

As of November 4, 2010

**FOURTH AMENDED
CHARTER
OF THE ARCHDIOCESE OF BOSTON
FINANCE COUNCIL**

November 4, 2010

Article I. *Name*

The name of this body shall be the Archdiocese of Boston Finance Council, also referred to as the Archdiocesan Finance Council.

Article II. *Purpose*

The Archdiocese of Boston Finance Council is one of the three consultative councils of the Archdiocese, along with the Pastoral Council and the Presbyteral Council. It is a required canonical body, established by the Archbishop for the purpose of advising and assisting him in financial matters in accord with the norms of canon law. The Finance Council is responsible for (i) advising the Archbishop on the development and implementation of strategies designed to assure the financial soundness of the Archdiocese, (ii) overseeing (but not managing) Archdiocesan financial operations and condition, and (iii) assisting the Archbishop in achieving openness and transparency in Archdiocesan financial reporting. Consistent with these responsibilities, the Finance Council will make specific recommendations to the Archbishop on policies, procedures and actions, and will monitor the implementation of recommendations that have been accepted by the Archbishop. The Archbishop will fully inform the Finance Council on matters on which it is to vote, to oversee or to provide consultation under this Charter. The Archbishop will also seek the approval of the Finance Council on matters on which its vote is required by this Charter, and will seek the counsel or oversight of the Finance Council on those matters on which they are to be provided under this Charter.

Article III. *Responsibilities*

The specific responsibilities of the Finance Council include:

- A. To oversee Archdiocesan long-term financial planning and the financial aspects of strategic planning;
- B. To approve, by June 30 of each year, the annual Archdiocesan budget of the income and expenditures which are foreseen for the entire governance of the Archdiocese in the next succeeding fiscal year;
- C. To oversee the financial performance relative to the budget on a regular basis;

- D. To recommend to the Archbishop the appointment of the external auditor, to review and accept the annual audited financial report, to ensure public access to the report, and to monitor recommendations made by the auditors;
- E. To oversee and provide consultation on the appointment, performance or removal of the Chancellor, who shall be the finance officer of the Archdiocese;
- F. To oversee and provide consultation on employee compensation and benefits policies, including retirement programs;
- G. To oversee and provide consultation on property and construction management;
- H. To oversee and provide consultation on institutional advancement activities;
- I. To oversee and provide consultation on any new diocesan tax or assessment;
- J. To oversee and provide consultation on more important acts of administration as defined by canon law and Archdiocesan policy, including: (1) alienations of Archdiocesan property or transactions that can worsen the patrimonial condition of the Archdiocese, including debts and other obligations or payments by a third party on behalf of the Archdiocese, over \$750,000 and up to \$1,095,000*; (2) the lease of ecclesiastical goods owned by the Archdiocese when the market value of the goods exceeds \$400,000; (3) actual or threatened legal proceedings involving financial exposure in excess of \$50,000; (4) payments made as a result of actual or threatened legal proceedings, including settlements or payments by a third party on behalf of the Archdiocese, exceeding \$50,000; and (5) allegations of financial impropriety or moral turpitude against an employee, priest or religious of the Archdiocese;
- K. To oversee and provide consultation on a regular basis with respect to finance policies and procedures, including those relating to asset preservation, gift acceptance, investment of endowed and other funds, compliance with endowment obligations and restrictions on gifts, cash management, asset sales and debt financing, and to monitor compliance with such policies;
- L. To receive periodic reports on the status of issues arising from the Conflict of Interest Policy;
- M. To oversee and provide consultation on a mechanism for the confidential reporting by employees and other parties of questionable or unethical practices;
- N. To provide open access to the Chancellor to seek advice and input;
- O. To vote on: (1) acts of extraordinary administration as defined by canon law, the United States Conference of Catholic Bishops and Archdiocesan policy, (2) alienations of Archdiocesan property or transactions that can worsen the patrimonial condition of the Archdiocese, including debts and other obligations or payments by a third party on behalf of the Archdiocese, over \$1,095,000*; (3) alienations by public juridic persons subject to the Archbishop over \$27,373* or 5% of the ordinary annual income of the Archdiocese for the prior year, whichever is greater; and (4) leasing of ecclesiastical goods owned by the Archdiocese when the market value of the leased property exceeds \$1,000,000 or the term of the lease is three years or longer;
- P. To oversee and provide consultation on procedures for establishing fiscal accountability and responsibility on the part of parishes and other Archdiocesan entities;
- Q. To oversee and provide consultation on procedures for maintaining effective and secure information technology and the confidentiality of sensitive information;
- R. To oversee and provide consultation on risk management and insurance coverage issues related to the Archdiocese;

