

# **FIVE CATEGORIES OF ASSET ADMINISTRATION OF PUBLIC JURIDIC PERSONS SUBJECT TO THE BISHOP**

**All asset administration falls into one or more of only five canonical categories. Administrators act invalidly when they exceed the limits of ordinary administration without the written approval of the Bishop (Canon 1281§1 and Norm 128).**

## **1 ORDINARY ADMINISTRATION**

Regular, routine acts whose consequence to the financial condition is moderate. For example, paying utility bills and employees, making repairs not exceeding \$30,000, and buying supplies or services for normal operations.

## **2 EXTRAORDINARY ADMINISTRATION**

Non-routine acts whose consequence is more considerable to the financial condition as defined in Norms of the Diocese of Nashville 139. These acts require the written consent of the bishop:

purchasing real property (any value)

mortgaging real property (any value)

incurring ANY indebtedness, except short term revolving credit (i.e., credit card paid in full monthly)

capital improvements exceeding \$30,000

repairs exceeding \$30,000

signing a contract for development of a capital project

initiating a lawsuit,

settling a lawsuit, and

announcing a public fund drive

The bishop will ordinarily not accept requests for acts of extraordinary administration unless the pastor/administrator has the support of the parish finance board and the parish council, if a parish, or the board of trustees/directors for non-parish public juridic person entities (i.e., Catholic Charities, Father Ryan High School, Mary, Queen of Angels).

## **3 ALIENATION**

Alienation is the transfer of ownership of an entity's stable patrimony through gift, sale, exchange, or destruction. When the value exceeds either \$25,000 or 5% of the prior year's ordinary annual income whichever is higher, written consent of the bishop is required; if the value exceeds \$3,500,000, written consent of the Holy See is also required. Additionally, regardless of monetary value, goods considered precious for artistic or historical reasons and relics of great significance or greatly revered may not be validly gifted, sold, or exchanged without consent of the Holy See.

**STABLE PATRIMONY** are assets destined, either of their nature or by explicit designation, to remain in the entity's possession for a long or indefinite period of time to afford future financial security. For example, land, buildings, automobiles, furniture, books, long-term (over two years) investments in stocks, bonds, treasury notes, or restricted funds (whether cash or short-term securities) set aside for a specific purpose such as pension, building, or educational funds.

## **4 TRANSACTIONS RISKY TO PATRIMONIAL CONDITION (FINANCIAL STABILITY)**

Acts that pose a realistic risk of harm to the entity's future financial security as a whole. For example, depending on the entity's actual financial condition, mortgaging real estate, pledging valuable items as collateral to secure the repayment of a loan, granting easements, granting options to purchase, making unsecured loans, acting as a guarantor or surety, or incurring debts even if unsecured by collateral. Such acts require the written consent of the bishop; if the value exceeds \$3,500,000, written consent of the Holy See is also required.

## **5 LEASING**

Leasing is a contract granting use of any property, real or personal, for a specified time period in exchange for consideration. When either the market value of the property to be leased exceeds \$100,000 or the lease is for one year or longer, the written consent of the bishop is required; if the market value exceeds \$3,500,000, written consent of the Holy See is also required.

## **CONTRACTS**

No contracts exceeding \$10,000 may be signed without prior legal and risk management review; such contracts must be sent to the Diocesan Risk Manager, Deacon Hans Toecker.

**IDENTIFY**

**THE ADMINISTRATION CATEGORY OF THE FOLLOWING ACTS  
OTHER THAN THE PASTOR/ADMINISTRATOR, WHOSE CONSENT/APPROVAL, IF ANY, IS REQUIRED**

	<b>A C T</b>	<b>CATEGORY</b>	<b>CONSENT/APPROVAL</b>
<b>1</b>	Writing salary checks for employees	Ordinary Administration	None
<b>2</b>	Initiating a fund-raising campaign to retire a debt	Extraordinary Administration	Local Boards + Bishop
<b>3</b>	\$8,950 repair of a leaking roof	Ordinary Administration	None
<b>4</b>	A \$31,475 contract to replace the roofs of the church and school	Extraordinary Administration \$10,000+ Contract	Local Boards + Bishop Legal + Risk Manager
<b>5</b>	Selling land or long term stock whose value is greater than the higher of either \$25,000 or 5% of prior year's ordinary annual income but do not greater than \$5,000,000	Alienation of Stable Patrimony Possibly Transaction Risky to Patrimonial Condition	Local Boards + Bishop Local Boards + Bishop
<b>6</b>	Leasing use of facility space for a six month period for \$6,000	Ordinary Administration	None
<b>7</b>	A \$13,255 contract for a capital project	Extraordinary Administration \$10,000+ Contract	Local Boards + Bishop Legal + Risk Manager
<b>8</b>	Selling or giving away Bishop Richard Pius Miles' Chalice	Alienation of Precious Good	Bishop + Holy See
<b>9</b>	Leasing use of facility space for \$12,000 for a twelve month period	Leasing \$10,000+ Contract	Bishop Legal + Risk Manager
<b>10</b>	A loan to purchase new office equipment costing \$7,436	Extraordinary Administration	Local Boards + Bishop
<b>11</b>	Using valuable antique chalices and altar ware valued over \$5,000,000 as collateral to secure the repayment of a loan	Transaction Risky to Patrimonial Condition Extraordinary Administration	Local Boards, Bishop + Holy See Local Boards + Bishop
<b>12</b>	Signing an \$3,050 grass cutting contract	Ordinary Administration	None
<b>13</b>	Agreeing to a lawsuit settlement	Extraordinary Administration	Local Boards + Bishop
<b>14</b>	Purchasing \$1,200 janitorial supplies on parish credit card	Either Ordinary or Extraordinary Administration	If Extraord. Adm, Local Boards + Bishop
<b>15</b>	Accepting a donation of land	Likely Ordinary Administration	(Environmental study)
<b>16</b>	Accepting a donation of stock	Ordinary Administration	None