

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Case No. 15-30125

The Archdiocese of Saint Paul and
Minneapolis,

Chapter 11

Debtor.

AFFIDAVIT OF JENNIFER M. HASELBERGER

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

I, Jennifer Haselberger, JCL, PhD, submit this affidavit and declare under penalty of perjury as follows:

I. QUALIFICATIONS

1. My name is Jennifer Haselberger. I am a canon lawyer and since 2013 I have been the owner of Canonical Consultation and Services, LLC, a consulting firm that provides canonical advice to Catholic individuals, groups, and institutions, as well other entities engaged in canonical or legal processes involving the Catholic Church. Canon law is the internal set of rules that govern the universal Catholic Church.

2. I received my licentiate (J.C.L.) in canon law from the Katholieke Universiteit Leuven, Belgium, in 2004. I also hold a Doctorate in Philosophy (Ph.D.) from the University of London, England. My PhD thesis was titled ‘The Chronotope of the Courtroom’. I have been a member of the Canon Law Society of North America and served as Chair and as a member of the Resolutions Committee of that Society. I have practiced as a canon lawyer in Minnesota, North Dakota, Illinois, and internationally.

3. Prior to starting my consulting firm, I spent ten years working as a canon lawyer on behalf of various Catholic dioceses and bishops. My experience includes serving as the Chancellor for Canonical Affairs for the Archdiocese of Saint Paul and Minneapolis, as the Bishop's Delegate for Canonical Affairs in the Diocese of Fargo, and as Chancellor and Director of the Marriage Tribunal and Safe Environment Program for the Diocese of Crookston. Prior to that I served as a Judge on the Metropolitan Tribunal of the Archdiocese of Saint Paul and Minneapolis.

4. I received a dispensation from the Holy See which permitted me to serve as Promotor of Justice (prosecutor) in penal trials involving priests and deacons accused of sexual abuse of minors, and I served in that capacity and others in penal processes from 2004 until 2013. At various times my job duties required me to be involved in the evaluation and formation of priests and deacons at the major and minor seminary levels. I have also provided consultation and advice to bishops, Catholic institutions and organizations, and religious orders on matters pertain to the sexual abuse of minors by clergy, and I have been appointed to independent review boards tasked with the same responsibility.

5. In my capacity as Chancellor I worked closely with parish schools and so-called independent Catholic schools, as well as with other charitable organizations affiliated with the Roman Catholic Church. Specifically, I was involved in the establishment of several civil corporations for Catholic enterprises, including the establishment of Catholic schools and foundations. I was involved in the drafting of the Articles of Incorporation and Bylaws for such entities, and was at times appointed a member of those corporations. In addition, I was responsible for determining or verify which corporations qualified for tax exemption under the

IRS Group Ruling issued to the United States Conference of Catholic Bishops (Group Number 0928).

6. In addition to these qualifications, I am also a Catholic of the Archdiocese of Saint Paul and Minneapolis. Since my childhood I have provided financial support to the Archdiocese through parish and Archdiocesan collections, as well as donations of time and talent.

7. I have attached a current copy of my curriculum vitae. (**Exhibit 1**)

II. PURPOSE AND SUMMARY

8. I have been retained by Jeff Anderson and Associates, to provide expert consultation and testimony in this case. I received \$200 an hour for my work. Specifically, I was asked to offer an opinion as to whether the legal standards and factual predicates for substantive consolidation exist in this case.

9. My testimony is based on my expertise as a canon lawyer; my experience with the establishment or consolidation of Catholic schools, parishes, and related entities; my knowledge of the responsibilities of a Roman Catholic bishop; my review of historical and contemporary national and international guidelines and policies regarding the management of ecclesiastical goods, and my review of available documents, policies, and legal opinions. I reserve the right to revise and supplement this report if other evidence becomes available.

10. I have reached the following conclusions based on my analysis of the above-mentioned information, and I do declare and state that if called as a witness in this case I will testify according to the information that follows.

