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CHANCERY OFFICE**

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**Diocesan Finance Council Highlights-Approved  
Thursday, January 14, 2016  
Chancery Office – 4:00 p.m.**

**Present** were Bishop Robert Vasa, thirteen members of the Finance Council and two staff members. Following the opening prayer, the agenda was approved at written.

1. The **Minutes** and **Highlights** from the November meeting were approved as written.
2. **Comments of Bishop Vasa:** The Bishop said he had just returned from the Clergy Workshop at the Benbow Inn. The meeting was very positive and about 40 priests attended. The discussions concerned the Diocesan reorganization and the separate incorporation of the parishes. The Priests have come a long way towards understanding that we have to be better managers at all levels, parishes and schools. There was discussion concerning how other dioceses have separately incorporated the parishes and the contracts in place between the other dioceses and their parishes, detailing the responsibilities of each. All parishes are canonically required to submit annual financial reports to the Diocese. The Bishop is grateful to the Diocesan Finance Council for their assistance.
3. **Report of Diocesan Finance Officer:** Dave Adams reviewed the balances listed in the Finance Officer's Report, noting an increase from the Health Insurance accounts and Property Insurance billings deposited into the Insurance account. Dave also reviewed the Accounts Receivable Summary and said that payments were being made on most of the balances. Bishop Vasa reviewed the letter from Father Epperson requesting a loan of \$300,000 to move forward on the Cathedral construction project. The loan will be repaid by the capital campaign proceeds over the next two or three years. The Cathedral has pledges of over \$400,000. **John Moynier made the motion to authorize Dave Adams to negotiate the loan at two or three percent interest. Dan Prince seconded the motion and all approved.**

Dave Adams said that the yellow legal worksheets titled Annual Parish Report Summary are confidential documents to take home and review. This information will be discussed at the Finance Council meeting in March. The annual parish report is a summary of all receipts and disbursements for the fiscal year ended June 30, 2015. The report also includes all of the cash and investment balances for each of the parishes. There is a canon law that parishes with funds above a certain amount, for example two or three months operating reserves, need permission from the Bishop to invest these funds. Dave said the other dioceses have been more aggressive in reviewing parish statutes and investments. Dave said the Diocesan Finance Council has a canonical requirement to review financial reports from parishes, schools, cemeteries and Catholic Charities. There will be a combined financial report for the schools in March and then for Catholic Cemeteries and Catholic Charities. We will need to cycle through these requirements every year. This is very sensitive, confidential financial information.

4. **Report of Legal Counsel:** Dan Galvin reported that Cardinal Newman High School had purchased the property adjacent to the school. Adrienne has been working on the St. Francis Solano Parish trust litigation. There is a new claim against an order priest, not associated with our Diocese, living in the Diocese of Santa Rosa, who had previously ministered in the Diocese of Sacramento, where the misconduct claim originated. Dan also mentioned that there is a claim due to a golf cart accident at a St. Vincent High School fund raising golf tournament. Dave had asked the Priests to be very careful in signing documents. Dan has been seeing more pastors with contracts to review. There is a Western Diocesan Attorney Group meeting at the end of June in San Francisco.

## 5. Committee Reports

- A. **Budget and Cash Flow Committee:** Dan Prince reported that the committee had met and reviewed the reports on November and December found that we are currently beating budget..
- B. **Membership:** Father Shaw reported that a listing of Council terms had been prepared and many members terms are completed. Father Shaw mentioned that when Cardinal Levada had established the Council he had requested nominations from the Pastors. Bishop Vasa would like a listing of members needed in specific fields such as Building and Construction or Audit and he will put it in his Presbyteral Bulletin.
- C. **Communications:** No report.
- D. **Investment:** John Moynier reported that the three Diocesan Bond Portfolios had been moved to the BNY Mellon accounts from Charles Schwab during December.
- E. **Audit:** Deacon Frank Dahl reported that the Committee had not met. Dave Adams had discussed parish audits at the Clergy meeting and three parishes, Our Lady of Guadalupe, St. Rose and St. Philip, had volunteered to be audited. The next step is to obtain sample audit program procedures from some other dioceses and obtain local accounting firms for the parishes.
- F. **Property:** Clem Carinalli reviewed the history of the Fountaingrove property. The property now has two offers, one calling for a 60 day close of escrow. Bishop Vasa asked Clem about the Snake Ranch Property, the access issues and the possibility of selling the ranch. The Bishop views this property as a liability.
- G. **Building and Construction:** There was no meeting but Dave Adams reported that a meeting was scheduled for February. Upcoming projects include: St. Elizabeth Seton in Philo, St. Rose School modular classrooms.
- H. **Insurance and Human Resources:** In the absence of Bob Fish, Dave Adams reported on Health insurance. The committee had met and discussed moving from self-insurance with Verus as our current Plan Administrator and the Healthsmart network to the Reta Trust. The Reta Trust is a Catholic organization and uses the Anthem network. The Reta Trust also insures the Archdiocese of San Francisco, the Diocese of San Jose, the Diocese of Oakland and covers over 29,000 people. One reason to move is the Anthem network, with lower pricing, and over time a lower cost. Reta also has a contract with Kaiser and has been able to verify that only Catholic appropriate healthcare is covered. A concern in the transition to Reta are the IBNR (Incurred but not reported) claims and Pended claims.

**I. Development:** Dave Adams announced that Deacon John Norris, who had been hired as a Director of Stewardship, is moving into the Development Department. Debbie Drago has retired and this is a good position for Deacon Norris. John will oversee the Capital Campaign and the Annual Appeal. As a Deacon of the Diocese, John is able to speak at parishes. We will need to hire a Stewardship Director as this position is funded by a Catholic Extension Grant. Monsignor Whelton reviewed the Annual Ministry Appeal handout as of December 31, 2015, noting that pledges had increased by \$13,500 since October 21. Fourteen parishes are under 80% of target and will soon be billed for the shortfall. During the previous appeal in 2014, the parishes were forgiven the shortfalls. Father Shaw asked about updating the appeal targets. Dave stated that the 1.6% increase in targets was not sufficient to cover ministry expenses and Deacon John Norris will need to work with the pastors to develop a better formula. The targets have evolved over many years and there is not a good process in place to change the goals toward better equity. Bishop Vasa suggested that the target be a percentage of total revenue rather than of Section 10 income. Monsignor also reviewed the Capital Campaign handout as of December 31, stating that funds received totaled \$8,158,000.

**6. Other Business:** Father Shaw stated that he had not received any information on Catholic Charities work in Lake County. Catholic Charities had been there to assist fire victims but they had not reported on their plans for future assistance. The consensus was more communications are needed concerning the work of Catholic Charities in Lake County.

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