- S. To oversee and provide consultation on legal exposures facing the Archdiocese; and
- T. To oversee and provide consultation on compliance by the Archdiocese with civil laws and regulations.

* These amounts have been linked to the Consumer Price Index by the United States Conference of Catholic Bishops, and will be adjusted annually.

Article IV. *Membership*

The Archdiocesan Finance Council shall consist of not less than nine nor more than fifteen Members. The Archbishop, the Vicar General, the Chancellor and the Chair of the Priest Budget Advisory Committee of the Presbyteral Council are *ex officio* members. The membership will include at least one Member from each region of the Archdiocese. The Archbishop will appoint all Members from persons recommended by the Steering Committee acting as a Nominating Committee. Members should be Catholics in good standing, and experts in business, financial or accounting matters, and/or civil law. To be selected for membership on the Finance Council or one of its committees, a candidate must be proposed by a Member of the Finance Council or a pastor of the Archdiocese. Proposals for membership should be submitted to the Chancellor, who will forward all such proposals to the Steering Committee for review. The Steering Committee will evaluate candidates' credentials and consider how each individual's background and expertise may complement the current membership. The Steering Committee will also seek to achieve diversity and geographic balance. Members of the Finance Council are expected to attend most meetings, be prepared to participate actively and knowledgeably in the deliberations of the Finance Council and be willing volunteers for special projects that may be undertaken by the Finance Council.

Article V. *Term of Office*

- A. The provisions of the Article V do not apply to the *ex officio* Members of the Finance Council.
- B. The term of office of each Member shall be five years, with approximately one-fifth of the Members' terms expiring each year. In the case of any Member who shall have reached the age of 75 on or prior to June 30, 2008, such Member's term of office shall automatically expire on said date. Thereafter, the term of office of a Member will automatically expire on his or her seventy-fifth birthday. No Member shall serve more than two consecutive five-year terms; provided, however, that the foregoing clause shall not affect the status of any Member in office at the date of approval of this Charter, the term of office of any such Member to expire at the conclusion of its five-year duration or, if earlier, by reason of such Member's reaching the age of 75. In the discretion of the Archbishop, based on the recommendation of the Steering Committee, a Member turning 75 or completing two consecutive five-year terms of office may be invited to become a Life Member of the Finance Council. A Life Member retains all the rights of a Member, including committee membership, except that that he or she will no longer be a voting Member, and will not be counted toward a quorum or toward the total membership of the Finance Council.

- C. The term of office of each member of a committee of the Finance Council shall be two years. Committee members terms may be renewed for one or more successive two-year periods.
- D. The term of office of the Vice Chair of the Finance Council shall be three years. A Member may serve more than one term as Vice Chair, but multiple terms may not be consecutive.

Article VI. *Vacancies*

Vacancies by reason of resignation, death, disability, termination of term of office or otherwise, shall be filled by appointment by the Archbishop in the same manner as new Members are appointed. Upon appointment, each new Member shall begin a new five-year term of office.

