

Movement to Restore Trust- Group 2

Distribution: (underlined in attendance)

John Aman, Jim Beardi, Tom Beecher, George Eberl, Paul Hurley, Carol Kostyniak, Mark Ludwig, Maureen Ludwig, Tim Spellman, Ruth Virag, Kate Wehrmeyer, Laura Zaepfel
cc: Maureen Hurley, Stephanie Argentine

Meeting Deliverables:

- Scope - Agree on group's scope for Recommendations (3-5) with who to implement/ actions to be completed by 2/15
- Information Gathering - Define actions for team members with respect to gather information/investigate ahead of next meeting
- When to meet

Meeting was started with a prayer

Group Listing - handout from Kate with contact information for team members

Discussion of group 2 Topic - 3 main areas

- Current abuse scandal - to serve as input for recommendations
- Diocesan financial transparency
- Diocesan operational transparency - longer term (i.e. Catholic Charities decision concerning coverage of abortion services)

The larger group of MRT, including leaders of each team (Tom is our voice) is recommending input from Leadership Roundtable for overall diocesan best practices (even the bishop says they do good work). They will also be taking our input, as well as input from other groups, to look for overlaps etc and will compile overall recommendations.

Information Gathered:

Kate provided information to the group via email ahead of the meeting:

- National Catholic Reporter research: Cost of sex abuse crisis to US church underestimated (4 pages total)
- Voice of the Faithful - Measuring and Ranking Diocesan Online Financial Transparency (8 pages)
- National Catholic Reporter article: Researchers find drop in giving in areas hit by sex abuse scandal (3 pages)
- Doyle Report referenced in the Step Toward Accountability article (95 pages)

Tom brought handouts for the team (Kate has copies for Tim)

- Diocese of Buffalo Organizational chart - note, every parish is separately incorporated in NYS and they own their own properties vs. the diocese; schools are different case where properties are owned by the diocese and leased to the schools
- List of Related Entities within Diocese of Buffalo
- Diocesan Offices listing provided by diocese - incomplete
- Foundation letter - going to diocesan donors
- Catholic Charities annual report for 2017
- Canon Law excerpts - role of finance council

Jim created an initial draft proposal of a future state structure and governance organization that we may consider and build upon. It has the Faithful at the top, and includes a Board which the group is calling Board of Accountability (BoA). It is based upon servant leadership with bishop and BoA reporting to the Faithful, and includes ministries, administration and consultative bodies. Sex abuse victims, refugees and others would be included as subsets within the faithful.

Refined Topics (areas of inquiry) - Group 2 proposed topics expanded from 3 to 5 bullets as noted in 12/8 meeting minutes. These were reviewed and discussed in detail. With overlap of topics between the bullets, I have re-grouped them into 2 large groupings, Financial and Operational, with sub-bullets for different topics. *Please note the original wording from our meeting, including some thought-starters (initial input) is included for reference in the appendix below.* All recommendations must be in alignment with Vatican II and Canon law.

- A. Institute recognized best practices regarding all **financial matters** within the Diocese of Buffalo and provide governance and financial transparency to current and future donors, the Faithful of the Buffalo Diocese, including:
- Detailed summary of total cost-breakdown of sex abuse scandal to date and summary of source and amounts used to cover the costs, including individual parish contributions
 - Detailed summary of forecasted expenses/reserves to cover anticipated future costs associated with sex abuse including:
 - Source(s) of funds to cover cost and amount from each source
 - Impact as result of expenditure each source as well as overall impact on diocesan services
 - Provide the Faithful of the Buffalo Diocese with the ability to influence decision-making and provide input on areas *not* to be impacted with respect to covering future costs associated with sex abuse
 - Detailed summary of all Diocesan income and expenses, including parish subsidies, presented in a format easily understood by boards/ members of governing bodies, as well as the Faithful of the Buffalo Diocese
- B. Institute recognized best practices regarding **operational matters** within the Diocese of Buffalo and enable fiduciary responsibility of boards/governing bodies to serve the best interests of the Faithful of the Buffalo Diocese, including:
- Redefined structure of boards/governing bodies and governance
 - Governance with Board of Accountability and Bishop acting as servant leaders to the Faithful, in a transparent manner with defined levels of authority
 - Clarified roles/responsibilities and level of authority for boards and governing bodies
 - Define future state recommendation of structure and governance with respect to diocesan financial & operational transparency (Future consideration)
 - Prioritize ministries and meet the needs of the Diocese to serve the Faithful

Action Log:

Regarding assignments added, some notes from the group discussion are included in the appendix. It is recommended these be used as input to the actions/tasks noted below.

