

**Star Island Corporation**  
**Chief Executive Officer's Report**  
**October 22, 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 previously reported, we made good progress with our marketing and outreach efforts during the 2015 conference season. Through the efforts of our professional marketing consultant, we were featured in the September/October issue of Home & Away, a magazine published by AAA with a circulation of 1.4 million people. Sometimes, the good word about Star makes its ways into sermons (First Unitarian Congregational Society of Brooklyn: <http://www.fuub.org/home/making-holy-water/>). Sometimes a conferee writes a column in a newspaper (Star Hampshire Dance featured in the Bangor Daily News: <http://bangordailynews.com/2015/10/08/living/coincidences-often-lead-to-unanticipated-pleasures/>).
- Please see Conference Center Director Justina Maji's attached report on the 2015 conference season, which was successful in many ways.
- As previously reported, 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.
- On October 5-8, an enriching and productive annual retreat of the Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC) took place at Rowe Camp & Conference Center in Rowe, MA. We agreed to share a booth at the 2016 General Assembly of the Unitarian Universalist Association (UUA) and to post our UUACCC logo in each other's brochures, we met with representatives from the UUA, and we shared best practices on various topics.
- Please see the attached 2015 island evaluation summary. This version covers the entire season, and includes some useful information provided by 641 total respondents, including:
  - 96% of respondents rate the Pelicans and other staff as either excellent (73%) or good (23%).
  - 92% 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%).
- There was a productive meeting of the Council of Conferences (CoC) on October 17, where a number of topics were discussed, including how to attract and retain young adults (loosely defined as 18 to 30 year olds), and how to increase engagement and enrollment at conferences through conference volunteerism. Attendance was higher than usual for the CoC's October meeting, and a spirit of collaboration and island citizenship was evident.
- I had the privilege of attending the Star Island United Church of Christ's (SIUCC) Board meeting on September 26. We had a good discussion about several topics, including forming a joint marketing team (staff and SIUCC), the young adult work study program we piloted in 2015 and various issues pertaining to Star Gathering 2 (Family and Youth) and Youth Empowerment and Spirituality sharing the island in 2016.

## ECONOMIC

- The attached bed night report, which is our final report for the 2015 conference season, indicates that we received 4,112 registrations for 2015 conferences, representing 19,437 bed nights (99.4% of our 19,550 bed night goal). We received 3,890 registrations representing 19,376 bed nights in 2014, and we received 3,769 registrations representing 18,160 bed nights in 2013.
- The attached September Financials project a year-end net operating gain of \$112K, with a projected debt service coverage ratio of 1.55.
- Please find attached a 2016 budget memo and corresponding three versions of budget drafts, which we look forward to discussing at the Board's October 27 meeting. Our process involves receiving Board member input at this point of the budget drafting process. Our budget timeline calls for the staff to propose a 2016 budget for consideration and possible approval at the Board's November 21 meeting, though we are now recommending that we defer approval (see below).
- The Finance Committee met last night to discuss several topics, first and foremost being the 2016 budget drafts. The committee offered valuable input, including a discussion on room and board rates. Several opinions on this topic were provided, ranging from keeping rates flat to increasing rates by as much as 5%. We are in the process of preparing supplemental data to help inform our ultimate decision, including a tool which will enable us to gauge how rate changes over the last five years have impacted bed night totals at each conference. The committee also requested new draft budget versions that show a greater degree of variation in certain line items, as well as a more conservative version that assumes less success in fundraising than our budget guidelines anticipate. There appears to be consensus that intentionally delaying budget approval till December or possibly even early next year was beneficial for several reasons, including preparing additional budget versions for consideration and discussion, getting a firmer sense of 2015 year-end fundraising totals and finding out whether or not we are awarded an LCHIP grant (for which we have already applied, and the results of which we anticipate knowing by early December).
- Optima Bank and Trust has once again extended their current loan terms for an additional one month period, which will take us through the end of November. We anticipate closing on the new term loan some time between late November and mid-December, when our current term loan comes due.
- We are pleased with the overall success of our 2015 discount program, and are working carefully on our 2016 program. The attached 2015 discount summary includes an explanation of our discounts, followed by a summary of this year's results. Some highlights include:
  - 197 (4.8%) of our 4,112 registrations were discounted under one of our programs.
  - Of our weeklong conferences, the most discounts went to conferees attending IRAS, followed by Arts and LRE. The fewest discounts went to Star Gathering 1 (Family & Youth) and Youth Empowerment and Spirituality.
  - Under the Former Pelican Discount, of the 74 discount (of 50%) recipients in 2013 (the year this program started), 48 people returned (at 25% off) in either 2014 or 2015, and 22 of those who came in 2015 (at 50% off) and 2014 (at 25% off) returned in 2013 with no discount offered.
- The Star Island Permanent Trust met on October 2. Mike Charland of Wilkins Investment Council walked us through our portfolio which, as of September 30, was valued at \$3,539,094. The total account performance history since inception (9/94) is 9.7%/year (8.9%/year after fee). Please see the attached summary for more information. At the meeting, Trustees voted to continue its practice of not investing in fossil fuel companies in a manner consistent with resolutions adopted by the UUA and the UCC. The Trust also voted to disburse \$158K to Star Island Corporation in accordance with their spending policy (4.5% of a 3 year moving average, disbursed annually).
- The Isles of Shoals Association Unitarian Universalist (ISAUU) has confirmed a \$15K fall gift to Star Island Corporation (\$5K more than anticipated), and has also pledged \$3K to fund much needed rowboat

