

## *Diocesan Finance Council Highlights*

**Thursday, May 17, 2007**

Present were Bishop Daniel Walsh, fifteen members of the Finance Council, one staff member and eight guests.

### **1. Call To Order:**

Following approval of the agenda, minutes and highlights, and introduction of three proposed new members, the Bishop offered his remarks.

### **2. Bishop Walsh:**

Bishop Walsh has received a certificate of completion for the diversion program he entered in lieu of a plea related to the reporting of abuse allegations against Fr. Ochoa. Bishop told the council members that it was time to renew the term of office for Mike Urick as Diocesan Finance Office, noting that Mike must be reappointed unless there is grave cause to prevent the renewal of the appointment. A number of members commended Mike's service, and the group reached a consensus to renew the term for Mike Urick as Finance Officer.

In other business, Bishop informed the council members that due to the increase in postage costs, email will be the preferred mode of diocesan communication. He also reported that there will be two priests from Kenya coming to our Diocese. <br>

### **3. Report of Diocesan Finance Officer:**

In the absence of Mike Urick, Kim Sampietro presented his report. The Cardinal Newman Retreat Center roof was paid for during February and April. The Capital Campaign is in its sixth year, and some of the parishes have finished.

### **4. Report of Legal Counsel:**

Dan Galvin updated the members on the status of the cases. He also reported that St. John's Parish in Napa has completed the purchase of a residence; a motion was made, duly seconded, and approved unanimously to allow St. John's in Napa to obtain a loan from an outside lender. Dan Galvin also reported that his firm was dealing with an issue regarding the management of the St. Bernard Cemetery and some personnel issues at schools and parishes.

### **5. Cash Flow and Budget Committee:**

*Cash Flow:* Kim Sampietro explained the Budget versus Actual Cash Flow and reviewed the timing variances. The telephone bills are much higher than budgeted, but travel and some priest salaries were lower than budgeted. Again no parishes had balances owing for more than 60 days.

*Budget Report:* Rick Rosa reviewed the '06-'07 budget. Then he requested the approval of the '07-'08 budget for the amount of \$798,237 -- the amount of receipts by March 31<sup>st</sup> from the Appeal. The motion from the Budget Committee was seconded and then discussed. After discussion of several ministry budgets, the motion was unanimously approved to adopt the budget as proposed for \$798,237 for the next fiscal year.

### **6. Committee Reports:**

#### **A. Property:**

Clem Carinalli reported that St. Rose is interested in the Retreat Center for a pre-school; Bishop Walsh believes that portable buildings would be more practical. It was also

stated that this would eliminate the use by Youth Ministry and current retreat users and would not fit the future use of the Retreat Center as a House of Discernment. There was consensus to discourage the use of the Retreat Center as a pre-school.

Clem Carinalli reported that in Yountville, St. Joan of Arc wants to lease out a lot they own, for \$4,000/ year for fifteen years for a vineyard. Dan Galvin had reviewed the lease and found it acceptable. A motion was made, seconded and approved unanimously to allow the lease.

#### **B. Building and Construction:**

The Humboldt State Newman Center has a leaky roof and they are obtaining estimates for repair. The motion was made, seconded and unanimously approved, to allow the committee to authorize the roof repair at HSU Newman Center for an amount not to exceed \$25,000.

At St. Bernard in Eureka, there is dry rot by some of the stained glass windows at the east and the north parts of the church. Hogan Studios submitted a bid for just over \$145,000 to do emergency repairs and deferred maintenance. The parish has the funds for the project. After some discussion of the credentials of this vendor, a motion by the committee was unanimously approved to accept the bid by Hogan Studios for \$145,994.56 with \$48,664.85 due on signing.

Bill Cornelison reported that Cardinal Newman High School seeks to add weight training room and wrestling facility with restrooms and a snack bar, to cost about \$250,000. The school has the funds and is being looked at by the county to eliminate the portable toilets. A motion was made, seconded and approved to allow the school to complete the project, with one vote against.

Bill Cornelison said that St. Eugene's wishes to renovate its old school bathrooms, installing low flow toilets. They have the funds and \$20,000 of tile work will be donated. A motion was made, seconded and unanimously approved, to authorize the renovation for approximately \$75,000.

