power plant, and pledges and gifts from individuals and foundations continue to be gratefully received. We are in the final stages of soliciting leadership gifts, and we anticipate reaching out to a wider audience in the near future. Our green appeal is designed to supplement, not detract from, Annual Fund giving.
- Our spring Annual Fund appeal, set to go out in April, will also focus on this important theme of environmental stewardship and sustainability. Also, we recently received a generous pledge of \$10,000, designed to encourage younger (under 35) Shoalers to contribute.
- The Fund Development Committee met on February 11 to discuss several topics, including 2014 donor and volunteer recognition (coming in the spring newsletter), an update on 2015 fundraising results, our upcoming spring Annual Fund appeal, our plans for Annual Fund volunteer training, our new donor postcard (see attached) and our upcoming Earth Day event (see below and attached).
- Our six open-up volunteer weekends, which begin in early May, help transform the living spaces and landscape on Star from winter-battered to guest-ready. This year, we received over 200 applications for spring volunteer weekends from people looking for a way to give back to the island; our volunteers will work hard, eat well, and contribute meaningfully. Special thanks are due to Linda Lehman for her effective coordination of our spring island volunteers.
- Pending Board approval, we intend to apply for two grants in the near future – a request for \$25,000 from the New Hampshire Charitable Foundation for broadening the outreach of our green initiatives to include work with teachers and school groups, and a request for \$23,500 from the Cogswell Benevolent Trust for equipment and construction expenses which would supplement our resource recovery and overall sustainability efforts. Please see Pam Smith's Development Report, attached, for more information.
- On the evening of April 22, we will be celebrating Earth Day with a new event, which will take place at the Discover Portsmouth Center. After a reception with light refreshments (rumor has it that Lime Rickeys will be served), Jack Farrell and Kristen Simard, our Environmental Services Manager, will offer a presentation on our many environmentally sustainable achievements and future plans. Everyone is welcome, and we will be sending invitations to Seacoast area Shoalers and friends of Star Island. We are grateful to CrossCurrent Communications and Five Maples for sponsoring this event.
- Please find attached three 2014 reports (Membership, Permanent Trust and Rutledge Marine Lab) which will be included in the 2015 Annual Meeting packet sent out to our membership within a fortnight.

Spring is just around the corner, and with it, we start readying the island for another successful season.

Sincerely,



Joe Watts
Chief Executive Officer