

**Star Island Corporation
Chief Executive Officer's Report
November 17, 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

- Now that a wonderful 2015 conference season is behind us, we have been shifting our outreach and marketing focus to 2016. Recent efforts include meeting with CrossCurrent Communications, our professional marketing consultant, to prioritize projects for the year ahead, and working to finalize joint staff/conferee marketing teams for selected conferences (IRAS, LRE, IA, SG 1 and SG 2).
- One of our high priorities is to upgrade our web site to ensure that it's capable of being properly accessed by mobile devices (our current web site is not mobile friendly). We have selected a company to upgrade our site, and we are hoping to complete the upgrade prior to the end of this year.
- The Personnel Committee meets Thursday, and conversation will focus on our sick time carryover policy, nine month senior staff positions, and our anticipated 2016 staffing plan.
- We are gearing up for the 2016 Pelican hiring process, which will again be ably managed by Office Manager Kate Brady. We anticipate our application to be online in early December.
- We launched our third annual Veteran's Raffle on Veteran's Day. The raffle winner and his or her family will receive a free week on Star Island in 2016, as a token of our deep appreciation for all that our veterans do for us. The drawing will occur on December 14.
- We recently sent out two surveys – one to conferees who were new to Star Island in 2015 and the other to people who attended a conference over the past ten years, but not in 2015. We look forward to receiving what we expect will be useful data from these surveys...stay tuned for more information.
- The Isles of Shoals Association Unitarian Universalist (ISAUU) held its annual meeting on November 7, where I had the privilege to offer Star Island Corporation's appreciation for all that ISAUU does for Star, and to enjoy a presentation offered by Bruce Parsons and Susy and Tom Mansfield about the chapel restoration of the 1970s. The ISAUU presented us with a check for \$4K, including a leadership gift to the Green Gosport Initiative and increasing their unrestricted giving for FY15 beyond what we had previously anticipated.

ECONOMIC

- The attached October Financials project a year-end net operating gain of \$121K (vs. budget of \$106K), with a projected debt service coverage ratio of 1.64 (vs. budget of 1.75).
- The October Financials include a new projected expense of \$9K for a mobile friendly web site upgrade, which we would like to complete prior to the end of FY15. If we are able to proceed with this work in FY15, while our Purchasing and Outreach Coordinator (and web guru) Kyle Belmont

is still able to coordinate this project, versions A and B of our 2016 budget drafts (see below) will be favorably impacted.

- Please find attached a 2016 budget memo and three new budget drafts, which reflect input already provided by the Board, Finance Committee and various staff members, and which substantially meet our budget guidelines (see August 31 Board meeting materials). We look forward to receiving additional feedback, including from the Board of Directors during its upcoming meeting on Saturday. The new budget drafts include room and board income projections informed by a new forecasting tool, which includes a breakdown of the number of bed nights and corresponding income for each conference based on eight different rate categories. Our forecasting tool enables us to make more refined estimates than we have in the past. As previously discussed, the staff proposed budget will be presented next month for approval or provisional approval, as this enables us to get a better sense of 2015 year-end fundraising projections and to know whether or not we receive an LCHIP grant to help fund our Atlantic restoration projects (application already submitted).
- Please also find attached a five year bed night and rate analysis, which provides some insight into the impact rate increases (for adults) and rate decreases (for youth) might be having on conference enrollment. Of the weeklong conferences featured, seven have enjoyed an increase in bed nights since 2011 (four substantially so), whereas six have seen a decrease in bed nights since 2011 (four substantially so, three of which are youth conferences). We have adjusted our planned 2016 discount program to offer additional discounts to boost enrollment at selected conferences (LRE, SG 1, SG 2 and YES).
- The Finance Committee will meet tomorrow night with a primary focus on the attached 2016 budget drafts.
- We look forward to closing with Optima Bank and Trust on December 10, at which point we will pay off our existing term loan with Eastern Bank and take out a \$1.1 million term loan with Optima. We are pleased to reduce our current interest rate of 6.18% to a new interest rate of 4.00%, and we remain grateful to Optima for their extension of the terms we negotiated in December 2014, which has essentially eliminated existing term loan prepayment penalties. We are pleased with the strength of our banking relationship with Optima, which was selected after a comprehensive and competitive selection process last winter.
- We paid down the full balance of our credit line at the end of last month. We are not projecting needing to draw from our new credit line with Optima Bank and Trust for several months.
- We are grateful to All Star 1 and Life On A Star for once again pledging significant gifts to Star Island Corporation. At their recent fall meetings, All Star 1 voted to pledge \$3K to the Green Gosport Initiative, in addition to the proceeds of their 2015 on-island auction (about \$10K), and LOAS voted to pledge half of the proceeds (estimated at over \$6K) of the LOAS 1 and LOAS 2 auctions next summer to the Kiddie Barn upgrade project (LOAS is donating nearly \$7K to the Green Gosport Initiative this year, in addition to \$2K to the 2015 Annual Fund). We are deeply grateful to AS 1 and LOAS for their generosity and leadership, which is making a big difference for Star.

