

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
- 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 not accept requests for acts of extraordinary administration unless the pastor/administrator first obtains the consent 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, or exchange. When the value exceeds either \$25,000 or 10% 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 \$5,000,000, 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, John Roberts.