CONCLUSION: SUBSTANTIVE CONSOLIDATION IS APPROPRIATE

III. BACKGROUND

11. In July of 1883, the Diocese of Saint Paul and Minneapolis, a 315.16 corporation, was established to manage the temporal affairs of the Roman Catholic Church in the diocese, and to promote the spiritual, educational, and other interests of the Roman Catholic Church in the diocese, including all the charitable, benevolent, eleemosynary, and missionary work and to establish and maintain churches and cemeteries and to establish and conduct schools, seminaries, colleges, and any benevolent, charitable, religious, or missionary work or society within the diocese. The Diocese of Saint Paul had been established by papal decree in 1850, and was elevated to an Archdiocese in May of 1888.¹

12. Since its canonical establishment in 1850, the Archdiocese has been home to approximately 330 parishes (315.15 parish corporations), and chaplaincies and communities of faith (317A non-profit corporations). In his position as Archbishop, the President of the Archdiocese of Saint Paul and Minneapolis is authorized to appoint or approve priests to manage the spiritual and temporal needs of these corporations. In addition, the Archdiocese is home to parochial and consolidated grade schools, Archdiocesan high schools, a Catholic hospital, several charitable foundations, cemeteries, and other organizations with charitable or religious purposes, all of which have been established as 317A non-profit corporations. In his role as Archbishop, the President of the Archdiocese of Saint Paul and Minneapolis has jurisdiction over these organizations as well, including the right of appointment of corporate officers and chaplains to provide for the spiritual care of those served by the corporations.

¹ The Articles were amended to note this change in 1970.

13. On January 16, 2015 the Archdiocese of Saint Paul and Minneapolis filed for Chapter 11 Reorganization under the United States bankruptcy code, declaring in excess of \$45 million in total assets, but excluding assets owned or managed by the 315.15 and 317A corporations under the jurisdiction of the Archbishop. In public statements, the Archdiocese of Saint Paul and Minneapolis acknowledged that the bankruptcy filing was the result of ‘the scourge of sexual abuse of minors’; acts that occurred largely in conjunction with the 315.15 and 317A corporations and which were perpetrated by clergy appointed to serve those corporations by the President of the Archdiocese of Saint Paul and Minneapolis.

14. At issue is whether the court should allow the substantive consolidation of the parish and non-profit corporations that are under the jurisdiction of the Archbishop of Saint Paul and Minneapolis. The arguments in favor of substantive consolidation include the relatedness of the entities, the benefits that would arise from consolidation, and whether prejudice would result if consolidation did not take place.

15. My testimony will be limited to the interrelatedness of the entities.

1. The sole purpose of incorporating the parish corporations was to secure control of parish property for the Archbishop of Saint Paul and Minneapolis

16. Prior to the incorporation of the Archdiocese of Saint Paul and Minneapolis and since, all but one parish within the territory of the Archdiocese has been civilly incorporated under Minnesota statute 315.15 and its precursor Chapter 34, which allows the bishop of a diocese to join with the vicar general of the diocese and the pastor of the parish where the corporation is to be located, along with two lay members of the denomination (trustees) to form a corporation to manage the temporal affairs of said parish (Minnesota Statute 315.09). Under the provisions of Minnesota state law, the parish corporation has the authority to ‘sue and be sued, hold, purchase, and receive title to, by gift, grant, or other conveyance, property, real or personal,

with power to mortgage, sell, or convey it. It may adopt bylaws and make regulations necessary or expedient to manage its affairs in accordance with law.’

17. Yet, according to canon law (the internal set of rules that govern the Catholic Church), ‘it is only for the diocesan bishop to erect, suppress, or alter parishes’ (canon 515, §2), and he does this without the assistance of any other individual or individuals. Moreover, once a parish is established it is the pastor that represents the parish in all juridic affairs (canon 532), and he is the sole local administrator of its ecclesiastical goods (canon 1279, §1). The administration of parish property by the pastor occurs under the supervision of the diocesan bishop, to whom the pastor must render an annual account (canon 1287, §1), and without whose consent the pastor is unable to exercise many of the rights conveyed to the parish corporation by statute (to sue, canon 1288; to mortgage, sell, or convey, canons 1292, 1295, and 1297). The current iteration of canon law (1983 *Code of Canon Law*) limits the involvement of lay members of the parish to merely consultative or cooperative roles.