Article VII. *Officers and Duties*

The officers shall consist of a Chair, a Vice-Chair and a Secretary. The Archbishop will serve as the Chair, and will appoint the Vice-Chair from among the Members of the Finance Council after consultation with the Steering Committee. The Chancellor will serve as Secretary. The Chair and the Vice-Chair will schedule and conduct all meetings, coordinate the preparation of the agenda in consultation with the Chancellor, and otherwise arrange for the effective functioning of the Finance Council. The Vice-Chair will appoint the members of the committees of the Finance Council and name the chairs of the committees, after consultation with the Steering Committee. The Vice-Chair will act in the place of the Chair when the Chair is absent and will assist the Chair in the performance of assigned duties. The Vice-Chair will serve as the Chair of the Steering Committee. The Secretary will record the minutes of meetings of the Finance Council.

Article VIII. *Meetings*

Meetings will be held at the call of the Archbishop. There must be at least four meetings annually. Additional meetings can be called by the Archbishop when canonical consultation or approval is required outside of the regular meeting schedule. A meeting can be called, with the approval of the Archbishop, at the request of at least four Members. No meeting can be conducted without the presence of the Archbishop or one acting with his episcopal mandate. Members will receive at least five business days' notice of meetings, except in an emergency as declared by the Chair. Telephone participation is permitted. Minutes of Finance Council meetings will be circulated to the Members and are subject to their approval.

Article IX. *Quorum and Voting*

A majority of the full voting membership shall be necessary to constitute a quorum for the transaction of business at all meetings. Except as provided in Article XII, below, the act of a majority of the Members present at any meeting at which there is a quorum shall be the act of the Finance Council. Any action by the Finance Council required by canon law shall be witnessed and notarized by an ecclesiastical notary.

Article X. Committees

Each committee of the Finance Council will be chaired by a Member of the Finance Council. *Ad hoc* committees can be established by vote of the Finance Council with the approval of the Archbishop. The standing committees of the Finance Council shall be:

A. The Steering Committee

The Steering Committee shall offer the Archbishop and the Chancellor general advice on matters pertaining to the administration of the Archdiocese. In an emergency, the Steering Committee may act on behalf of the Finance Council, provided that all actions so taken must be reported to the Finance Council as soon as is practicable. The Steering Committee will make recommendations to the Archbishop for appointments to the Finance Council, and will consult with the Chair and the Vice-Chair on appointments to committees and committee chairmanships. The Steering Committee will review the procedures for developing the annual financial operating budget and the parameters used in its development. No later than April 1 of each year, the Steering Committee will receive from the Chancellor a recommended budget for the next fiscal year of the Archdiocese, and, no later than May 1, the Steering Committee will recommend a budget to the full Finance Council. The membership of the Steering Committee will consist of the Vice-Chair, who will chair the Steering Committee, as well as the chairs of the other standing committees.

B. The Audit Committee

The Audit Committee shall receive the report of the external auditor on the annual financial statements, together with the auditor's management letter, and, after review, present them to the Finance Council. The Audit Committee shall make an annual report on the performance of the external auditor and make appropriate recommendations to the Finance Council, the Chancellor and the Archbishop. The Audit Committee will also monitor and oversee the system of internal controls and the financial reporting process. The membership of the Audit Committee will include at least one Member of the Finance Council, and shall have members with proven audit and control credentials and experience.

C. The Institutional Advancement Committee

The Institutional Advancement Committee shall oversee the institutional advancement efforts of the Archdiocese, and make recommendations to improve the success and coordination of programs throughout the Archdiocese. The Institutional Advancement Committee shall include at least one Member of the Finance Council and shall have members with proven institutional advancement credentials and/or general business experience.

D. The Investment Committee

The Investment Committee shall oversee the investment management of all the various funds, of whatever nature and for whatever purpose maintained, of the Archdiocese. It shall approve investment policies and determine the appropriate allocation of investments. The Investment Committee shall select the investment managers to manage the funds and assets, periodically review the performance of each manager and recommend to the Finance Council any changes in investment policies. The Investment Committee shall recommend guidelines for the acceptance of gifts by the Archdiocese and the disbursement of funds from endowed and restricted gifts. The Investment Committee shall consist of at least one

Member of the Finance Council and shall have members with proven investment credentials and/or general business experience.

