

BOARD OF TRUSTEES

The Board of Trustees is responsible for managing the real and financial property of the Diocese to support the Diocese's LOVE, TEACH, HEAL mission currently and into the future. The board is comprised of 16 lay members plus Bishop McConnell and typically meets monthly to conduct its business.

Last December Sue DeWalt, Bob Eley, Anne Kinsey and Mary Roehrich completed their terms of office with the board's gratitude for their many contributions. This year the board welcomed Florence Atwood, Kathleen Farrington and Jane Burger, who were elected at-large by Convention, Bernie Rottschafer, the new District 2 representative, and David Bischoff, who was approved by the Standing Committee to fill a vacant at-large position.

The board's internal committees are chaired by Tom Moore (Finance/Investments), Steve Stagnitta (Audit) and Amy Shelley (Property). Heather McDonald continues as Secretary. Steve Stagnitta and Amy Shelley serve as the board's representatives to the Growth Fund Committee which Amy chairs. Once again the trustees elected Mike Donadee as Assistant Secretary to continue taking advantage of his expertise in real estate transactions as done during his many previous years as a board member.

While the board always appreciates the excellent jobs that Kathi Workman and Marlene Rihn do with respect to all their financial and property management duties, they went even further above the call of duty this past year with all their efforts that made the sale of the Donegal property possible. The board also appreciates the invaluable counsel from Chancellor Andy Roman, who steers us in the right direction on many complex issues.

Diocesan Endowment

Under continued management by Morgan Stanley, with oversight by Tom Moore's Finance/Investments Committee, the total value of all the individual funds held in the diocesan endowment pool has grown to \$25.4 million on June 30, 2019 from a year-ago value of \$23.6 million. These numbers include assets held by the Diocese for others, such as member parishes. The current asset allocation is approximately 60% equities, 27% fixed income 6% alternatives and 7% cash. With all the volatility in the financial market, the board prefers to keep a strong cash position to avoid the need to sell off assets when the market is down.

The trustees continue to use the long-standing policy of calculating the yearly distribution from the endowment funds as 4.5% of the prior 48-month moving average of the pooled endowment value. 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.

Disposition of underused property

Proceeds from the sale of the Donegal property for \$730,000 contributed to the increase in endowment funds. The sale included 160 acres of land, the clergy cottage and the barn but not

the Bishop's Lodge parcel, which is subject to a Life Estate agreement. The sale also included the coal and oil/gas/mineral rights, but the Diocese retained a 75% interest in any royalties associated with the possible future development of those resources.

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: Church of the Nativity – Crafton, St. David's – Peter's Township, St. Francis in the Field – Somerset, St. Matthew's – Homestead, St. Paul's – Kittanning, St. Peter's – Brentwood, St. Thomas – Northern Cambria, and St. Thomas – Oakmont.

Support of Trinity Cathedral

The trustees continued their support of Trinity Cathedral in its process of reimagining its mission and ministry with the Rev. Aidan Smith as Provost. The trustees approved allocating \$114,544 from Board of Trustees Unrestricted Funds and Donegal property sale proceeds for the support of several part-time Cathedral staff positions for 2019, recognizing that some aspects of its life are diocesan-driven versus parish-related.

Support for Diocesan Mission

Since the diocesan budget continues to be 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 2020 diocesan budget that will be presented for approval at this Convention. The trustees thank Kathi Workman, the BAWG members and chair Kathy Baird, and council president Jon Delano for their work in developing the budget.

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