

Star Island Corporation
Chief Executive Officer's Report
April 15, 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 have received widespread and positive media coverage of our new solar power system and our other sustainability initiatives recently, including several focus pieces, an article that was picked up by the Associated Press, and a nice feature on New Hampshire Public Radio (NHPR). It is clear that our efforts to achieve our strategic map's Environment Goal objectives are also helping us make good progress on the objectives set forth under our Communications, Economic and Stewardship Goals. Stories like the one featured by NHPR (www.nhpr.org/post/granite-geek-solar-microgrid-star-island-may-be-model-mainland) spread the good word about Star Island, and also help us to live our vision by demonstrating how our leadership in this area serves as a model for others ("the world as it might ideally be"). This coverage is generating excitement as we approach our Earth Day event on April 22 (see below), and will help us continue to build momentum heading towards our upcoming conference season and beyond.
- The favorable media attention we have been receiving is well timed in terms of our June 27 yellow ribbon cutting ceremony, which will take place on the same day as the Board's on island June meeting. Our afternoon event will feature brief remarks near the solar array (weather permitting), followed by a reception and sustainability and history tours for guests.
- Work continues on our 2016 conference calendar – as has already been noted, a successful 2016 conference calendar will accommodate the Institute of Religion in an Age of Science's (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. Please find attached the regular season conference calendar graphic that was used during the calendar brainstorming session at the October 18, 2014 Council of Conferences meeting. After careful consideration of several possibilities, positioning IRAS in Week 2 starting in 2016 is the most viable solution. We have provided several options to the three conferences currently scheduled in Week 2, and we continue to work collaboratively with them to come to the best placement for each conference. We feel that achieving the best outcome is more important than rushing the process.
- We continue to look for volunteers to help with our Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC) shared booth at the General Assembly of the Unitarian Universalist Association, which will take place June 24-28 in Portland, OR. We are also looking for volunteers to staff a booth in the youth exhibit hall of the General Synod of the United Church of Christ, which will take place June 26-30 in Cleveland, OH. If you or someone you know is interested in either opportunity, please contact Kyle Belmont, Program and Outreach Coordinator, at kbelmont@starisland.org.
- Our spring newsletter is expected to go out in mid-May.
- We have nearly finalized the 2015 Pelican team, with just three positions yet to fill. We are excited to have an excellent group of employees again this year.

- We enjoyed a successful spring staff retreat on March 25. Our morning session focused on how we work together as a leadership team, including a professionally facilitated review of our personality profiles and conflict assessments. The afternoon session was a service project, in collaboration with the Blue Ocean Society (see below).

ECONOMIC

- We have received 1,990 total registrations for 2015 conferences to date representing 12,882 bed nights (66 % of our 19,550 bed night goal). Please see attached bed night report for more details. Last year at this time, we had registrations for 12,184 bed nights (63% of our 2014 goal), and in 2013 at this time, we had registrations for 10,036 bed nights (54% of our 2013 goal). We are pleased to have reached a higher percentage of our budgeted goal at this point of time this year compared to last year.
- Our 2014 audited financial statements are in the final stages of being prepared and will be presented at the April 21 Board meeting by John Bush, with Ryan Gough of Berry Dunn in attendance. The audit confirms that our 2014 net operating gain was \$520,270, and our auditors are offering an unmodified/clean opinion. Our auditors also identified some areas of focus for 2015, which were discussed in detail with the audit subcommittee at its April 14 meeting, with Chris Bertoncini and Kate Mombourquette of Insource Services in attendance. The Form 990 is also in the process of being prepared, with a stretch goal of being finalized and sent out in advance of the April 21 Board meeting. Please see attached audited financial statements, required communication letter, advisory letter, and executive summary from Berry Dunn for more information.
- The March Financials indicate a projected net operating gain of \$122K and a projected debt service coverage ratio of 1.45. Compared to February, we are projecting larger than anticipated professional services expenses resulting from legal fees (in connection with our bank loans and work with the Permanent Trust) and IT expenses (resulting from the need to replace our main server).
- Kristi Vazifdar, Finance Director, transitioned to 50% time at the beginning of this month, and Chris Bertoncini and Kate Mombourquette from Insource Services have been working with Kristi and others as they transition into their new role as our finance department.
- The Star Island Permanent Trust Fund will be meeting on April 21, with a full agenda. The Trustees will consider and vote on the attached 2015 Third Amendment to the 1998 Trust Agreement which corrects a clerical error made in the 2015 Second Amendment passed by the Trust and ratified by the Board in February. The Trust was valued at \$3,694,630 as of March 31.
- We had a productive meeting of the Finance Committee on March 18 when, among other topics, an update on our bank loans was provided, we reviewed changing priorities within our 2015 capital budget, and we discussed our new finance department structure. The committee meets again tonight.
- We are continuing to explore options we might use in connection with financing our new wastewater treatment facility. In addition to the traditional debt financing option we have already pursued with Optima Bank and Trust (the \$500K wastewater loan), we have been meeting with representatives from Optima and the NH Health and Education Facilities Authority (www.nhhefa.com) to investigate tax exempt bond financing, which could afford us a longer fixed term. This is one of several options we intend to explore, with the goal of identifying the best option for Star well in advance of our anticipated construction start date of fall of 2016.