At St. Vincent High School, Bill presented a motion to authorize the remodel of the science lab including new furniture for \$54,000. The motion was approved unanimously, with Fr. Lombardi abstaining.

#### **C. Insurance and Human Resources:**

Deacon Hercher reported that the increase for health insurance for lay employees will be 17% (nationwide average increase: 15-18%). He also reported that the small dental plan will be dropped since there are no providers in most of the counties of our Diocese. The committee recommended that employees be made aware by the renewal notice that there may be a need to pass on a portion of the cost to them by next year.

#### **D. Membership:**

Deacon Hercher reported that the Council will be returning to full membership next term though he and Joe Schunk will be leaving the Council. New members: Bob Fish, Hedy Montoya, John Schultz, and Deacon Frank Dahl.

#### **E. Communications:**

Deirdre Frontczak reported the committee is happy about the email communications and she announced the new website for the Diocese is launching today at

www.santarosacatholic.org. The hope is that it will be more user friendly. Fr. Lombardi asked about communicating by the website and Deirdre said a section for the Diocesan Finance Council could be set up. Judy Barrett reported that in an informal survey about the North Coast Catholic, the most requested changes were to be in color and be a more newsy format. Deirdre noted that if it is not sufficiently attractive to ensure it is read, we are throwing away \$80,000 / year.

#### **F. Banking Oversight:**

Deacon Frank Dahl reported for John Moynier on a proposal from St. James to provide a loan of \$650,000 to St. Elizabeth Seton, at below-market rates, to help their neighboring parish. There was a discussion of the loan history of the parish and that Fr. Griffin deserves consideration, and they have been paying regularly. The motion to allow the loan of \$650,000 from St. James to St. Elizabeth Seton to be used to pay the Diocese on St. Elizabeth's loan was made and approved with Paul LeSage abstaining. Rick Rosa commented that this is an act of charity just as the other Dioceses stepped in to help our Diocese when we needed it, and since there is no Diocesan Deposit and Loan, the parishes have to look to each other for assistance.

#### **G. Audit Committee:**

Joe Schunk reported that two bids were received for the annual audit of the Diocese. The lowest bid was \$22,000 by Bowen, Klein and Snead so this bid was accepted. He also reported that Mike Urick and Kim Sampietro have been on the road doing parish and school reviews and they have found and addressed some accounting issues. There was additional discussion around the purpose of the Diocesan Finance Council. Bishop Walsh stated that accountability and transparency is important and necessary for the health of the Church. Joe Schunk pointed out that it is necessary for organizational continuity and that families expect this of the Church. Kim mentioned that poor record keeping is a problem and Bishop said this is especially true for the smaller parishes. Deacon Hercher said that it is very important to educate the parish finance committees as to policies and procedures of the Diocese and about their responsibilities to oversee the financial workings of the parishes. He believes that many of them just don't know what they should do. Joe Schunk suggested administrative training for pastors.

#### **H. Development:**

Judy Barrett reported that the 2007 Annual Ministry Appeal started with twenty parishes meeting or exceeding their target. In the Capital Campaign, St. Joseph Parish in Middletown with a target of \$161,000 has never been implemented. The pastor had written to Mike Urick to request a revision in the goal at this time to \$40,000 to be paid at the rate of \$5,000 per year for the next eight years. The committee felt this was a bad precedent, and noted the parish had declined professional help when offered. Hedy Montoya, a parishioner, noted that the parish population had dropped from 800 families to 250 families over the last eight years and the Hispanic population is not contributing. She said that 70% to 80% of the population is retired and living on pensions. After much discussion, the Council felt that the parish should still be required to do the campaign, and not merely assess it as a "head tax" – and then see what the results are. The committee will pass on that information.

Msgr. Brenkle praised Father Carlos Ortega for his work with the Hispanic community in helping them understand the campaign and the appeal.

#### **7. Other Business:**

Several members thanked Deacon Hercher and Joe Schunk for the work they had done through the years with the Finance Council and the committees.

8. A tentative Date for the next meeting was set, and the meeting adjourned.