E. The Real Estate Committee

The Real Estate Committee shall assist and advise on the acquisition, disposition and leasing of all real property that requires the consent of the Finance Council. It shall recommend policies regarding the management, maintenance and disposition of properties owned by the Archdiocese. The Real Estate Committee shall develop and recommend guidelines for management of construction projects undertaken by the Archdiocese. It will recommend guidelines and resources to be used by parishes for the management, maintenance and disposition of facilities. The Real Estate Committee shall also advise on other real estate matters as requested. The Real Estate Committee shall consist of at least one Member of the Finance Council, and shall have members with proven real estate credentials and/or general business experience.

F. The Legal Affairs Committee

The Legal Affairs Committee shall advise the Finance Council on Archdiocesan legal matters, including pending or threatened legal proceedings, the employment of in-house counsel and the retention of outside counsel. The Legal Committee shall include at least one Member of the Finance Council and shall have members who are practicing attorneys or members having experience with business legal issues.

G. The Financial Services Committee

The Financial Services Committee shall oversee the Revolving Loan Fund and the Insurance Fund of the Archdiocese, advising on the management of these funds and recommending policies regarding their operation. The Financial Services Committee shall also advise on other financial services matters as requested. The Financial Services Committee shall consist of at least one member of the Finance Council, and shall have members with proven credentials in financial services and/or general business experience.

H. The Compensation Committee

The Compensation Committee shall develop and submit to the Finance Council for its review, and for approval by the Archbishop, a statement of the compensation philosophy of the Archdiocese for senior lay executive employees. The Committee shall review and recommend to the Archbishop all changes in senior lay executive compensation, including offers of employment for senior lay executive employees. For purposes of this Section H, "senior lay executive employees" shall have the meaning determined by the Committee. The Committee will perform an annual review of all compensation for senior lay executive employees to ensure that compensation falls within ranges that are consistent with the approved compensation philosophy. Where deviations are observed, the Committee shall either determine that there is an acceptable reason therefore, or recommend a plan to correct the deviation. The Committee shall submit to the Finance Council an annual report on the compensation practices of the Archdiocese, which shall be included in the annual financial release of the Archdiocese. The Committee shall from time to time appoint a qualified independent compensation consultant to advise the Committee in the performance of its duties, and shall direct the consultant to conduct an analysis of competitive compensation practices and report to the committee thereon, at least once every three years. The Committee shall also advise on other compensation matters as requested. The Committee

shall consist of at least one member of the Finance Council, and shall have members with proven credentials in executive compensation or other relevant general business experience.

Article XI. Conflict of Interest Policy

The Finance Council shall adopt and keep in force at all times a Conflict of Interest Policy. Members of the Finance Council will annually complete a disclosure of conflicts of interest and submit it to the Archbishop.

Article XII. Amendments

Amendments to this Charter shall be proposed in advance in writing and may be enacted by a two-thirds vote of the Members present at any meeting of the Finance Council at which there is a quorum. Amendments become effective only upon approval by the Archbishop.

DRAFT 05/06/08

(PWS)

**CHARTER
OF THE ARCHDIOCESE OF BOSTON
FINANCE COUNCIL**


AMENDMENT No. 1

At least two thirds of the members of the Finance Council of the Archdiocese of Boston present having voted to amend its Charter (the "Charter") at a meeting held on June 5, 2008, at which a quorum was present, the Charter is hereby amended as follows:

1. Article V is amended by adding thereto a new Paragraph C, reading as follows:
 - C. The term of office of each member of a committee of the Finance Council shall be two years. Committee members' terms may be renewed for one or more successive two-year periods.

