

Proposal for the Use of Distributions from the Endowed Funds of the Trinity Foundation

The undersigned Wardens of Trinity Cathedral and Officers of Trinity Foundation have worked together over the past months to develop a proposal for utilizing distributions from the Vernon Funds and the General Endowment Fund held by the Trinity Foundation to restore Trinity Cathedral's working capital. In addition, the proposal would provide a temporary infusion of resources to be used by the Vestry to fund initiatives that will continue to foster parish engagement, attendance, and giving. This latter initiative is intended to be a temporary and extraordinary allocation to enhance the Cathedral's ability to meet its long-term financial needs.

The undersigned believe that the attached proposal accomplishes the desired purposes and is in the best interests of Trinity Cathedral and the Foundation. The undersigned Wardens of the Cathedral believe that the proposal would be approved by Vestry and intend to present the same to the Vestry for approval at the earliest opportunity. The undersigned Foundation Officers believe that the Foundation Commissioners would act favorably upon the Vestry's request.

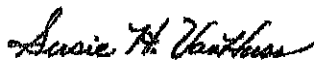
The proposal is inconsistent with certain provisions of the Foundation's Bylaws (which restrict the use of distributions from the General Endowment Fund), the Cathedral's Gift Acceptance Policy (which directs the allocation of Memorial and Honorary Gifts and Undesignated Gifts to the General Endowment) and the documents entitled "Background, Understanding and Intentions Regarding the Vernon Bequest" dated November 15, 2012 and "Guidelines for Disbursement of Vernon Funds" dated July 25, 2013 (collectively the "Governing Documents"). Given the extraordinary and temporary nature of the proposal, the undersigned further recommend that the Vestry's Resolution to provide that provisions of the proposal shall supersede the provisions of the Governing Documents on a temporary basis until December 31, 2022.



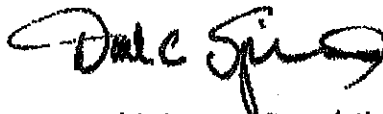
David Wolff, Sr. Warden



Wade Stinnette, Jr. Warden



Susie VanHuss, Foundation President



David Sojourner, Foundation Vice President

Working Capital Restoration. Restoration of the Cathedral's working capital is an urgent priority as the normal working capital has been depleted over the past decade. In order to relieve financial pressures and provide funds for operations throughout the fiscal year, \$250,000 (one month of budgeted expenses) will be transferred immediately to the Cathedral from the Foundation's General Endowment Fund and the Vernon Funds. The combined value of these funds has increased by \$1,418,547 since December 31, 2016.

Temporary Allocation of Unrestricted Gifts and Bequests.

- ❖ Up to \$350,000 of unrestricted gifts and bequests will be used to restore the distributions from the Building and Property that were made to the Trinity Forward Campaign and used for Trinity Center repairs, kitchen renovation, and campus updates. The Vestry approved a \$350,000 transfer from the Building and Property Fund to the Trinity Forward Campaign; however, only \$200,000 has been transferred so far. Thus, the amount of unrestricted gifts and bequests used to restore the Building and Property Fund will equal the amount actually transferred to the Trinity Forward Campaign.
- ❖ After the Building and Property Fund is restored, the next \$125,000 of unrestricted gifts and bequests will be allocated to the General Endowment Fund to replace the amount used to restore the Cathedral's working capital.
- ❖ After the Building and Property Fund and General Endowment Fund are restored, the next \$125,000 of unrestricted gifts and bequests will be allocated to the Vernon Funds to replace the amount used to restore the Cathedral's working capital.
- ❖ Once these funds are restored, all unrestricted gifts and bequests will again be allocated to the General Endowment Fund in accordance with the Cathedral's Gift Acceptance Policy.

Reallocation of Administration Expenses. Rather than charging all the Foundation's administrative expenses (currently \$73,000) to the General Endowment Fund draw, memorial and honoraria gifts will be used to cover the Foundation's administration expenses. To the extent that such gifts are not sufficient to cover these expenses, the remaining portion will be charged on a pro-rata basis against all Foundation funds (roughly 76% to Vernon and General Endowment and 24% to other funds).

Temporary Increase in the Annual Draw from General Endowment Fund and Vernon Funds. For the next three years (2020 – 2022) the annual draw from the General Endowment and Vernon Funds would increase to 5%. Thereafter the draw would be reduced to 4% (or possibly lower if needed to restore 2019 fund balances).

For 2020 and 2021, distributions from the Vernon Facilities Fund are dedicated to the Trinity Forward Campaign for Trinity Center repairs, kitchen renovation, and campus updates. For 2022, the Vernon Facilities Fund distributions may be used in the same manner as distributions from the Vernon Education and Vernon Mission & Outreach Funds (see below)

Temporary Utilization of General Endowment Fund and Vernon Funds - 2020 - 2022. Over the next three years, the enhanced draws (5%) from the General Endowment Fund and the Vernon Funds (other than those earmarked for construction in 2020 and 2021 as noted above) will be utilized by the Vestry to fund initiatives that will continue to foster parish engagement, attendance, and giving. This is intended to be a temporary and extraordinary allocation of Foundation resources to enhance the Cathedral's ability to meet its long-term financial needs.

Utilization of General Endowment Fund and Vernon Funds – 2023 and Later Years. Over the next year, the Foundation will propose guidelines for the Vestry's consideration regarding the use of distributions from the Vernon Funds and the General Endowment Fund beginning in 2023. We have been provided with materials from the Diocese of Olympia which is purported to be one of the most successful planned giving programs in the country. Their "Creating A Successful Parish Legacy Society" outline emphasizes that: "It is critical that the selected uses have strong public appeal and support among the parish. These uses must target needs that stir people's passions and raise their self-worth as parishioners – these monies should not be expensed for routine, mundane ordinary operational needs, no matter how opportune or necessary these may be."

	A	B	C	D	E
1	Foundation Admin Expenses				
2	Budgeted	\$73,620			
3	Memorial Gifts	-\$25,000			
4	Remainder	\$48,620			
	Percentage Allocation to Vernon and General				
5	Endowment	76%			
6	Expense Allocation to General Endowment	\$17,253			
7	Expense Allocation to Vernon Fund	\$19,607			
8					
9	Distributions Available	4% Distribution	5% Distribution		
10	General Endowment	\$96,291	\$120,364		
11	Less Expense Allocation	-\$17,253	-\$17,253		
12	General Endowment Distribution Available	\$79,038	\$103,111		
13					
14	Vernon Fund Distributions	\$123,433	\$154,291		
15	Less Expense Allocation	-\$19,607	-\$19,607		
16	Vernon Fund Distribution Available	\$103,826	\$134,684		
17					
18					
19		2020	2021	2022	Total
20	General Endowment Draw	\$103,111	\$103,111	\$103,111	\$309,332
21	Vernon Distributions	\$134,684	\$134,684	\$134,684	\$404,052
22	Dedicated Facilities Draw	-\$48,988	-\$48,988	\$0	-\$97,976
23	Funds Available	\$188,807	\$188,807	\$237,795	\$615,408