ENVIRONMENT

- We have completed a successful close up of the island and the winter caretakers have moved out to the island (here's a fun NHPR piece from last winter: www.nhpr.org/post/winter-caretaker-star-island).

- We have signed an agreement with Busse Green Technologies which paves the way for Busse to provide us with the final design for our new, energy-efficient wastewater treatment facility. We are now in a position to enter the formal permitting phase of this project.
- We anticipate receiving the Trust for Public Land's appraisal soon. As has been previously reported, the appraisal results will help inform the options available to us, which 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 Island Institute concluded its Annual Meeting with a well attended trip to Star Island to tour our solar power plant and other sustainability initiatives. Dick Case, Strategic Facilities Planning Committee Chair, provided an engaging tour of the island, with support from Kristen Simard, Environmental Services Manager, and Pam Smith, Development Director.
- Please see attached 2015 solar power plant report from Dick Case, which outlines how our system performed this year. We are pleased with the results, and we look forward to celebrating our first anniversary of meeting the majority of the island's power needs via solar power on Thursday.
- We are working closely with the Isles of Shoals Steamship Company (ISSCo.) on various efficiencies and improved services for 2016 and beyond. Goals include moving towards at least one daily trip in 2016 and having ISSCo. transport the majority of our food. We are also looking at having ISSCo. handle more luggage, and possibly take over ticketing and parking.

STEWARDSHIP

- Please see Pam Smith's Development Report, attached, for information on how we are progressing towards our 2015 development goals.
- On October 31, our Annual Fund (AF) had realized \$284,489 in gifts, with a pledge balance of \$43,247, for a total of \$327,736 (70.5% of our 2015 goal of \$465,000). Please see the attached October 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	\$284,489	\$43,247	\$327,736	1,040
2014	\$225,956	\$57,216	\$283,172	903
2013	\$223,758	\$55,080	\$278,838	857

We are pleased to see a 15% increase in total donors to date over last year at this time. We anticipate a good bump from our fall Annual Fund appeal (see sample letter, attached), which will go out this week. We continue to project that we are on track to reach our 2015 AF goal.

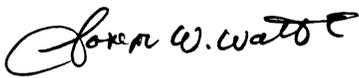
- Each year, we receive the tremendous benefit of many hours of volunteerism. We are grateful to all of our volunteers, who help out in so many ways. This year, we were the beneficiaries of 12,316 hours (about 1,642 days) of island volunteerism. Please see attached summary of 2015 island volunteerism for more information.
- Building on the momentum of the Oceanic Hotel's recent Seven to Save designation by the NH Preservation Alliance, we have established a fund for the Oceanic Hotel and secured three leadership

pledges for 2016. This fund will be one of our targeted campaigns for the 2016 season, with proceeds going to fund our planned Atlantic restoration projects.

- Our ongoing efforts to pursue grants continue to bear fruit. Most recently, we received a \$5,250 grant from the Fuller Foundation to fund vista signs and a new brochure, as well as a \$2K grant from the Rosamund Thaxter Foundation to fund a sustainability intern and a Green Gosport Initiative display in the lobby. Also, we have been approached by the Casey and Family Foundation of the Philanthropic Initiative, encouraging us to apply for a \$25K grant for the Green Gosport Initiative. Please see the attached grant report for more information.
- The Fund Development Committee met on November 11 to discuss how we recognize donors in the newsletter. Our practice has been to list Annual Fund donors, sorted by giving levels, as well as volunteers. We are hoping to move to a broader listing of donors, including those who make non-Annual Fund financial contributions to Star Island Corporation, which would go into effect in the 2015 donor recognition listing coming out next year.
- The centennial planning task force met last night to discuss several topics, including an April 30 mainland event, a July 22-23 rededication event, procedures for collecting items for two time capsules and conference centennial programming for 2016.
- The Outreach and Engagement Committee meets this evening to discuss our plans to upgrade our web site, centennial planning and our 2106 discount program.
- We are excited about Starry Night, which will take place in the Discover Portsmouth Center Saturday. Dudley Dudley 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, and we will also be holding a silent auction. It's going to be a great event – please spread the word! Tickets can be purchased at www.starisland.org/starry-night.
- For about a year, staff and some local volunteers have been volunteering, representing Star Island, at the Salvation Army soup kitchen across the street from our Portsmouth office. This has been a meaningful experience, and I am grateful to our staff and staff family members who have volunteered, and especially to Tom and Tricia Coleman, who have been instrumental in helping us to set up and sustain this program.

I am grateful to everybody who helps make Star Island special – Happy Thanksgiving!

Sincerely,



Joe Watts
Chief Executive Officer