

Star Island Corporation
Chief Executive Officer's Report
August 24, 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 continue to receive excellent media coverage, including NH Chronicle's piece on Star Island's sustainability efforts (www.wmur.com/new-hampshire-chronicle/wednesday-july-8th-star-island-sustainability/34078494), as well as a rerun of last year's general feature on Star Island. Another example from earlier in the summer is this article on our June 27 "Sustainable Century" event: www.seacoastonline.com/article/20150629/NEWS/150629173/0/SEARCH.
- The Gosport Grill opened during the last weekend of June, and is expected to remain open through the end of the conference season. Typically, the grill is open four hours/day on Thursdays through Sundays, subject to weather considerations. The grill is primarily enjoyed by day visitors, though a larger number of conferees and Pelicans than expected have been customers this summer. We have brought in about \$8,000 in income to date, and have ideas of how we can expand upon our success next season.
- The Tom Dudley has been making island access easier for boaters in the harbor on roughly the same schedule as the Gosport Grill. The Tom Dudley, in addition to being a symbol of our openness to the general public, has increased donations to our visitor donation box compared to prior seasons.
- For the last few weeks, we have been offering new cruising options aboard The Utopia, including weekly sunset and lobster cruises. We anticipate building upon this program next year. Conferees have been very pleased by these new waterfront offerings.
- We continue to make good progress with our Three Year Strategic Map (2014-2016). About 57% of our map's timeframe has passed, and it feels like we have accomplished or are in position to accomplish many of our strategic goals and objectives. The attached staff tactics version of our strategic map is color coded to demonstrate in a general way how we are faring (green highlighting indicates substantial progress or completion; yellow highlighting indicates good progress/underway; pink highlighting indicates little progress/not underway).
- This is the time of year when several of our regular season Pelicans are departing and end-of-season (EOS) Pelicans are arriving. We have received several EOS applicants, though due to our season ending later than usual and other factors, we have been experiencing some difficulties in filling all of the needed positions and, as a result, are short staffed.
- On January 31, we will be an active participant in a "Summer Camp Fair" at the Unitarian Universalist Congregation at Shelter Rock. We will be promoting Star Island in the broader context of the Unitarian Universalist Alliance of Camps and Conference Centers.

ECONOMIC

- As of August 15, we received 3,845 registrations for 2015 conferences, representing 18,766 bed nights (96% of our 19,550 bed night goal). Last year at this time, we had registrations for 18,673 bed nights (97% of our 2014 goal), and in 2013, we had registrations for 17,856 bed nights (96% of our 2013 goal). As of August 15, we need 784 bed nights (net of cancelations) to reach our budgeted goal. Please see the attached August 15 bed night report for more information.
- The attached July Financials project a year-end net operating gain of \$112K, with a projected debt service coverage ratio of 1.34. We continue to forecast 19,350 bed nights for the season, based on lower than anticipated enrollment at a few conferences (see July CEO report for more information).
- The Finance Committee held an abbreviated meeting on August 19, primarily to discuss the attached 2016 Budget Guidelines and receive an update on the financing options we are investigating for our new wastewater treatment facility.
- We continue to explore potential sources of financing for our new wastewater treatment facility. We received the attached report from Tata & Howard at the end of last month, and have since further pursued the USDA-RD Guaranteed Loan Program and the NH Department of Environmental Services' (NHDES) Clean Water State Revolving Fund (CWSRF) options recommended therein. For the USDA-RD program, we are still in the process of determining Star Island Corporation's eligibility, and hope to know either way soon. For the CWSRF program, we know that we are currently ineligible, but we have heard from the NHDES that it is likely that the CWSRF rules will be changed to make nonprofit organizations eligible, and that this will likely happen this fall or, if not, in the spring. The CWSRF program offers fixed low interest loans for a term of 20 years, so this is the most promising program we have heard of to date. We have also received an updated rate estimate for tax-exempt bond financing, estimated at 4.40% fixed for a 10 year term.
- By September 15, Optima Bank and Trust will decide if they will extend their current loan terms for an additional three month period, or if they will increase our interest rate and, if so, by how much. Our decision on the timing of when we close with Optima is directly related to this decision.

ENVIRONMENT

- At the August Board retreat, Jack Farrell will offer a tour of our facilities, as well as a presentation on some upcoming capital projects, with a special focus on our new wastewater treatment facility.
- On August 13, Lieutenant Jeff DiBartolomeo of the Rye Fire Department (RFD) conducted a follow-up inspection of several buildings of our facility in the company of Jack Farrell, Island Manager and Director of Facilities, and Sarah Iselin, Fire Safety/Island Clerk. As per usual over the last few years, Lieutenant DiBartolomeo identified some improvements we can make and, overall, the inspection was successful and our relationship with RFD continues to be collaborative and productive.
- In addition to exploring financing options for our new wastewater treatment facility (see above), work continues on design refinements, including gathering water usage and wastewater data over the course of this season, as well as a site visit from Altus Engineering (our project engineer) and representatives of Busse Green Technologies (the company that manufactures the system we intend to install). We have authorized Tata & Howard to proceed with a peer review of our design, in order to have an independent wastewater engineering firm evaluate the system we have identified (because the system we intend to install is unique, we cannot conduct a standard bid process, and thus an independent design review is especially important).