Action	Responsible	Due	Outcome
Org chart for diocese & corporations including 5013c's	Tom Beecher	12/16/18	done
Canon Law	Tom Beecher/ Dave W	12/16/18	done
Read up on materials provided	All	12/16/18	done
Summarize notes and share with attendees	Kate	12/13	done
Secure meeting location for 12/15 meeting	Tom Beecher	12/12	done
Define 'who' and 'how' to communicate	Kate	12/20	
Share our output with MRT leadership & other organizing groups	Tom	12/20	
Gather elements of cost of sex abuse & existing information on cost to the diocese (i.e. legal, counseling, \$ settlements, etc.) Group is encouraged to email input to the Ludwigs.	Maureen & Mark	12/20	
Investigate current sources being used to cover costs of sex abuse scandal and related costs	Tom	12/20	
Gather best practices from Leadership Roundtable (Kerry Robinson) - including Organization, Financial & Operational aspects	Tom	12/20	
Define opportunities/gaps within Voice of the Faithful scoring specific to the Diocese of Buffalo	John	12/20	
Outline/define proposed Board of Accountability structure	Paul & Carol	12/20	
Refine proposed organization chart	Jim & Kate	12/20	
Gather best practices from Diocese of Portland with respect to Finances & Operations	George	12/20	

(Closed items remain until next meeting. Open items remain. New items added to bottom.)

Meeting Schedule:

- Agreed to schedule the next meeting & hold off scheduling more until determine need
- Next meeting:
 - Thursday 12/20, 1-3pm at Barrantys LLC, 120 West Tupper (corner of W Tupper and S Elmwood)
 - Parking in front - enter atrium and go to 2nd floor - will need to get buzzed in
 - Sandwiches will be provided

Parking Lot:

Topic	Raised by	Date
It's relevant to know why we (the diocese) have done what we have on finances & priestly formation - timeline was mentioned in helping to determine root cause(s)	Carol Catillo	12/8

Appendix

Proposed Topics with discussion output (post it notes) from 12/15 highlighted in blue

- Need to determine audience(s) when we are talking transparency and ease of understanding...
 - Whom should be informed? (maybe more than a single group)
 - How to inform? - what means should be used to inform?

- 1. How much is being spent on current abuse scandal (bullet #5 from group #1)

As all resources expended for this purpose have come from the laity, who have contributed cash and property to the church, shouldn't we know what has been spent to date on settlement of sex abuse claims?

 - Define costs in **total** associated with sex abuse - what has been spent to date? (current situation)
 - Money sources defined - how much and from where?
 - Catholic Charities (including Bishops Fund for Faithful)
 - Parish collections (percentages)
 - Interest from investments
 - Bequeaths
 - Sale of diocesan properties (assets)
 - etc
 - Use of money defined - how much and on what?
 - Counseling
 - Vehicles
 - Settlements
 - Legal fees
 - Training
 - etc

- 2. Ability of the diocese to meet the financial costs of the current scandal (and future?) (bullet #8 from group #1)

Does the compensation fund established by the Diocese need to be rethought to be more comprehensive? Should the deadline for filing claims be reopened?

 - How much is the diocese estimating? Can the diocese afford it? (Future consideration)
 - Transparency around how it will be paid for - where will the \$ come from for settlements? What are the sources?

- Identified 120 cases to be paid out, of which payout has been determined for 80 cases and 40 cases with payout yet to be determined
 - Money has been taken out of reserves and set aside - this money came from St Joseph Investment Fund and will result in loss of ROI (return on investment)
 - What are the estimated expenses?
 - What will be impacted? (includes lost ROI opportunities as noted above)
 - Want ability to influence decision-making and make recommendations on areas not to be impacted
3. Comparison of our diocese financial transparency vs. others; opportunities to improve (bullet #1 from group #2)
How does the Diocese compare with other diocese in terms of financial transparency? Are there things we can do in Buffalo to improve financial transparency?
- Define 'Best Practices' for the diocese in improving financial transparency (Future consideration)
 - Take into account 'opportunities' highlighted in Voice of the Faithful scoring/ranking exercise - although this is only a starting point as group agreed it is too easy to get a decent score
4. #2 from group #2 - financial transparency of Diocesan entities; fiduciary adequacy of the boards/governing bodies of these entities
How transparent are the entities under which the Diocese operates? Are the boards governing those operations acting as truly fiduciary bodies?
- Clarify current board structure, roles/responsibilities and level of authority for boards and governing bodies (current state)
 - Define future state recommendation of structure and governance with respect to diocesan financial & operational transparency (Future consideration)
 - Prioritize ministries
 - Define Board of Accountability
5. # 3 from group #2 – financial transparency best practices in other dioceses
Are there best practices in place in other diocese in the United States that should be brought to Buffalo?
- Investigate best practices (with help of Leadership Roundtable) and adopt within diocese of Buffalo (Future consideration) - this ties closely with bullet #3 above
 - Financial best practices to include reporting sex abuse \$ as noted above
 - Operational may include things such as seminary ownership vs. ability to train future priests