2. The effective date of this Amendment No. 1 is June 5, 2008.

APPROVED:



Seán Cardinal O'Malley, O.F.M., Cap.
Archbishop of Boston

Date: 6/5/08

ATTEST:



James P. McDonough
Chancellor


Date: 6/5/08

**AMENDMENT NO. 2 TO CHARTER OF THE
ARCHDIOCESE OF BOSTON FINANCE COUNCIL**

At least two thirds of the members of the Finance Council of the Archdiocese of Boston having voted to amend its Charter (the "Charter") at a meeting held on February 12, 2009, at which a quorum was present, the Charter is hereby amended as follows:

1. Article V is amended by adding thereto a new Paragraph D, reading as follows:
 - D. The term of office of the Vice Chair of the Finance Council shall be three years. A Member may serve more than one term as Vice Chair, but multiple terms may not be consecutive.
2. Article VII is amended by deleting, in the second sentence thereof, the word "annually."
3. The effective date of this Amendment No. 2 is February 12, 2009.


APPROVED:



Seán Cardinal O'Malley, O.F.M., Cap.
Archbishop of Boston

Date: 2/12/09

ATTEST:



James P. McDonough
Chancellor

Date: 2/12/09

AMENDMENT TO THE CHARTER OF THE ARCHDIOCESE OF BOSTON FINANCE COUNCIL

At least two thirds of the members of the Finance Council of the Archdiocese of Boston having voted to amend its Charter (the "Charter") at a meeting held on May 6, 2010, at which a quorum was present, the Charter is hereby amended as follows:

1. Article IV is amended by deleting the second sentence thereof, and substituting in its place the following: "The Archbishop, the Vicar General, the Chancellor and the Chair of the Priest Budget Advisory Committee of the Presbyteral Council are *ex officio* members."


2. Article X is amended by adding thereto a new Section G, as follows:

"G. The Financial Services Committee

The Financial Services Committee shall oversee the Revolving Loan Fund and the Insurance Fund of the Archdiocese, advising on the management of these funds and recommending policies regarding their operation. The Financial Services Committee shall also advise on other financial services matters as requested. The Financial Services Committee shall consist of at least one member of the Finance Council, and shall have members with proven credentials in financial services and/or general business experience."

The effective date of this amendment is May 6, 2010.


APPROVED:



Seán Cardinal O'Malley, O.F.M., Cap.
Archbishop of Boston

Date: 5-27-10

ATTEST:



James P. McDonough
Chancellor

Date: 6/6/10

AMENDMENT TO THE CHARTER OF THE ARCHDIOCESE OF BOSTON FINANCE COUNCIL

At least two thirds of the members of the Finance Council of the Archdiocese of Boston having voted to amend its Charter (the "Charter") at a meeting held on November 4, 2010, at which a quorum was present, the Charter is hereby amended as follows:

1. Article X is amended by adding thereto a new Section H, as follows:

"G. The Compensation Committee

The Compensation Committee shall develop and submit to the Finance Council for its review, and for approval by the Archbishop, a statement of the compensation philosophy of the Archdiocese for senior lay executive employees. The Committee shall review and recommend to the Archbishop all changes in senior lay executive compensation, including offers of employment for senior lay executive employees. For purposes of this Section H, "senior lay executive employees" shall have the meaning determined by the Committee. The Committee will perform an annual review of all compensation for senior lay executive employees to ensure that compensation falls within ranges that are consistent with the approved compensation philosophy. Where deviations are observed, the Committee shall either determine that there is an acceptable reason therefore, or recommend a plan to correct the deviation. The Committee shall submit to the Finance Council an annual report on the compensation practices of the Archdiocese, which shall be included in the annual financial release of the Archdiocese. The Committee shall from time to time appoint a qualified independent compensation consultant to advise the Committee in the performance of its duties, and shall direct the consultant to conduct an analysis of competitive compensation practices and report to the committee thereon, at least once every three years. The Committee shall also advise on other

compensation matters as requested. The Committee shall consist of at least one member of the Finance Council, and shall have members with proven credentials in executive compensation or other relevant general business experience.”

The effective date of this amendment is November 4, 2010.

APPROVED:



Seán Cardinal O'Malley, O.F.M., Cap.
Archbishop of Boston

Date: 11/4/10

ATTEST:



James P. McDonough
Chancellor

Date: 11/4/10