

Star Island Corporation
Chief Executive Officer's Report
September 16, 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

- As we approach the end of our season on September 27, it is fitting to reflect upon and be deeply grateful for the hundreds of conference leaders, volunteers, employees and others who helped make our 2015 conference season a success.
- The "Summer Camp Fair" at the Unitarian Universalist Congregation at Shelter Rock will now take place on February 7 (this is a change of date). We will be promoting Star Island in the broader context of the Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC).
- The annual retreat of the UUACCC will take place at Rowe Camp & Conference Center in Rowe, MA on October 5-8. This year, in addition to directors and board members from various UUACCC member organizations, we will be joined once again by Carey McDonald, Outreach Director for the Unitarian Universalist Association (UUA). Justina Maji, Conference Center Director, and I will be representing Star Island, and there is room for one Board member – interested Board members should contact me directly for more information.
- The Personnel Committee met on September 10, primarily focusing on topics related to long-term retention of key employees. The committee supports instituting a nine month, benefit eligible employee classification for the 2016 season.
- We made good progress with our marketing and outreach efforts during the 2015 conference season. Please see the attached Communications Report from Kyle Belmont, Program and Outreach Coordinator, for more information.
- The Isles of Shoals Association Unitarian-Universalist (ISAUU) Board's September 12 meeting took place on Star Island, during which I had the opportunity to express SIC's appreciation of all the ISAUU does for Star Island.
- The Council of Conferences (CoC) will hold its fall meeting on October 17.
- Please see the attached island evaluation summary, which covers the conference season up to September 11 and includes some useful information, such as:
 - 95% of respondents rate the Pelicans and other staff as either excellent (71%) or good (24%).
 - 93% of respondents feel they received a good value in room and board and other accommodations.
 - 97% of respondents rate their overall experience at Star as either excellent (75%) or good (21%).The island evaluation summary identifies areas in which we can improve and that our overall customer satisfaction is very high.

ECONOMIC

- As of September 15, we received 4,087 registrations for 2015 conferences, representing 19,427 bed nights (99.4% of our 19,550 bed night goal). Last year at this time, we had registrations for 19,361 bed nights (100.6% of our 2014 goal), and in 2013, we had registrations for 18,160 bed nights (97.5% of our 2013 goal). As of September 15, we need 123 bed nights (net of cancelations) to reach our budgeted bed night goal. Please see the attached September 15 bed night report for more information.
- The attached August Financials project a year-end net operating gain of \$106K, with a projected debt service coverage ratio of 1.42. Even though we are at 19,427 bed nights as of September 15, there may be some cancelations, so we are continuing to forecast 19,350 bed nights for the season. We will fall slightly short of goal due to lower than anticipated enrollment at a handful of larger conferences (about 700 bed nights), the cancellation of two smaller conferences (about 100 bed nights), and also lost bed nights due to weather for the 2015 conference season (about 60 bed nights). Another way of looking at this is if we had met conference filling goals at the aforementioned conferences, with all other things being equal, we would have come in around 20,200 bed nights for the season.
- By way of reminder, our three year (2014-2016) strategic map ambitiously calls for us to “increase revenue by maximizing Island visitation and conference attendance by 3.5% each year” (2nd objective of Economic goal). Here is an illustration of how many bed nights this translates to:

	What our plan calls for:	Where we are/expect to be:
2013	N/A (18,160 actual)	N/A (18,160 actual)
2014	18,796	19,376
2015	19,453	19,350 (projected)
2016	20,134	To be determined...

We are making good progress on this important objective, with more work to do next year. While we may not approve a budget which supports a 20,134 bed night total for 2016, there is a viable pathway to achieving this important objective next year.

- The Finance Committee will be meeting this evening. On September 14, the wastewater financing options subcommittee met to discuss some of the financing options that are currently being investigated. We remain interested in pursuing the NH Department of Environmental Services’ (NHDES) Clean Water State Revolving Fund (CWSRF). As previously reported, we know that we are currently ineligible for the CWSRF, but we have heard from the NHDES that it is likely that the CWSRF rules will be changed to make nonprofit organizations eligible. By way of reminder, the CWSRF program offers fixed low interest loans for a term of 20 years, and this is the most promising financing program we have heard of to date. We are also mindful of a tax-exempt bond financing option, estimated at 4.40% fixed for a 10 year term. We have recently learned that we do not qualify for the USDA-RD Guaranteed Loan Program.
- Optima Bank and Trust has extended their current loan terms for an additional one month period, which will take us through the end of October. We anticipate closing on the new term loan some time between late October and December.
- We are making progress on our draft 2016 budget, and we expect to meet the benchmarks identified in the 2015 budget timeline.
- The next meeting of the Star Island Permanent Trust is scheduled for October 2.

