

**Diocesan Finance Council Highlights-Approved  
Thursday, March 12, 2020**

**Present** were Bishop Robert Vasa, eight members of the Finance Council, three staff members and Denise Dixon from Catholic Charities. Len Marabella from Catholic Charities participated by phone. The minutes and highlights of the January meeting were approved as written.

**Bishop Vasa** called the meeting to order at 4:00 p.m. He said that the financial stability of the Diocese is, of course, hurt by the Covid-19 virus and the stock market. We must ride it out and eventually the market will come back. The Governor has asked that non-essential gatherings of 250 people or more be cancelled. The Bishops have discussed a general dispensation for obligation to attend Mass on Sunday, this would lower the number of attendees. Other measures include emptying fonts, Communion only in hand, keep Mass shorter, no preaching, no social gatherings, music to a minimum to abbreviate Mass time to less than 40 minutes and much hand sanitizer. Information disseminated at Parishes might be a good opportunity to inform the Latino Community about the virus. The maximum assembly of 250 is a guidance here, in Santa Clara County it is law. Both St. Apollinaris and St. John Parish in Napa have large Mass attendance.

As tabled in the January meeting, the Bishop brought up the memo to the Finance Council requesting permission and authority to settle in a global amount up to \$XXX from insurance reserves. He stated that the College of Consultors had approved the request in January. **Daniel Catone made the motion to approve the settlement expenditures by the Bishop, as needed during the course of calendar year 2020, from the Diocesan Insurance Reserves, a global amount not to exceed \$XXX. Father Alvin Villaruel seconded the motion and all approved.**

1. **Report of Diocesan Finance Officer:** Dave Adams reviewed the Monthly Finance Officer's Report which had no significant changes. Dave also reviewed a new pro-forma financial statement as of January 31, 2020. The financial statement is for the Chancery Offices only, rather than the entire Diocese with parishes, schools and other entities. He went on to explain that the chancery employs 25 of the 500 total lay employees in the diocese. Many dioceses view their pension plan as a multi-employer plan and omit the liability from their Statements of Financial Position entirely as an amount too small to post. In reviewing the financial statements there are two views as to what is best to publish, deficit or not. Dave will work with the auditors on our financial statement format and as stated there are insurance funds to cover what Bishop Vasa had requested. Dave also said that we are looking to replace the accounting system so that this information could be prepared more easily and accurately. Dave also reviewed the Accounts Receivable Summary and mentioned that some entities that continue to have past due balances.
2. **Report of Legal Counsel:** Dan Galvin reported that the attorneys had been to the Western Diocesan Attorneys meeting in Orange County and that he believes the national meeting will be cancelled or postponed. There are several claimants for misconduct, for most we have not yet been served. Adrienne Moran has been working with Barry Weinstein in reviewing possible insurance coverage from the 1980s. There is no coverage available from The Ordinary Mutual. Adrienne has been working on a discrimination complaint with the EEOC. There are weekly calls with the Diocesan Attorneys concerning the production of files and documents requested by the Attorney Generals' office in Subpoenas it served on six of the dioceses. The attorneys have also been working on reviewing construction and other contracts.

### 3. Committee Reports

- A. Budget and Cash Flow Committee:** In the absence of Dan Prince, Dave reported that the committee met and there were positive variances for both ministries and administration. The budgeting work for 2020-2021 has begun and the ministry/department budgets will be reviewed by Bishop Vasa and the committee prior to being presented to the Finance Council on May 14<sup>th</sup> for review and approval. Bishop Vasa also mentioned that Monsignor Whelton was retiring and that we would need additional staffing. Monsignor has been doing our immigration work, which is can be quite expensive. Possibly staffing or budget funds will be needed for Evangelization, Clergy Formation, Hispanic Ministry, and an Office Manager.
- B. Membership:** No report.
- C. Communications:** In the absence of Chris Lyford, Dave reported that the North Coast Catholic has completed its second issue in the new format and after a review of the increased cost we have gone to a bi-monthly publication. Advertising revenue is increasing and is our main focus in the coming months. We are looking for the estimated cost to transition the website to eCatholic in June or July.
- D. Investment:** Daniel Catone reported that the stock markets have crashed. Sixty percent of the decrease in value was the return since January 2019 and then another 5-7 percent loss. The Investment Committee met two weeks ago and had adopted a detailed rubric of investing for Catholic Socially Responsible Investing. Daniel had requested a detail of assets from Hirtle Callaghan and they had not yet provided the information. Dave later reviewed the portfolio information from January 31st, as HC had not yet provided the report for February 29<sup>th</sup>.
- E. Audit:** Dave Adams, with the concurrence of Steve Imboden, reported that the Committee had met. There was good dialog and a balance sheet type document was needed.
- F. Property:** Marty McCormick reported that a Quit Claim deed was recorded on the Snake Ranch property. Dave mentioned he would like Marty's help with the vineyard property next to St. Joan of Arc Parish in Yountville. The parish owns the vineyard, except for five acres that is owned by the Diocese. Marty would need to work with Rev. Daniel Roa and John Moynier.
- G. Building and Construction:** Dave Adams reported that the following projects were underway: Two story class room building at Cardinal Newman High School may start construction in April or May, and the general cleanup at Sonoma State Newman Center.
- H. Insurance and Human Resources:** Dave Adams reported that the committee had met and there is currently no member of the committee on the finance council. **The Committee made the motion that the health care rate for our entity would decrease by \$20 per employee and the employee portion would increase by \$20. We will continue to allow employees to opt out of coverage. This would use \$100,000 in health insurance reserves. Concerning the frozen pension, the funding would be 3% of wages for employees working more than 20 hours per week. Catholic Charities, due to their unique situation would be charged .9% of wages. The Life**

**Insurance rate would be .3%. Property, Liability, Earthquake rates are not yet available but we should expect an increase of at least 10% for property and liability. We plan to use \$200,000 of insurance reserves and keep the overall insurance increase to between 3% and 6%. All Approved.**

H. **Development:** Bishop Vasa reviewed the 2019 Annual Ministry Appeal has pledges from 4658 families of \$1,193,000 and payments of \$1,093,000. There are currently rebates accumulated for the of \$117,440. On the 2020 AMA there are pledges of \$546,000 from 2016 families. As not all of the in-pew solicitations have been done it is hard to compare the year-to-date information.

4. **Other Business: Catholic Charities.** Denise Dixon was present from Catholic Charities to review the financial statements for the fiscal year ended June 30, 2019 and Len Marabella participated via phone. Denise explained that the financial statements were inflated as a result of the funds accumulated for Caritas Village and activities related to the 2017 and 2019 fires. Actual Charities operations are only 40% of the activity shown. Investments of \$6 million are for the Caritas improvements. In order to receive the tax credits Caritas will be separated into a different entity and removed from the Charities financial statements. Charities will manage the facility and run the programs. Construction on the Caritas project should begin in Spring 2021. Denise went through the financials and discussed the larger changes.

5. **Tentative Dates for meetings were set and the meeting adjourned.**