3445: Acts of Extraordinary Administration

Parishes

PARISH CANONICAL STRUCTURE: Each parish is a public juridic person in the Church by the law itself (c. 515, §3). All of the canonical norms on public juridic persons apply to parishes. The pastor is the canonical administrator of the property of the parish and represents the parish in juridic affairs (c. 532).

PARISH CORPORATION: Each parish is an independent religious corporation established according to the Civil Statutes (187.19) of the State of Wisconsin.

CORPORATE DIRECTORS OF THE PARISH: Each parish corporation has five directors --- the archbishop, president; the pastor, vice-president; a vicar general of the Archdiocese; two lay trustees, treasurer and secretary.

ADMINISTRATIVE MATTERS: Certain administrative matters dealt with by the parish corporation require unanimous consent, that is, that all five directors give their approval for the action to be valid and legal. The following are actions requiring the unanimous consent of the directors:

- Borrowing or other forms of taking on indebtedness;
- Selling, mortgaging, leasing, or other encumbering of parish property;
- Making an extraordinary expenditure (not a regular operation expenditure);
- Establishing an endowment fund or foundation;
- Entering into a major building or renovation project or a capital campaign;
- Establishing a line of credit or draw down on an existing line of credit if that draw-down exceeds 50% of the total line. Unanimous approval is also required to open a credit card account with a limit in excess of $5,000.
- Hiring outside consultants to perform duties integral to the administration of the parish, including but not limited to, services for accounting, human resources, marketing, grant writing and fundraising.
    - Contracts must have set beginning and ending dates are required.
    - Contracts should not be open-ended, and the parish should have a way to terminate the contract if necessary.
    - Contracts for fundraising services, including grant writing, must comply with USCCB norms which preclude agreements which directly or indirectly calculate payment on a percentage basis. A set fee for services is required.
    - Consultants must have appropriate insurance to protect the parish.

- All contracts must be reviewed by the Catholic Mutual Group.

BORROWING: Each instance of borrowing funds beyond $300.00 requires the unanimous approval of the five parish directors.

SELLING, MORTGAGING, LEASING, ETC.: The sale, mortgaging or leasing of property or buildings that belong to the parish corporation needs the unanimous approval of the five parish directors.

EXTRAORDINARY EXPENDITURE: Any extraordinary expenditure of funds ("already in hand") in an amount which exceeds 4% of the previous year's parish ordinary revenue, requires the unanimous approval of the five parish directors. If the 4% figure is below $1,500, the parish may use $1,500 as its proxy figure. If on the other hand, the 4% figure is over $50,000, the parish must use $50,000 as its proxy ceiling figure.

Some acts, by their nature, are extraordinary, that is they are not undertaken in the ordinary course of business, e.g. establishing an endowment.

- ESTABLISHMENT OF AN ENDOWMENT OR FOUNDATION: The establishment of an endowment for any purpose (religious education, Catholic school, liturgical needs, building projects, etc.) requires the unanimous approval of the five parish directors.

- BUILDING OR RENOVATION PROJECT: Entering into any major new building or major renovation project requires the unanimous consent of the five directors. In order to facilitate a workable process, the directors' approval must be secured at an early stage. (See Archdiocese of Milwaukee Building Commission Process.)
- CONSTRUCTING A COLUMBARIUM: Adding a columbarium to a parish cemetery is considered an act of extraordinary administration and requires unanimous consent of the five directors. (See Archdiocese of Milwaukee Building Commission Columbarium Process.)

PROXY PROCESS FOR REAL ESTATE TRANSACTIONS: If a parish is planning on buying or selling property, most people recognize the need to obtain a proxy. The question becomes, when in the real estate process to seek one. These may be some helpful hints:

- When purchasing property, it must be clear that the property will serve some present or future pastoral need in the context of the parish’s strategic planning.

- No offer to purchase may be tendered until a waiver and proxy has been issued.

- If a parish is selling property, a proxy should be in hand prior to placing it on the market and the request for the waiver and proxy should include the reason(s) for divesting the parish of the property along with the appraised value of the property.

- No offer to purchase may be accepted or countered until a second waiver and proxy has been issued allowing that step to be taken.
- In a similar vein, no lease may be signed until the waiver and process has been issued. A copy of the proposed lease must accompany the request for proxy.

PROXY REQUESTS: Since two of the directors of the parish corporation, the archbishop and vicar general, are not ordinarily a part of the local, parochial scene, and, since all five directors need to vote on the above listed acts of administration and be unanimous in that vote, the pastor and two trustees must contact the archbishop and the vicar general for their vote. If the archbishop and vicar general support the proposal, they give their "vote by proxy" to the pastor. Their proxy is forwarded through the Chancery to the pastor. The proxy document, along with a corporate resolution to undertake the project mentioned, are also signed by the pastor and two trustees and filed in the book of corporate minutes at the parish. In order to secure the vote of the archbishop and vicar general a letter explaining the proposal is sent directly to the archbishop by the pastor including the signatures of the two trustees. The letter should contain the following pertinent information, based on the specific request:

- A clear explanation of the situation and what is being proposed;
- Figures and funding proposals;
- Lending and schedule of debt retirement;
- Time-lines;
- Identification of research or relevant studies;
- A statement about the vote/consensus of the parish council;
- A copy of any lease agreement or endowment statutes, etc.