18. The 1983 *Code’s* predecessor, the 1917 Pio-Benedictine *Code of Canon Law*, which was the operative law at the time of the incorporation of the majority of the parishes in the Archdiocese of Saint Paul and Minneapolis, gave even greater authority over parish property to the diocesan bishop (canon 1519) and established that any administration of ecclesiastical property by lay members would be according to the dictates of the diocesan bishop. The 1917 *Code* required that such administration must be conducted ‘in the name of the Church’ and noted the right of the diocesan bishop to prescribe the manner of administration (canon 1521, §2).

19. However, when seeking to establish civil title to ecclesiastical property, the Archdiocese of Saint Paul and Minneapolis had no choice but to follow the provisions for incorporation established by the legislature of the state in which the diocese was located.

Significantly, prior to the American Revolution and the adoption of the Bill of Rights the Catholic Church was without civil rights and therefore the title to property held by religious orders (e.g. the Jesuits) and dioceses was in the name of individuals- generally the bishop or religious superior of the institution. With the gradual spread of religious liberty, state legislatures established general provisions for the incorporation of religious societies, and several Catholic bishops began to urge the incorporation of parishes following the models established for other religious denominations. These models, which included the appointment of lay members as trustees, often reflected a congregationalist mentality at odds with both Catholic theology and ecclesiology, which therefore led to a number of controversies between the lay trustees and the bishop, frequently over the appointment of a pastor deemed unfit by either.

20. As more and more American bishops found themselves having to wrest control of parish property from lay trustees because of these controversies, Pope Pius VII issued a brief on Lay Trusteeship condemning ‘the immoderate and unlimited right which trustees or the administrators of the temporal properties of the Church assume independently of the diocesan bishops’ (22 August 1822). The First Provincial Council of Baltimore (1829) reiterated this condemnation and ordered

‘Since lay trustees have too often abused the power given them by the civil law, to the great detriment of religion, we greatly desire that in the future no church shall be built or consecrated unless it shall have been assigned, by written instrument to the bishop in whose diocese it is to be built, wherever this can be done.’ (Fifth Decree, First Provincial Council of Baltimore).

Consequently, by the time the Diocese of Saint Paul was established in 1850, Catholic churches in the United States were almost wholly titled in the name of bishops or religious orders. This was seen as an appropriate expression of the theological and temporal authority of the diocesan

bishop over the ecclesiastical goods in his territory, and it was the model preferred by the Holy See.²

21. However, the rise of anti-Catholic sentiment resulted in the passage of laws in states such as New York establishing that ‘no interest in property, real or person, should be conveyable or descendible to any ecclesiastic or his successor in any ecclesiastical office’ (Laws of New York, Chapter 230, 9 April 1855). This law was later repealed, and enacted in its place was a brokered plan for the incorporation of Catholic church property which included some features of lay trusteeship, but significantly limited the exercise of lay administration through the imposition of rules reflecting Catholic ecclesiastical discipline. This 1863 New York law, crafted to suit the needs and circumstances of the Catholic hierarchy, became the model for the 1876 statute (Chapter 34, now Minnesota Statute 315.15) under which parishes are incorporated in the State of Minnesota.

22. In other words, the civil incorporation of parishes in the Archdiocese of Saint Paul and Minneapolis did not occur out of a desire to segregate and establish the autonomy of the parishes as separate corporations, but instead the sole purpose was to secure, for the benefit of the Archbishop, civil title to parish property according to the means established by the legislature of the State of Minnesota. Absent this sole purpose, a parish would not be incorporated as a 315.15 parish corporation. Instead, property belonging to the parish would be titled to a non-profit organization outside of the jurisdiction of the Archbishop, such as is the case with the Church of the Holy Rosary in Minneapolis, which since 1879 has been owned and operated by

² The Holy See is the administrative arm of the Pope.

