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Diocesan Finance Council Highlights-Approved Thursday, November 12, 2015

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

1. The **Minutes** and **Highlights** from the September meeting were approved as written. There was a discussion of the reporting on the meeting of October 13th, with Hirtle Callaghan, where a quorum was not present.
 2. **Comments of Bishop Vasa:** The Bishop said he was pleased with the work of the Audit, Investment, Property, and Building Committees. He was also happy with the new relationship with Hirtle Callaghan. This bodes well for not only the Diocese but also the Catholic Community Foundation. There has been good progress with the Capital Campaign. He is grateful to all of the members of the Finance Council for their ongoing work.
 3. **Report of Diocesan Finance Officer:** Dave Adams reviewed the balances listed in the Finance Officer's Report, noting an increase in the Insurance account. There were also lower health insurance payments in October. Dave also reviewed the Accounts Receivable Summary and said that payments were being made on most of the balances.
 4. **Report of Legal Counsel:** Adrienne Moran reported that she had attended a meeting for all of the California diocesan attorneys concerning the effect of the increase in the minimum wage. In order for an employee to be classified as exempt (not eligible for overtime and not required to complete timesheets) they must be paid at least twice the minimum wage. Many new teachers are not earning \$3100 per month and would, with the new minimum wage of \$10.00 per hour going into effect January 1, 2016, be eligible for overtime. This would adversely affect many schools. She also said that the minimum wage issue affects all employers, not just schools. Adrienne also mentioned that a hearing was set to have the wrongful termination claim at Trinity Prep School. The attorneys are working with Cardinal Newman High School to purchase a house adjacent to the school. St. Francis Solano Parish is the beneficiary an estate which is currently being contested.
- 5. Committee Reports**
- A. **Budget and Cash Flow Committee:** Dan Prince reported that the committee had met and reviewed the reports on September and October and found no activity needing further comment.
 - B. **Membership:** Bishop Vasa requested that Father Shaw and George Ortiz prepare a listing of the status and terms of the Council Members.

- C. Communications:** Chris Lyford, the new Communications Director, started mid-October and will be publishing the North Coast Catholic. Gene Senestraro asked how the NCC was distributed and Dave Adams said that it was sent to everyone that donated to the Annual Ministry Appeal. The NCC is also sent in bulk to each church to be available to parishioners and usually placed at the back of the church.
- D. Investment:** John Moynier reported that the market value of the three Diocesan Bond Portfolios as of November 11, 2015. The portfolios will cease to be with Hutchinson Capital and will be invested by Hirtle Callaghan, our financial manager, in portfolios comprising of up to 25% equities and 75% in short term, fixed income investments. The assets will be moved in-kind by the end of November. In-kind means the assets are not sold, but simply transferred, and then Hirtle Callaghan can evaluate the asset for return and fit into their portfolio structure. Bishop Vasa thanked John Moynier for his assistance in selecting Hirtle Callaghan and working on all of the investment portfolios. John Moynier thanked Dave Adams and the members of the Investment Committee.
- E. Audit:** Deacon Frank Dahl reported that the fee for the Audit was as agreed in May. He also reported that the management letter of October 9th indicated no problems with the Audit. Frank said that the pension liability was adversely affected by an update in the mortality tables and a reduction from 7.5 percent to 7.0 percent in the long term rate of return used by the actuaries. The liability is also largely affected by the performance of the stock market. There is no salary increase in the calculation because the plan has been frozen and a new defined contribution plan has been implemented. There was discussion of the large pension liability. **Deacon Frank Dahl made the Audit Committee motion that the financial exhibits for the Diocese of Santa Rosa for the fiscal year ending June 30, 2015 be approved as drafted together with suggested revisions/corrections offered during the October 28, 2015 Audit Committee meeting. All approved.**
- F. Property:** Clem Carinalli reported that there had been a small change in the description of the easement on the Fountaingrove property. Clem also stated that when the easement issue is cleared the property would be listed again, possibly higher than previously.
- G. Building and Construction:** Dave Adams reported that the committee had met a week ago to review the St. Helena Parish Life building. Bishop Vasa has signed the contract and they will tear down the old building and begin construction soon. At St. John the Baptist Church in Healdsburg parishioners are working toward a Chapel renovation.
- H. Insurance and Human Resources:** Bob Fish reported that the committee met with Verus to review the current health plan. The Committee, in looking for other options, has also met with the Reta Trust. The Reta Trust provides healthcare for twenty (Arch) Dioceses, six in California and many other Catholic organizations, insuring over 30,000 people. There are several items of concern in making such a transition, including providing good coverage to employees and also dealing with the "tail" (claims that have been incurred but not reported or paid). Dave mentioned that we would need to approve the transition to Reta at the January meeting in order to give them an opportunity to do a good job in the transition. John Moynier asked if we do not go to Reta would we stay with Verus and Dave replied yes. Bishop Vasa would like to negotiate a rebate if the Diocese has good health. Bob mentioned that Reta is similar to a mutual insurance company and if there is overall good health the members all receive refunds.

I. **Development:** Monsignor Whelton reviewed the Capital Campaign handout stating that at October 31. If a parish has pledges of 80% of their target the parish receives payments in January and July of 25% of their receipts, 10% is paid into a parish savings account at the Catholic Community Foundation and 65% is used for the campaign cases. Parishes with combined campaigns have a more project specific payment structure. Monsignor Whelton also reviewed the Annual Ministry Appeal handout at October 31, with eighteen parishes over 80% and twenty three parishes under 80%. In 2014 parishes that did not receive 80% of target were not billed for the shortfall. For 2015 parishes with payments of less than 80% will be billed for the shortfall. The annual appeal monies received are the budget total for the ministries in 2016-2017. Monsignor Whelton reviewed the donations received by Catholic Charities for the Lake County Valley Fire. Charities have received \$141,834 in total through November 6th. Of this \$88,803 were from religious organizations in California. The largest parish donations are: Resurrection \$15,274, St. James \$14,200, and St. Rose \$12,315. Catholic Charities has been very active and well received in Lake County since the fire. George Ortiz reported that he had met with Father Oscar Diaz in Lakeport and Father Oscar is quite concerned with the economic situation in his parish. George has obtained federal and state monies in order to employ 300 people over the next five months to assist with the cleanup and was meeting with Father Oscar to try to get parishioners into these temporary positions. Dave Adams reported that he had received a request for assistance from Father McSweeney of St. Joseph Parish in Middletown. The St. Joseph attendance and collections are decreased severely. Bishop Vasa has agreed to provide payments of \$5,000 a month from the chancery or insurance reserves. In looking at the Capital Campaign, letters will be sent to donors from St. Joseph Parish saying that in view of the disaster their pledges would be forgiven. Dave said that the Bishop wanted **to send all of the St. Joseph Middletown Campaign proceeds to St. Joseph as a rebate. Paul LeSage made this motion, Clem Carinalli seconded the motion and all approved.** Dave will call Father Oscar Diaz and ask if assistance is needed at St. Mary Immaculate in Lakeport.

6. **Other Business:** Dave Adams wanted to review the meeting frequency of the Finance Council, and asked if the council members are comfortable with e-mailed votes. The consensus was that meeting five times annually works well.

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