ENVIRONMENT

- Our annual meeting with the Rye Fire Department (RFD) and the Rye building inspector took place on March 31, with Jack Farrell, Island Manager and Facilities Director, and Jeff Murphy of SFC Engineering (our fire safety consultant) representing Star Island in attendance. The meeting was cordial, friendly and

collaborative. A lot of ground was covered, including a review of the work we accomplished in 2014 and a review of the work we are planning for this year. All such work is documented in an annual letter, the draft of which has been favorably reviewed by RFD and is in the process of being finalized by SFC. Additionally, plans for next year's Atlantic stair project were discussed and, as expected, this project must be completed prior to occupying the main hotel complex in 2016. It was agreed that we have been successful in addressing critical issues over the last several years, and we should continue to make regular improvements in the years ahead. Over time, we need to have sprinkler and fire alarm coverage of every building on the island (currently, most but not all of our buildings are so protected). Several other longer term issues were discussed, including staff disaster response training and working on an interagency emergency response and communications plan. Final commissioning and emergency procedures relative to our new solar power system were also discussed. Overall, the meeting was helpful, affirming and positive.

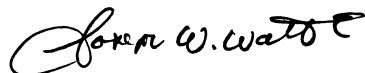
- Our winter caretakers have left the island, and Jack Farrell and some of our senior seasonal staff members moved out to the island this week to begin open-up, greeted by pleasant weather. Five contractors are also on the island working on the Truck Trestle project. To date, the generators have yet to be turned on – continuous (24/7) power has been provided solely via our new solar power system.
- Please see the attached guidelines for technology use on Star Island, which were developed with assistance from Jordan Young, the Council of Conferences, and Gary Kunz. We will be presenting these macro-level guidelines to the Council of Conferences during its May 2 meeting, and a shorter statement based on these guidelines will be presented during on-island orientation sessions this season.
- We recently received detailed information about our new, energy efficient wastewater treatment facility and are in the process of working with our consulting engineer to review the plan (please see Jack Farrell's executive summary in the March 24 Board meeting materials for an overview on this project). While it will take some time to ensure that all of our questions are answered and the plan is refined as needed, a number of things are clearer to us now than they were previously. For example, we believe that this project will cost less than our original estimate of \$1 million (later downgraded to \$900K), and we expect to identify a refined cost estimate over the next few weeks. Overall, we are excited to have detailed information before us which, once reviewed and refined, will enable us to proceed to the next phases of this project, including permitting and financing.
- Pat Ford, Island Nurse, in collaboration with the Health Committee and key staff members, has drafted a Norovirus Outbreak Prevention and Response Plan, which is in the final stages of review, including by the NH Department of Health and Human Services. We intend to implement this plan in time for the 2015 operating season.
- As reported in January, we have authorized the Trust for Public Lands (TPL) to commission an appraisal of Appledore Island at their expense, and we have mutually agreed upon an appraiser. The cost of the appraisal is higher than TPL anticipated, and they are in the process of fundraising for this effort.
- We have received a detailed plan for acoustic panel arrangement in the dining room alcove and snack bar area, produced by volunteer Seth Allshouse. We are in the process of securing an opinion on this plan from SFC and, once approved, we will be able to complete the dining hall soundproofing project properly, in advance of the upcoming conference season.
- On March 25, in collaboration with the Blue Ocean Society (www.blueoceansociety.org), we conducted a beach cleanup in Rye, within site of Star Island. As a group, we removed 37 pounds of trash from the beach.
- We are partnering with Shoals Marine Laboratory (SML) on a new internship program, "The Shoals Environmental Education Internship." Through this program, two interns will work and live on both Star and Appledore Islands, assisting in the development of selected educational programs and tours, including an education program for all Isles of Shoals visitors called "Gulls of the Shoals," in collaboration with the US Fish and Wildlife Service and others.

STEWARDSHIP

- Please see Director of Development Pam Smith's Development Report, attached, for how we are progressing towards our 2015 development goals.
- The March Annual Fund Comparison Report indicates that as of March 31, we were at \$43K in gifts and pledges from 101 donors (compared to \$21K from 59 donors at the same time last year). The spring Annual Fund appeal will be sent out by the end of this month.
- We are very pleased to have achieved 100% board and year-round staff participation in our Green Gosport Initiative appeal. To date, we have received \$65K in gifts and pledges for this appeal, which positions us nicely to secure the remaining \$60K we hope to achieve this year through donations from individuals and grants.
- We are pursuing several grant opportunities – please see Pam Smith's attached grant summary for more information. We are pleased to have been selected as one of five finalists for the New Hampshire Charitable Foundation's "Pitch Camp," which will take place on April 30. Pam will be representing Star Island as we attempt to secure \$25K in funding to broaden the outreach of our green initiatives to include work with teachers and school groups. Regardless of the outcome, it is an honor to have been selected to participate in this stage of the process.
- We are actively researching a few other grant opportunities that might require Board approval at its April 21 meeting in order to accommodate grant application deadlines which occur prior to the Board's May 26 meeting.
- The Fund Development Committee met on April 8 to discuss several topics, including an update on 2015 fundraising results, the Legacy Society and planned giving, donor and volunteer recognition, and our upcoming Earth Day event.
- This new event will take place on Earth Day, April 22, at the Discover Portsmouth Center – please see attached invitation for more information. We are pleased to be receiving good coverage of the event (such as www.seacoastonline.com/article/20150407/NEWS/150409319), and we are grateful to our four event sponsors for their support.
- The Annual Meeting materials were disseminated on April 3 – all Corporation members are encouraged to review these materials carefully and, whenever possible, attend the meeting, which will take place at the First Congregational Church of Holliston, MA on May 2. Preparations for this meeting, as well as for the Council of Conferences meeting to take place on the same day, are well underway. Please see an attached outline of the four breakout sessions we are planning during the Annual Meeting.

As we emerge from a deep winter, it appears that summer has virtually arrived, and with it the promise of another fulfilling conference season.

Sincerely,



Joe Watts
Chief Executive Officer