- Our work with the Trust for Public Land (TPL) continues. On August 20, an appraiser engaged by TPL visited Appledore Island, accompanied by Jack Farrell, and Mark Rosen, of Shoals Marine Lab. As previously reported, the results of the appraisal, expected to be available by the end of October, 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.
- Our new solar power system continues to provide clean power to Star Island. We are learning a lot in this, our first full season using our solar power system, and we are continuing to tweak the system and our practices in order to achieve optimum system efficiency. Strategic Facilities Planning Committee Chair and dedicated solar power system expert Dick Case continues to monitor the system on a regular basis, and reports that, in the month of July (a peak season month):
 - We used more power than projected (35,280 kWh actual vs. 34,350 kWh projected).
 - We received/used more solar power than projected (40.6% actual vs. 38.6% projected).
 - We used an average of 9.6 hours of solar power each day.
 - On sunny days during All Star 1 (with a record number of people), over 50% of our power used was solar.
 - We used slightly more fuel than projected (1,740 gallons actual vs. 1,640 gallons projected), primarily due to the use of the Reverse Osmosis (RO) facility, which ran an average of 9.25 hours/day. We continue to work in a multi-faceted way to reduce RO usage as much as possible.

Year to date, our solar power system is exceeding expectations overall, and continues to generate great interest from Shoalers and non-Shoalers alike.

- We continue to receive praise for our improved dining hall, both in terms of its aesthetics and our soundproofing solutions. We remain grateful to All Star 1 and LOAS for their generous contributions to the soundproofing project, as well as to several core volunteers and donors who helped spruce up the entire dining hall in several ways. The dining hall project is a shining example of how a project can be completed well and efficiently through the collaboration of conferences, staff members, volunteers, and donors.

STEWARDSHIP

- Please see Director of Development Pam Smith's Development Report, attached, for information on how we are progressing towards our 2015 development goals.
- At the August Board retreat, Pam Smith will share her reflections on her first conference season, including some thoughts on where we might expand fundraising moving forward. Pam will also present a draft sponsorship policy, consistent with input received over the last couple of years from the Fund Development Committee, the Outreach and Engagement Committee, and the Board.
- On July 31, our Annual Fund (AF) had realized \$169,876 in gifts, with a pledge balance of \$17,170, for a total of \$187,046. Please see the attached July AF Comparison Report for more information. The following chart compares this year to the previous two years:

Year	Realized Gifts	Pledge Balance	Total	Total Donors
2015	\$169,876	\$17,170	\$187,046	606
2014	\$146,528	\$16,210	\$162,738	618
2013	\$122,882	\$27,245	\$150,127	522

Due to our conference season starting six days later than last year, we are even further ahead of previous years than this chart indicates. On the other hand, these figures do not include Combined Appeal gifts, of which there are a minimal amount this year compared to about \$55K last year (by year's end). Overall, while it continues to be too early in our fiscal year to draw meaningful conclusions, we anticipate that we are on track to reach our 2015 AF goal.

- The Outreach and Engagement Committee (OEC) had a productive meeting on July 28, during which we agreed that Star Island Corporation should take a leadership role in marketing specific conferences, without needing advanced approval from the specific conferences we wish to market. The goal of this initiative is to streamline our process so that we can react to lower enrollments while there is still adequate time for people to register. We intend to preview this strategy with conference leaders at the January meeting of the chairs and registrars, and offer those who do not wish to participate in this exciting initiative the opportunity to opt out. The OEC is also helping to create guidelines for effective conference web sites, as well as investigating how other places present their rate structure with the goal of making ours as easy for a new Shoaler to understand as possible.
- The New Hampshire Charitable Foundation (NHCF) selected Star Island to serve as an example of how their mission is achieved. The following was posted on the NHCF web site last month: www.nhcf.org/04-news--events/news-items/7.7.15-star-island-mission-moment-. We recently submitted a grant concept paper to NHCF for its Community Grants Program – please see Pam's attached grant report for more information.

We have been blessed with a great season so far. Guests are having a wonderful experience on the island, and we have an amazing group of staff members/Pelicans and volunteers. We are making a lot of progress, and we recognize there are several opportunities to do even more this season and moving forward.

Sincerely,



Joe Watts
Chief Executive Officer