repairs, \$1K as a lead donation to the Green Gosport Initiative, \$1K for centennial planning, \$750 for Adirondack chairs and \$250 for well house roof repairs. ISAUU has also confirmed a \$20K spring gift to Star Island Corporation (also \$5K more than anticipated). Additionally, we are in conversations about how the ISAUU can become the stewards of our signage and chapel lanterns. I am planning on attending the ISAUU's annual Meeting on November 7, where I will offer gratitude on behalf of the Star Island Corporation.

## ENVIRONMENT

- The Health Committee met on October 15, where our appreciation of the Norovirus protocol they helped produce was offered. We also discussed intended changes to the 2016 medical volunteer housing and guest policies, including receiving helpful feedback from the committee.
- We are working with Shoals Marine Lab and the University of New Hampshire to enhance our internet bandwidth capabilities even more than the substantial improvements we have already realized over the last year.
- We are putting the finishing touches on a successful close-up.
- Our working 2016 budget drafts support \$421K in capital project funding, the majority of which (\$319K) would be allocated to our Atlantic projects. We are also hoping to advance our wastewater treatment project, renovate some bathrooms, replace the roof and repair the dormers on Cottage C and install some much needed kitchen equipment.

## 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 September 30, our Annual Fund (AF) had realized \$255,068 in gifts, with a pledge balance of \$47,522, for a total of \$302,590. Please see the attached September 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
<b>2015</b>	\$255,068	\$47,522	\$302,590	990
<b>2014</b>	\$210,011	\$59,195	\$269,206	869
<b>2013</b>	\$212,930	\$57,065	\$269,995	823

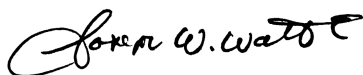
We are pleased to see a 14% increase in total donors to date over last year. Overall, we anticipate that we are on track to reach our 2015 AF goal.

- The Oceanic Hotel has been designated one of the NH Preservation Society's "Seven to Save" buildings, a prestigious designation that will help us to secure additional funding from foundations and individuals throughout the State of New Hampshire. We participated in two celebratory events yesterday, one at the NH State House and another at which several Shoalers came to offer their support.
- We recently received a \$25K grant from the Institute of Museum and Library Services for the purposes of upgrading the Celia Thaxter Museum at Vaughn Cottage. This grant will protect our collection, as well as fund professional services and two interns for the 2016 season.
- The Fund Development Committee met on October 14 to discuss our Annual Fund strategy for the remainder of the year and the Gosport Regatta, among other topics.

- A well attended Gosport Regatta took place on September 26-27, closing out our 2015 season on a high note. A stiff wind made for exciting racing, and guests enjoyed many festivities on the island, including live music, a kite festival and a barbeque lunch on Sunday. We have already begun planning for next year's Regatta.
- We are gearing up for Starry Night, which will take place in the Discover Portsmouth Center on November 21. This year's speaker will be Dudley Dudley, who will be speaking on the threat of an oil refinery that would have greatly impacted the Isles of Shoals had it not been thwarted in the 1970s. We will also be holding a silent auction.

Though another successful conference season is behind us, a lot is afoot, and we are excited about the possibilities of what lies ahead.

Sincerely,

A handwritten signature in black ink that reads "Joe W. Watts". The signature is written in a cursive style with a large, stylized initial "J".

Joe Watts  
Chief Executive Officer