Dominican Fathers, a 317A non-profit corporation not under the control of the Archdiocese of Saint Paul and Minneapolis.³

23. Again, the Catholic hierarchy's preference, as reiterated at the Third Plenary Council of Baltimore (1884) was for bishops 'to have himself made a corporation sole and thus hold the property as any other corporation would' and only when this was not possible to incorporate under provisions drawn especially to suit the needs of the Catholic Church or agreeable thereto. The special provisions under which parishes were incorporated in Minnesota reinforce the role of the diocesan bishop as the guardian and supreme administrator of all diocesan property and the role of pastors as diligent guards of parochial property under the direction of the bishop (Third Plenary Council of Baltimore, Title IX).

24. For instance, with the exception of Holy Rosary, the President of every parish corporation is the Archbishop of Saint Paul and Minneapolis, and his Vicar General, who is appointed by him and who by definition cannot validly act in any manner contrary to the will of the Archbishop (canon 480), also is a member of every parish corporation. The third *ex officio* member of parish corporations, the Vice President, is the pastor of the parish, who is appointed by and serves under the authority of the Archbishop (canon 515,§1). These three *ex officio* members, or a majority of them, select the lay members to serve as trustees. Given the restrictions placed on the autonomy of the Vicar General, this means that *de facto* the Archbishop must always approve of the choice of parish trustees.

25. Moreover, the consent of the Archbishop is required for certain corporate acts including the incurring of debt in excess of an established amount. Other corporate acts, such as

³ This situation was not unique to Minnesota. See Stritch, Alfred G. *Trusteeism in the Old Northwest, 1800-1850*, p. 162.

the sale of parish property, require either a unanimous or majority vote, further safeguarding the rights of the Archbishop to exercise control over parish property. Because of the large number of parishes and that fact that they regularly transact business that requires corporate action, the Archdiocese of Saint Paul and Minneapolis has set up a process for securing a proxy for the pastor so that he can cast the votes of the Archbishop and Vicar General. The proxy process is handled by the CFO and Chancellor for Civil Affairs for the Archdiocese of Saint Paul and Minneapolis. Far from a mere rubber stamping of corporate action, proxy requests by parishes are carefully reviewed and regularly denied, at times without ever reaching the Archbishop or the Vicar General's desk.⁴ If a proxy is denied, the parish will not proceed with requested project.

26. The Articles of Incorporation also prohibit parish corporations from enacting bylaws contrary to the discipline of the Roman Catholic Church or the statutes of the Archdiocese of Saint Paul and Minneapolis. The Archdiocesan statutes that govern parish corporations are found in the May 4, 2011 Clergy Bulletin 'Parish Administration.' (**Exhibit 2**) Provisions found within this document include the adoption of uniform accounting practices established by the Archdiocese, timelines for submitting financial reports to the Archbishop, and a list of twenty-three corporate acts for which the consent of the Archbishop is required. Included in the provisions for Parish Administration is entering into service contracts for legal assistance, meaning that even when choosing to seek legal advice regarding their status in these bankruptcy proceedings, the parishes were required to do so in the manner proscribed by the Archdiocese of Saint Paul and Minneapolis. The Archdiocese of Saint Paul and Minneapolis also instructed parishes as to the makeup of their corporate boards following the resignation of Archbishop John

⁴ Two examples of times when proxy requests were denied was when the Church of St. Pascal Baylon of St. Paul wished to sell its townhouse on a contract for deed, and when the Church of St. Peter of North Saint Paul proposed selling its former rectory to the parish deacon without listing the property for sale or having an appraisal.

