

BOARD OF TRUSTEES

Introduction

Since the 2015 Convention, we've said goodbye to board member Bob Johnston, whose term expired, and to Melanie Kurtz, who resigned her seat on the board due to health reasons. We thank Bob and Melanie for their service to the diocese and offer our prayers for Melanie's return to good health. Existing board member Sue DeWalt was re-elected to a second term at the 2015 Convention and Bob Eley was re-appointed by Bishop McConnell to a second three-year term. Anne Kinsey and Mary Roehrlich were newly elected to the board at last year's convention and Jerry Stephenson joined the board by appointment of the bishop. Finally, Karen Slobodian was elected by the Standing Committee to fill the vacancy left by Melanie Kurtz's resignation.

Lew Davis was elected board secretary for 2016, and Jerry Stephenson was elected assistant secretary. The board also approved the appointment of Tom Moore as chair of the Finance/Investments Committee, Mike Donadee as chair of the Property Committee, Bob Eley as chair of the Audit Committee. The hard work of these chairs and their committees is greatly appreciated. In addition, Steve Stagnitta was elected by the board to serve on the Growth Fund Committee.

Many thanks are owed to the hardworking diocesan staff that supports the work of the trustees. Kathi Workman does an excellent job keeping track of income and expenditures from the various endowments and managing distributions to the parishes invested in Pool 1. Kathi and Marlene Rihn help manage the diocese's surplus properties and keep them in good repair. We continue to rely heavily on the wise counsel provided by our chancellor, Andy Roman.

The focus and goal of the trustees continues to be to manage the assets of the diocese to the glory of God and in furtherance of the mission and ministry of the Episcopal Church in southwestern Pennsylvania. Highlights of the past year are summarized below.

Diocesan Endowment

The trustees have continued to rely on the services of Morgan Stanley to assist us in managing the diocesan endowment. Our Finance/Investments Committee oversees the work of Morgan Stanley, meeting with their representatives on a quarterly basis to discuss investment strategies for diocesan held funds. The total endowment (Pool 1), including diocesan funds and funds dedicated to individual parishes and programs, increased from \$21.4 million as reported to the 2015 Convention to \$22.1 million as of the end of July 2016. This increase occurred despite distributions in excess of \$500,000 to parishes, the diocese and various other funds such as the Bishop's Fund and Growth Fund. Our current investment mix is approximately 60% equities, 30% fixed income funds and 10% cash and other alternatives.

Support for Parishes

Since the last Convention, grants and/or loans recommended by the Growth Fund Committee have been approved by the trustees for the following parishes: St. David's, Peters Township; St. Stephen's, Wilkinsburg; and Trinity Cathedral. The trustees also approved a loan guarantee designed to provide mortgage payment relief to St. Brendan's, Franklin Park.

Support for Diocesan Mission

In June, the trustees met with members of the Budget and Assessments Working Group of Diocesan Council (BAWG) and our bishop to work on the 2017 Diocesan Budget that is being presented to this Convention, since the diocesan operating budget continues to be funded, in part, from endowments controlled by the trustees. Our thanks go out to diocesan treasurer Kathi Workman, BAWG members, and council president the Rev. Lou Hays for their time and effort in working through the budget process with us. Also in support of diocesan mission, the trustees authorized funds to assist the campus ministry at the University of Pittsburgh and Carnegie Mellon University.

Support for Diocesan Properties

During 2016, the trustees authorized the sale of the former Christ the King Church in Beaver Falls to an individual for \$35,000. The buyer expressed a commitment to continue to use the building for Christian mission. The trustees also completed the sale of the former St. Martin's, Monroeville property to the Harvest Bible Chapel, which will renovate the church building and use it for Christian worship and mission. The sale price was \$575,000. The trustees also authorized listing for sale the former Prince of Peace Church, Hopewell property and the former St. Andrew's Church, New Kensington property. In 2015, the board entered into a lease to allow a cell tower to be constructed on property at St. James, Penn Hills. In 2016 the diocese received a check for \$120,000 to cover rent payments for the first ten years of the cell tower lease.

Support for Sheldon Calvary Camp

In March 2014, the trustees authorized a contribution of \$100,000 over five years toward Sheldon Calvary Camp's Capital Campaign. In 2016, we paid the third installment of this commitment. As in past years, the trustees authorized an annual grant from one of the diocesan endowments to support the camp's scholarship program. We continue to work with our chancellor on a long-term lease agreement between the trustees and Sheldon Calvary Camp to assure that the camp will continue to have use of trustee-owned property on the shores of Lake Erie to operate as a mission of the Episcopal Diocese.

Respectfully submitted,
Joseph M. Karas
President, Board of Trustees