

BOARD OF TRUSTEES

At the end of 2016, we acknowledged with immense gratitude the service of Russ Ayres and Joe Karas, who departed from the board after terms that spanned the maximum length possible under our by-laws. Both Russ and Joe had served as president during their terms. Those years were extremely critical to the current health of the diocese. They contributed greatly in that respect.

Betty Duckstein, Dana Phillips (a former trustee) and incumbent Amy Shelley were elected trustees at the 2016 Diocesan Convention. Tom Moore and Steve Stagnitta were reappointed to second terms by Bishop McConnell.

Bishop McConnell appointed me as board president at the start of 2017. John Hose graciously accepted his election as secretary, and Mike Donadee was elected assistant secretary to take advantage of his expertise in handling real estate transactions. Our internal committees are chaired by Tom Moore (Finance/Investments), Mike Donadee (Property) and Bob Eley (Audit). Steve Stagnitta and Amy Shelley serve as the trustees' representatives to the Growth Fund Committee, which Amy chairs. Our chancellor, Andy Roman, continues to provide us with wise counsel. Their leadership and hard work are greatly appreciated.

We also owe many thanks to the diocesan staff that supports our work. As Treasurer and Director of Administration, Kathi Workman enables us to function by always having the needed financial and property information readily available. Kathi and Marlene Rihn skillfully manage all the issues with the diocese's surplus properties and coordinate the property sales.

The focus of the Board of Trustees continues to be the management of the financial and real assets of the diocese to the glory of God and for the furtherance of the mission and ministry of the Episcopal Church in southwestern Pennsylvania. Highlights of the past year are summarized below.

Diocesan Endowment

The diocesan endowment continues to be managed by Morgan Stanley, with oversight by Tom Moore's Finance/Investments Committee. The total of all the endowment funds, including diocesan funds and funds held for individual parishes and programs, grew from \$22.2 million on December 31, 2016, to \$23.1 million as of June 30, 2017. Our current asset allocation is approximately 57% equities, 25% fixed income, 14% alternatives and 4% cash.

The trustees continue to use the long-standing distribution policy of calculating the yearly withdrawal as 4.5% of the prior 48-month moving average of the pooled endowment value. The withdrawal amount credited to any individual fund is either distributed or reinvested, depending on the specific fund.

Support of Trinity Cathedral

The overwhelming costs of urgent maintenance projects at Trinity Cathedral have led the trustees to embark on a plan to look at the mission and ministry of the cathedral and determine what aspects and expenses should be considered diocesan-driven versus parish-related. As a result, the trustees committed to financial support to the cathedral for additional staffing for an interim period. A Cathedral Working Group composed of several key cathedral stakeholders and a subset of the Board of Trustees has started the process of reimagining the cathedral's future. The group recommended providing \$100.4k to the cathedral for additional staff and strategic planning in the second half of 2017. At its May meeting, the

Board of Trustees approved this funding to come from trustees' unrestricted funds. A separate task force will continue to develop a vision for the future mission of the cathedral.

Support for Parishes

Since the last Convention, grants and/or loans recommended by the Growth Fund Committee have been approved by the trustees for these parishes: St. Bartholomew's, Scottdale; St. David's, Peters Township; Emmanuel, North Side; St. Paul's, Monongahela; St. Peter's, Blairsville; St. Thomas, Canonsburg; and St. Thomas, Oakmont.

The trustees also approved restructuring the loan guarantee designed to provide mortgage relief to St. Brendan's, Franklin Park.

Disposition of underused property

Following on the work of the Strategic Planning Task Force of several years ago, the trustees have completed the sale of the following church buildings that no longer had Episcopal congregations during 2017:

- Prince of Peace, Hopewell, to Genesis Church
- Trinity, Freeport, to an individual committed to preserving the historic building as a museum for local artifacts
- All Saints, Rosedale, to New Vision Community Church

For such sales, the trustees have adopted a policy of putting the net proceeds into funds designated for new or existing mission/ministry in the corresponding region of the diocese.

The trustees have also sold the All Saints, Rosedale, rectory and the St. Andrew's, New Kensington, rectory to private individuals in 2017. The proceeds for the Rosedale rectory have been designated to help fund the additional Trinity Cathedral staffing mentioned above. Disposition of the funds from the New Kensington rectory sale will be addressed this fall.

The trustees especially want to thank Mike Donadee for his role in preparing much of the paperwork for these transactions.

Support for Diocesan Mission

Since the diocesan budget is funded in part from endowments controlled by the trustees, we met with members of the Budget and Assessments Working Group (BAWG) of Diocesan Council and Bishop McConnell in June to work on the 2018 diocesan budget that is being presented to this Convention. We extend thanks to Kathi Workman, the BAWG members, chair Kathy Baird, and council president the Rev. Lou Hays, for all their work during the budget process.

Support for Sheldon Calvary Camp

In 2017, the trustees paid \$20,000 as the fourth of five installments of our 2014 commitment of \$100,000 to Sheldon Calvary Camp's capital campaign. As in previous years, the trustees also authorized an annual grant from one of the diocesan endowments to support the camp's scholarship program.

Respectfully submitted,
Jerry L. Stephenson
President, Board of Trustees