

**Diocesan Finance Council Highlights-Approved
Thursday, September 12, 2019**

Present were Bishop Robert Vasa, ten members of the Finance Council and four staff members. The minutes of the May meeting were approved with the correction replacing front steps with front sidewalk for the location of the press at St. Francis Solano Church in Section 4. The highlights of the May meeting were approved without exception.

- 1. Bishop Vasa** called the meeting to order at 4:00 p.m. He reported that since January, Julie Sparacio has been reaching out to victims and has arranged several settlements. This is a positive effort, removing potential future liability claims. Brian Kearney asked if release documents were signed. Bishop Vasa said yes, and that some of the other Dioceses are hiring consultants to do a similar program.

Bishop Vasa also discussed Father Oscar Diaz. His actions have harmed the Church in total as well as every priest. Bishop brought the Council up to date on this problem. Anna Hickey said that the written statement from Bishop Vasa, read at Mass was beautiful and very well written. Bishop Vasa plans to discuss this problem with the Priests, as a group, at the January meeting. **Richard Cuneo made the motion that the Diocese, from insurance reserves, make the five parishes whole financially up to \$300,000, Anna Hickey seconded the motion and all approved.** There was further discussion concerning the need for and merits of Parish Finance Councils reviewing their plate counting procedures and discussing these procedures at Mass.
- 2. Report of Diocesan Finance Officer:** Dave Adams reviewed the Monthly Finance Officer's Report and the decrease of \$900,000 in the balances between July 31 and August 31. This is due to payments of \$1.1 million in insurance premiums and some funds being used to pay settlements. Dave also reviewed the Accounts Receivable Summary and mentioned that Our Lady of Perpetual Help and St. Mary School in Ukiah are behind in their insurance payments. Although Catholic Charities is included on this report, they have made payments on their calendar year workers compensation billing.

Dave has been asked by Father Manuel Chavez to request a loan on behalf of St. Helena Church. He gave a history of the parish financial problems, including a loan from Mechanics Bank. The school, which is now vacant, may need ADA improvements to the bathrooms in order to be ready to lease. The parish, which did a combined capital campaign, owes the chancery for their portion of the combined campaign goals. Marty McCormick asked why the parish was allowed to borrow. Dave replied that the loan was actually to the diocese on behalf of the parish because the parish was not separately incorporated at that time. The loan was obtained as an interim construction line of credit and for construction overruns. **Daniel Catone made the motion to approve a loan to St. Helena Parish up to \$230,000 at 4.5 – 5 percent interest and \$100,000 of the funds to be paid to the Capital Campaign. Richard Cuneo seconded the motion and all approved.**

Dave is planning to send a letter to the parishes asking for the pastors to review the plate procedures either in Mass or the church bulletin. There have been plate counting procedures and recommendations in the past and they have been ignored. We are increasing parish

reviews, with first priority given to changes in Pastor and bookkeepers. Dave and Monsignor Whelton will begin a new round of meetings in October to review the Parish Financial Management Handbook, previously there was sporadic attendance by the Pastors. In November Parish and School Financial Summaries will be distributed to the Council for review in January.

3. **Report of Legal Counsel:** Dan Galvin reported that the attorneys had been reviewing contracts and construction projects. AB218 has moved out of committee and could be on the floor of the senate to reopen the statute of limitations. The current bill includes the public schools and Governor Newsom is likely to sign it into law. The California Attorney General's Office has requested clergy files from six of the California dioceses, not including ours. The Diocese of Santa Rosa files are now off site and being scanned by a firm engaged by our attorneys. The six dioceses are now downloading sample files for the Attorney General's Office to review. Valley Construction had filed a lawsuit to enforce it's mechanic's lien and the lawsuit was dismissed by the court. In the parish incorporation project, the title company has had a long delay and will not be able to work on the title reports for several more weeks. Dan has been working on expediting the work, but we may need to find another title company.

4. Committee Reports

- A. **Budget and Cash Flow Committee:** Dan Prince reported that the committee met and there was a positive variance through August 31st of \$62,706. There is nothing significant to report.
- B. **Membership:** Bishop Vasa introduced and welcomed Richard Cuneo to the Diocesan Finance Council. Richard is from St. Francis Parish in Sonoma. Bishop thanked all of the members for their expertise and advise.
- C. **Communications:** Chris Lyford reported that the North Coast Catholic was transitioning in December from a 24 page tabloid to a 16 page "Fearless Flyer" type publication, increasing distribution from 10,000 to 40,000. The Communication and Evangelization committee is beginning a five-year theme with emphasis on Evangelization. The content in the NCC will be clear and direct with more local flavor. The committee has recently looked at a product called Realm, which is a parish database program used in some other dioceses. We will be moving the Diocesan website to E-Catholic with a decrease in cost overall. Bishop Vasa mentioned that only 8% of the 40,000 households in the diocese donate to the Annual Ministry Appeal and if all registered Catholics received the NCC it could substantially help the diocese financially.
- D. **Investment:** Daniel Catone reported that the investment portfolios made between 8 – 10 percent. The conservative portfolio of the Catholic Community Foundation earned 8.5 percent year-to-date, much better than anticipated. The mission of the church is to evangelize the whole world and we are obligated to invest in Socially Responsible Investments (SRI). According to the definition in the USCCB we are, but with a more detailed analysis, we are not adhering to the true moral goals of SRI. There are several levels of screening for investments.
- E. **Audit:** Steve Imboden reported that the Audit Committee had met to discuss the actions of Father Oscar and how to prevent this in the future. It was agreed that more training with parish finance councils, ushers, bookkeepers and pastors was needed. The appropriate collection and counting procedures are included in the Parish Finance Handbook. The

Audit Committee will receive a draft of the Diocese of Santa Rosa financial statements in October and will review these statements with the Finance Council in November.

- F. **Property:** Dave Adams reported that the water district in Del Norte County would like to purchase the Mission in Klamath from St. Joseph Church in Crescent City. The City of Yountville would like to purchase part of the St. Joan of Arc Parish vineyard, co-owned with the parish by the Diocese
- G. **Building and Construction:** Dave Adams reported that the committee will meet next week with Cardinal Newman High School to review site plans and the drawings of the two story class room building. Sonoma State University Newman Center has plans to renovate the Chapel.
- H. **Insurance and Human Resources:** Dave Adams reported that as required by the Defined Benefit Pension Plan the actuaries, Nicolay Consulting, have been searching for former, retired employees or beneficiaries that have not been taking their retirement benefits.
- I. **Development:** Bishop Vasa reviewed the Capital Campaign spreadsheet showing pledges of \$21,756,000, payments of \$17,200,000, and \$3,998,000 written off leaving an outstanding balance receivable of \$558,000. The Bishop plans to end the Campaign by December 31. Sister Caritas Marie has published summary information on the Campaign in the North Coast Catholic. The 2019 Annual Ministry Appeal has pledges from 4342 families, only 10 percent of the households. Bishop Vasa then excused himself from the meeting.

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