ENVIRONMENT

- Our Star Island Sustainability Dashboard, which is accessible via a link from our home page (and also at <https://app.clicdata.com/v/34wXr5vRYwdo>), has some useful information about what we've been up to with our Green Gosport Initiative. We are excited to build upon this dashboard, which was created this summer by Lily Hahn (one of our interns), to use as an educational and fundraising tool in the future. Lily describes the dashboard as an interactive display of Star Island's water and energy consumption, waste, and harvest production, as well as a way for updates on sustainability initiatives and events to be disseminated.
- At the August Board retreat, Island Manager and Director of Facilities Jack Farrell offered 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. As we look ahead to 2016 and beyond, we need to keep focusing on major building repairs and infrastructure projects, while at the same time investing in amenity improvements. Our 2016 capital budget proposal will likely focus primarily on the Atlantic House fire escape and weatherization project, as well as some much needed bathroom upgrades.
- In addition to exploring financing options for our new wastewater treatment facility (see above), work continues on design refinements and review. We are expecting to receive the final design from Busse and Applied Onsite Solutions next month, after which we will be in a position to conduct our final review (including an independent peer review of our design by Tata & Howard) and, after any changes, submit our permit application to the NHDES.
- The Blue Ocean Society (www.blueoceansociety.org) organized a volunteer trash cleanup on Star Island on September 3, which removed 26 pounds (423 pieces) of litter from the island's shoreline.
- We have provided additional information to the Trust for Public Land's appraiser, and we continue to anticipate that the results of the appraisal will be available by the end of next month. As has been previously reported, the appraisal results 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.
- The Strategic Facilities Planning Committee (SFPC) and the Property Standards Committee met on island on September 6 to discuss several topics, including review of 2015 projects and a preview of 2016 projects. The SFPC is working on a comprehensive facilities assessment.

STEWARDSHIP

- Please see Director of Development Pam Smith's Development Report, attached, for information on how we are progressing towards our 2015 development goals.
- On August 31, our Annual Fund (AF) had realized \$226,736 in gifts, with a pledge balance of \$55,602, for a total of \$282,338. Please see the attached August 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	\$226,736	\$55,602	\$282,338	930
2014	\$198,778	\$60,274	\$259,052	844
2013	\$199,619	\$59,900	\$259,519	760

Overall, we anticipate that we are on track to reach our 2015 AF goal.

- The Fund Development Committee met on September 9 to discuss our Annual Fund strategy for the remainder of the year, as well as the attached sponsorship policy, which was discussed at the August Board Retreat. The committee recommends approval of the attached policy.
- The Outreach and Engagement Committee (OEC) met on September 15 and discussed our plans for the 2016 marketing budget and discount program.
- Over the last three seasons, we have been working on refinishing our main dining hall chairs, managing to refinish several dozen each year. This September, we were able to complete the task with 57 volunteers from Timberland and Four Rivers Charter Public School, as well as several others joining in from the Pelican Reunion Conference. In total, we now have 220 refinished chairs, and we are deeply grateful to the many volunteers who made this possible.
- We are in the final stages of gearing up for the Gosport Regatta, which takes place on September 26-27. We are hoping for a big turnout at this year's event, which in addition to the Saturday race, entertainment and awards ceremony, we will have more family friendly offerings, a kite festival and Fink's BBQ. Register today at www.starisland.thankyou4caring.org/pages/gosport-regatta.
- Starry Night will take place in the Discover Portsmouth Center on November 21.



As I get ready to move off island at the end of this month, it is satisfying to reflect on another great conference season. There's not much time to pause, however, as the important work of planning for a successful 2016 (and beyond) is already afoot.

Sincerely,

A handwritten signature in black ink that reads "Joe W. Watts". The signature is written in a cursive, flowing style.

Joe Watts
Chief Executive Officer