



DIocese OF SANTA ROSA
CHANCERY OFFICE
P.O. BOX 1200
SANTA ROSA, CALIFORNIA
95402-1200

Phone: (707) 545-7510
Fax: (707) 545-7512

Diocesan Finance Council Highlights Thursday, November 10, 2011

Present were Bishop Robert Vasa, ten members of the Finance Council, two staff members and two guests. Following an opening prayer and approval of the agenda and past minutes, the Bishop offered his report.

1. **Comments of Bishop Vasa:** Bishop Vasa said that he would like to reserve his comments until the appropriate committee reports.
2. **Report of Diocesan Finance Officer:** Mike Urick reviewed the balances in the Finance Officer's report, explaining that since St. Joseph School in Crescent City had closed, St. Joseph Parish had absorbed a large debt to the Diocese. At the same time, the diocese was left an estate to be "utilized for the needy and poor families of the Diocese of Santa Rosa and for the education of qualified children in the Diocese..." It was suggested that these funds be used to offset the liability, and the balance go into the Aquinas Fund. There was much discussion of the proposal: **Rick Rosa made the motion to table the item until Dan Galvin has reviewed the documents, Paul LeSage seconded the motion and all approved.**
3. **Report of Legal Counsel:** Dan Galvin reported that there had been little progress in the current litigation. The four Timmons cases are still pending with no hearing dates set. The four McCabe cases have been re-filed, and these cases also depend on a Supreme Court decision. An unrelated action in City of Santa Rosa versus the Oakmont Homeowners Association regarding a bike path lawsuit has been taken under submission by the court. Mr. Galvin is working on routine diocesan business..
4. **Cash Flow and Budget Committee:** Kim Sampietro reviewed the **Budget versus Actual Cash Flow** for the two months ended September 30, 2011 and October 31, 2011. She explained the large variances due to the Vianney programs, which had not been budgeted. Kim also stated that she had had billed \$6,500 in North Coast Catholic advertising for the past four months and when the advertising invoices are paid the receipts will appear on the Budget vs Cash Flow report. Bishop Vasa had also asked to have his and retired Bishop Walsh's expenses reported separately.

Budget Report: The committee had discussed the additional expenses involved in bringing the Insurance administration and billings in-house.

8. Committee Reports

- A. Membership:** Bishop Vasa has reviewed the terms of membership for all Finance Council members. Judy Barrett and Bill Cornelison have resigned. The Bishop reviewed the term history and dates for each member. Deirdre Frontczak noted that while a member of the Finance Council is expected on each committee, the Communications Committee no longer has a member, and Development has not had one for quite some time. Bishop Vasa asked Father Shaw to search for potential members for the Finance Council.
- B. Communications:** The November issue of the North Coast Catholic is now online and will be in parishes soon. It focuses on the 125th anniversary of St. Bernard Parish and on Betty Chinn of Sacred Heart Parish, who was a 2011 finalist in the Catholic Extension Lumen Christi awards. Betty Chinn provides a mobile food pantry service to the homeless in Eureka. Deirdre is also obtaining bids for updating the website .
- C. Investment Committee:** In the absence of John Moynier, Mike Urick reported that as of November 7th the bond portfolio managed by Hutchinson Capital continues to have a positive performance. The Investment Committee is pleased with the bond portfolio performance and management. .
- D. Audit Committee:** Frank Dahl reported that on October 20th the Audit Committee had met with the Auditor, Bruce Sneesby, For FY 2010-11 the audit was clean, with no findings. A major change in the asset listing was that the funds invested in the bond fund are now listed as long term assets rather than current assets. Another substantial change was that the assets of the lay pension fund had increased in value over the past year and so the lay pension liability had decreased. **The Audit Committee brought forth the motion that Financial Statements for the fiscal year ending June 30, 2011 be approved.** Bishop Vasa asked for approval of the motion and **all approved.**
- E. Property:** Clem Carinalli reported on the status of the Snake Ranch. After some explanation, Clem proposed that the Diocese hold the property at this point in time. The Diocese would also need the approval of the Knights of Columbus to sell the ranch. Our Lady of the Redwoods in Garberville has a lot at Shelter Cove and the parish has requested permission to sell the lot to provide money for their remodel. **Clem Carinalli brought forth the motion to approve the sale of the lot at Shelter Cove, John Schultz seconded the motion and all approved.** Bishop Vasa asked Clem to evaluate and develop a plan for the property of Camp St. Michael, 40 acres along the Eel River.
- F. Building and Construction:** Monsignor Pulskamp reported that St. James Parish had completed their drawings for a multipurpose classroom and restrooms and were ready to go to bid. **The Committee brought forth the motion that the St. James remodel project be approved, all approved.** Monsignor Pulskamp also reported that Our Lady of the Redwoods in Garberville had resubmitted an updated plan for renovations. The project cost is anticipated at \$230,000 and they currently have \$175,000. **The Committee brought forth the motion that the Our Lady of the Redwoods Rectory/Hall project be approved on the condition that the small adjustments are made in doors and drainage and that all funds are available. All approved.** Monsignor Pulskamp also reported ton several continuing matters.

G. Insurance and Human Resources: In the absence of Bob Fish, Mike Urick reported that the committee had met and that the Ordinary Mutual was disbanding effective November 15th. Insurance premiums have been paid through that date. Following review of competing bids, the committee had decided to go with Catholic Mutual. However, A. J. Gallagher will no longer be administering the insurance programs, and so that work and expense will be brought in house. **The Committee brought forth the motion that the bid from Catholic Mutual of \$549,611 be accepted. All approved.** Mike Urick also reported that Renaissance, the company that manages the investments for the lay pension plan, would like the Investment Policy amended to reduce the bond rating requirement from AAA to BBB. Following discussion, **the Committee brought forth the motion that the Investment Policy for the Lay Pension Plan be amended to also allow BBB rated bonds. All approved.**

H. Development: Mike Urick reviewed the current Annual Ministry Appeal report, stating that after all accounts are in, there should be \$828,561 available from the appeal this year, a significant increase from previous years. Letters have also been sent to 5 parishes who are at risk of not reaching their 80% goal. Bishop Vasa is working with Mike to set goals for next year, possibly with a 7% increase. Bishop Vasa also proposed a subcommittee to review the loans from other (arch)dioceses to prepare a strategy for negotiating the retirement of the debt over the next three to five years. Dan Galvin asked the committee to also consider the value of retaining this liability on our books as it relates to any abuse case settlement discussions.

9. Other Business: Paul LeSage noted recent embezzlement stories in the news, and asked what was done in the Diocese to address this concern. Bishop Vasa reported that there are procedures and checks in place such as counting procedures, not having bookkeepers sign checks, requiring receipts for reimbursements, having parish finance councils review parish books, but that the pastor and parish finance committee members had to take responsibility and be willing to ask questions. As required by Canon Law, procedural reviews are performed every three years and at change of pastor, but the smaller parishes do not always have people available to provide for adequate internal controls.

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