Pastors, as administrators of the public juridic person of the parish, are canonically required to obtain the consent of an ordinary prior to positing acts of extraordinary administration (c. 1281, §§1, 2). In the Archdiocese of Milwaukee, those acts which require canonical consent are the same ones that require unanimous consent of the corporate directors. In one document, the diocesan bishop gives both his civil and canonical consent.

Separately Incorporated Schools

SCHOOL CANONICAL STRUCTURE: Schools do not have a separate canonical status so the norms governing the Archdiocese apply to them.

SCHOOL CORPORATIONS: Independent schools and school systems are, for the most part, separately incorporated. Some school corporations operate with a corporate sole model, with the Archbishop as the sole corporate member. The role of the Board of Directors of these schools is defined in their bylaws.

ADMINISTRATIVE MATTERS: Certain administrative matters dealt with by the school corporation require the consent of the sole corporate member, that is, the Archbishop, for the action to be valid and legal. The following are actions requiring the consent of the corporate member:

- Borrowing or other forms of taking on indebtedness;
- Selling, mortgaging, leasing, or other encumbering of school property;
- Making an extraordinary expenditure (not a regular operation expenditure);
- Establishing an endowment fund or foundation;
- Establishing a line of credit or drawing down on an existing line of credit if that draw-down exceeds 50% of the total line. Unanimous approval is also required to open a credit card account with a limit in excess of $5,000;
- Entering into a building or renovation project or a capital campaign.
- Hiring outside consultants to perform duties integral to the administration of the parish, including but not limited to, services for accounting, human resources, marketing, grant writing and fundraising.
    - Contracts must have set beginning and ending dates are required.
    - Contracts should not be open-ended, and the parish should have a way to terminate the contract if necessary.
    - Contracts for fundraising services, including grant writing, must comply with USCCB norms which preclude agreements which directly or indirectly calculate payment on a percentage basis. A set fee for services is required.
    - Consultants must have appropriate insurance to protect the parish.
    - All contracts must be reviewed by the Catholic Mutual Group.

BORROWING: Wach instance of borrowing funds beyond $5,000 requires the approval of the corporate member.

SELLING, MORTGAGING, LEASING, ETC.: The sale, mortgaging or leasing of property or buildings that belong to the school corporation needs the approval of the corporate member.

EXTRAORDINARY EXPENDITURE: Any extraordinary expenditure of funds ("already in hand") in an amount which exceeds 2% of the previous fiscal year's ordinary income up to $150,000, requires the approval of the corporate member. Any expenditure which exceeds $150,000 requires approval. In calculating the need for the proxy approval of the Archbishop, the total expense is to be used even if costs will be shared.

ESTABLISHMENT OF AN ENDOWMENT OR FOUNDATION: The establishment of an endowment for any purpose requires the approval of the corporate member.

BUILDING OR RENOVATION PROJECT: Entering into any major new building or major renovation project requires the consent of the corporate member. In order to facilitate a workable process, the member's approval must be secured at an early stage. (See Archdiocese of Milwaukee Building Commission Process.)

PROXY PROCESS FOR REAL ESTATE TRANSACTIONS: If an independent school or school system is planning on buying or selling property, there is the need to obtain a proxy. The question becomes, when in the real estate process to seek one. These may be some helpful hints:

- When purchasing property, it must be clear that the property will serve some present or future pastoral need in
  the context of the school's strategic planning.
- No offer to purchase may be tendered until a waiver and proxy has been issued.
- If a school is selling property, a proxy should be in hand prior to placing it on the market and the request for the waiver and proxy should include the reason(s) for divesting the school of the property along with the appraised value of the property.
- No offer to purchase may be accepted or countered until a second waiver and proxy has been issued allowing that step to be taken.

In a similar vein, no lease may be signed until the waiver and process has been issued. A copy of the proposed lease must accompany the request for proxy.

PROXY REQUESTS: Since the sole corporate member, the archbishop, is not ordinarily a part of the local, school or system scene, and, he needs to vote on the above listed acts of administration the school or system president must contact the archbishop for his vote. If the archbishop supports the proposal, he gives his "vote by proxy" to the president. His proxy is forwarded through the Chancery to the president. The proxy document, along with a corporate resolution to undertake the project mentioned, are also signed by the president and chair of the board and filed in the book of corporate minutes at the school or system. In order to secure the vote of the archbishop a letter explaining the proposal is sent directly to the archbishop by the president including the signature of the board chair. The letter should contain the following pertinent information, based on the specific request:

- A clear explanation of the situation and what is being proposed;
- Figures and funding proposals;
- Lending and schedule of debt retirement;
- Time-lines;
- Identification of research or relevant studies;

- A statement about the vote/consensus of the school board;
- A copy of any lease agreement or endowment statutes, etc.

TIMING: Once the proxy request arrives, the Archbishop gives an initial approval to begin the review process. The nature of the project determines which offices will review and make a recommendation to the Archbishop. Once the waiver and proxy document is drawn up in the Chancery, it is forwarded to the Archbishop to sign in his role as sole corporate member. Schools should allow a minimum of 15 business days to obtain proxy approval.

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