

**Diocesan Finance Council Highlights-Approved
Thursday, November 9, 2017**

Present were Bishop Robert Vasa, nine members of the Finance Council and four staff members. The Minutes and Highlights of the September meeting were approved with a slight amendment.

1. **Comments of Bishop Vasa:** Bishop Vasa introduced the new member, Joseph Barrera, who is also a member of the Catholic Community Foundation board. Bishop Vasa also expressed his dismay concerning the fires of a month ago. One hundred ninety one students of the approximately 3000 students in Catholic Schools lost their homes. This will have a significant economic impact on our schools and parishes. This is a large disruption in the lives of our school families and we do not want students to leave our schools because of an inability to pay tuition. Cardinal Newman High School and St. Rose Elementary school are the only properties with direct fire damage. The insurance coverage for both schools is adequate to rebuild.
 2. **Report of Diocesan Finance Officer:** Dave Adams reviewed the Monthly Finance Officers Report and noted that the balances had increased mostly from property and liability insurance remittances. Dave also reviewed the Accounts Receivable Summary- Balances Over 60 Days showing that two entities are past due.
 3. **Report of Legal Counsel:** Dan Galvin reported that the Judge had ruled in favor of the Diocese and St. Apollinaris on all counts in the Savage trial, but had ruled against the Diocese on the cross complaint. The final judgment has not yet been issued. There is mediation scheduled for next week on the Catholic Charities wrongful termination lawsuit. The three Hanna cases are moving forward. Five parishes still need to be separately incorporated. The attorneys are also working to transfer two parcels into a new parish corporation. Bishop Vasa mentioned that Dave Adams is working on the Finance Handbook. It was reviewed with the Priests on Tuesday and favorably received.
- 4. Committee Reports**
- A. **Budget and Cash Flow Committee:** In the absence of Dan Prince, Dave Adams reported that the committee had not met, but there were no significant variances to report.
 - B. **Membership:** Bishop Vasa reported that there is no membership committee in place. The Bishop would like to include more Latinos and women on the Council.
 - C. **Communications:** Chris Lyford reported that the communications committee continues to meet on a monthly basis with a focus on increasing readership and quality of the North Coast Catholic Newspaper, the website, social media presence. A donation link for wildfire assistance was placed on the Diocesan website with help from Dave Adams and Stephen Morris and many people have made online donations. Chris is working with Lynne Peter to update the diocesan directory which will include a print version and an online version which will be able to be updated by parish administrators. The Directory will be available and published by December 1st.

- D. Investment:** Daniel Catone reported that investment performance has been very good. The new option for a less volatile portfolio has been implemented, but so far no one has selected the option. It gives parishes a place to invest their funds with less risk. Simply providing this option for a more conservative investment provides some protection to the diocesan reputation when the next market adjustment occurs. The committee found that there were three exchange traded funds in the portfolio that did not meet the Socially Responsible Investing guidelines and these investments will be liquidated.
- E. Audit:** Dave Adams reported that the Audit Committee, comprised of Chairman Deacon Frank Dahl, John Moynier and Dan Prince had met with the auditor and reviewed the Financial Statements on a line-by-line basis. Deacon Dahl provided a letter from the **Audit Committee making a motion that the financial exhibits for the Diocese of Santa Rosa for the fiscal year ending June 30, 2017 be approved as drafted together with revisions/corrections offered during the October 27, 2017 Audit committee meeting. All approved.** Joe Barrera asked about the terms of the loans to the (Arch)dioceses. Dave reviewed the various loan and repayment plans in detail and mentioned that there was a continuing dialog with the Archdiocese of San Francisco. We do not know how the fire disaster will impact our ability to repay the Archdiocese of San Francisco and so perhaps this negotiation should be delayed.
- F. Property:** No report.
- G. Building and Construction:** Dave Adams reported that the Cardinal Newman High School and St. Rose Elementary School students had returned to school. The parishes have been very supportive in providing classroom space for the Newman students. The freshmen class is at Resurrection Parish, the sophomore class is at Our Lady of Guadalupe, the junior class is at St. Elizabeth Seton Church in Rohnert Park and the senior class is currently at St. Joseph Church in Cotati. St. Rose School has portable classrooms at the parish and preschool classes in session at St. Mark Lutheran Church in Santa Rosa. The damage is covered by full replacement cost insurance and there is also \$5 million coverage for interim work to continue school operations. At Newman they are moving into the demolition phase and have portable classrooms coming next week. They hope to be back on campus by January 8th. Cardinal Newman may do a capital campaign to move from portables to permanent structures.
- H. Insurance and Human Resources:** Dave Adams reported there was no meeting or activity. Many employers are moving to Health Savings Accounts to assist employees in funding higher health expenses due to higher deductibles and copays. The retired priests were now covered with Medicare gap supplemental programs and had excellent coverage at a lower cost to the Diocese.
- I. Development:** Bishop Vasa reported that the Capital Campaign now has two years remaining. He also reported that parishes had received payments from the Campaign of \$3.5 million and an additional \$485,000 into parish savings accounts at the Catholic Community Foundation. \$2.8 million had been distributed to the other campaign cases. Bishop Vasa also reviewed the Annual Ministry Appeal handout for the 2017 appeal showing \$1,164,257 in pledges and \$980,040 in payments received as of October 31st. The target calculation methodology for the appeal had been updated to recognize all parish income and with 5% increases annually until the entire target is a required payment. This will improve the subsidies to the ministries as is the goal of the annual ministry appeal. The goal for the 2018 appeal was discussed with the pastors at the meeting on Tuesday. The

appeal process was discussed, where the pastor first meets with Dave to review the numbers. The Pastor can then work with Monsignor Whelton and a review committee, who will then make a recommendation on the appeal goal.

5. Other Business: Bishop Vasa stated that the Redwood Credit Union Foundation had provided the diocese with \$95,500 to be allocated at \$500 per student in gift cards for every family that had lost their home in the wildfires. The Mom's club at St. Cecelia School in San Francisco has donated \$100 per family in Walmart/Target gift cards for the 180 families that lost their homes. In talking with the California Bishops, almost all plan to have second collections taken toward the end of November for the wildfire victims.

6. Tentative Dates for meetings were set and the meeting adjourned.