

BOARD OF TRUSTEES

The focus of the Board of Trustees is the management of the financial and real property of the Diocese to the glory of God and for furtherance of the mission and ministry of the Episcopal Church in southwestern Pennsylvania. Highlights of its activities since last year's report are summarized below.

The board welcomed five new members this year. Heather McDonald (District 1), Jim Neral and Wesley Fox McCloud were elected at the 2017 Diocesan Convention. Unfortunately, Wesley had to resign her position because of pressing family needs. Additionally, Bishop McConnell appointed Dan Moore to the board, and the Standing Committee approved Virginia (Jinny) Tuscano as the District 4 representative.

The board gratefully acknowledges the service of John Hose (Secretary), Canon Kimberly Karashin, Gerald Dalton, Lew Davis (former Secretary) and Mike Donadee (former Chair of the Property and Growth Fund Committees) who completed their terms at the end of 2017. The trustees asked Mike Donadee to stay on as Assistant Secretary so that he can continue to represent the Diocese at property closings and advise the Property Committee and the Trustees regarding real estate and other property matters.

The board's internal committees are chaired by Tom Moore (Finance/Investments), Bob Eley (Audit) and Amy Shelley (Property). Heather McDonald graciously accepted her election as Secretary. Steve Stagnitta and Amy Shelley serve as the board's representatives to the Growth Fund Committee, which Amy chairs.

The trustees find the counsel of Chancellor Andy Roman invaluable on many legal issues. In particular, the trustees valued his expertise in the process of developing an agreement between the diocese and nine parishes that identified themselves as part of the ACNA Diocese, resolving disputed questions over the ownership and use of the church properties. His guidance enabled the trustees to readily approve the agreement on behalf of the diocese. The trustees are also deeply indebted to Kathi Workman (Diocesan Treasurer & Director of Administration) and Marlene Rihn for managing all the diocesan financial and property business so expertly.

Diocesan Endowment

Under the continued management by Morgan Stanley, with oversight by Tom Moore's Finance/Investment Committee, the total value of all the individual funds held in the diocesan endowment pool has grown to \$23.6 million on June 30, 2018, from a year-ago value of \$23.1 million. The current asset allocation is approximately 62% equities, 26% fixed income, 8% alternatives and 4% cash.

The trustees continue to use the long-standing distribution policy of calculating the yearly distribution as 4.5% of the prior 48-month average market value of the pooled endowment. Distributions from individual funds in the pool are used to fund the operating budget; distributed quarterly to third-party beneficiaries; transferred to other designated accounts; or, reinvested in the funds.

Support of Trinity Cathedral

The Cathedral Working Group, which is composed of several key cathedral stakeholders and several trustees, continues its task of reimagining the mission and ministry of the Cathedral, acknowledging that some aspects of its life are diocesan-driven versus parish-related. In light of Trinity Cathedral's recent overwhelming maintenance expenses, the board continued its support by funding \$53.2k for additional staff salaries (a building supervisor and a part-time office administrator) for the second half of 2018. This funding comes from proceeds from the sale of the St. Andrew's, New Kensington, rectory.

Support for Parishes

Since the last Convention, the trustees have approved Growth Fund grants and/or loans as recommended by the Growth Fund Committee for these parishes: Advent, Brookline; Advent, Jeannette; All Saints, Brighton Heights; Good Shepherd, Hazelwood; Redeemer, Squirrel Hill; St. Brendan's, Franklin Park, St. David's, Peters Township; St. John's, Donora; St. Peter's, Brentwood; and Trinity Cathedral.

Disposition of Underused Property

The trustees have completed the sale of the following church buildings that no longer had Episcopal congregations:

- Church of the Good Samaritan, Liberty Borough to Victory of God Free Methodist Church
- Church of the Transfiguration, Clairton to Ebenezer Christian Worship Center

Per our policy, the net proceeds from these sales have been deposited into endowment funds designated for new or existing ministry/mission in the corresponding region of the Diocese.

Support for Diocesan Mission

Since the diocesan budget is funded in large part from endowment funds controlled by the trustees, the Board met with members of the Budget and Assessments Working Group (BAWG) of Diocesan Council and Bishop McConnell in June to review the preliminary version of the 2019 diocesan budget that will be presented for approval at this Convention. The trustees thank Kathi Workman, the BAWG members, chair Kathy Baird, and council president Jon Delano for their work in developing the budget.

Support for Sheldon Calvary Camp

The trustees paid the final \$20,000 installment of our \$100,000 commitment to Sheldon Calvary Camp's capital campaign made back in 2014. As in previous years, the trustees authorized an annual grant from the Emma Locke Memorial Fund to support the camp's scholarship program.

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