Nienstedt and the consequent vacancy in the position of Vicar General (**Exhibit 3**), without providing the parishes with any evidence that it had the authorization to do so. In some cases, these instructions were contrary to the provisions of their Articles of Incorporation.⁵

27. Provisions and actions like these, which were designed in response to the Catholic hierarchy's perception of the 'great evils of Trusteeism,'⁶ severely limit the ability of the parish corporation to fulfill its stated purpose, 'to take charge of and manage all the temporal affairs of the Roman Catholic Church in said parish.' (Certificate of Incorporation, Our Lady of Grace, 1946, **Exhibit 4**) Such provisions in fact only reinforce that the sole purpose in incorporating the parishes was to secure, for the benefit of the Archbishop, title to parish property according to the means established by the legislature of the State of Minnesota.⁷

2. The sole purpose of incorporating the 317A corporations was to secure funding and limit liability while retaining control of ecclesiastical property for the Archdiocese of Saint Paul and Minneapolis

28. Unlike many 315.15 parish corporations, the majority of the 317A corporations under discussion were created long after the 1883 incorporation of the Archdiocese of Saint Paul and Minneapolis. Organizations such as Commonbond Communities (Urban Affairs Community Development Corporation, Inc.; Community Development Corporation for the Archdiocese of Saint Paul and Minneapolis; Westminster Corporation), incorporated in 1974, and Catholic Charities of the Archdiocese of Saint Paul and Minneapolis, incorporated in 1977, were

⁵ The powers of an Apostolic Administrator are as established in his decree of appointment from the Holy See. That decree should have been presented to the parish corporate boards in order to establish the ability of the Apostolic Administrator to act. In addition, in providing its instructions the Archdiocese of Saint Paul and Minneapolis disregarded the provisions in some parish Articles of Incorporation, indicating that 'in the event of the death or incapacity of said Archbishop, the Administrator of the Archdiocese and the Chancellor of the Archdiocese' become the members of the five member corporation.

⁶ MacCaffrey, James. *History of the Catholic Church in the Nineteenth Century (1789-1908)*, p. 283.

established as civil corporations in order to provide the organizations with the autonomy necessary to receive secular and state funding.

29. Yet, those efforts were not intended to remove control of the organizations or their assets from the Archdiocese of Saint Paul and Minneapolis. The 317A Articles of Incorporation include or included a purpose statement indicating that the corporation ‘shall be operated and conducted in conformance with the Code of Canon Law of the Roman Catholic Church and the laws, theology, philosophy, teachings, and doctrines of the Roman Catholic Church and the Archdiocese of Saint Paul and Minneapolis,’ and the same documents also include dissolution clauses that indicate that the assets would revert to the Archdiocese of Saint Paul and Minneapolis (Catholic Community Foundation, 1992, **Exhibit 5**). To my knowledge, until at least 2013 the Archbishop of Saint Paul and Minneapolis and the Vicar General were on the Board of Directors of Catholic Charities, and the Archbishop had additional powers including the power to appoint the Chief Executive Officer of the corporation. Similar reserved powers were vested in the Archbishop according to the incorporation documents of Commonbond Communities, which was located in the basement of the Archdiocese’s Hayden Center until approximately 2014.⁸

30. While the intent in separately incorporating these organizations was to ensure that public funds were not being used to support a sectarian organization, it is useful to note that the Archbishops of Saint Paul and Minneapolis actively, and at time controversially, exercised their control over these corporations. For instance, Archbishop John Nienstedt angered many by

⁸ Other corporations that used the Chancery as its location include the Growing in Faith capital campaign. However, unlike Commonbond or Catholic Community Foundation, Growing in Faith did not have any designated office space or staff members. Growing in Faith was operated out of the Archdiocesan accounting department and was a function of the Archdiocesan development department.

insisting that prospective members of the Commonbond Communities governance boards receive a letter of recommendation from their pastor in order for him to approve them as Board members. This caused difficulties for Commonbond Communities because several prospective Board appointees were not Christian (such as members of the Somali community that make up the majority of the tenants in several Commonbond properties) and therefore had no pastor who could recommend them.

31. Other 317A corporations were created specifically to protect Archdiocesan and parish assets from judgments in sexual abuse cases. The Basilica Landmark corporation (d.b.a Friends of the Basilica of Saint Mary Foundation), was established in 1993 to house an endowment for the maintenance and upkeep of the Basilica and its campus. The Basilica Landmark receives frequent transfers from the Basilica parish 315 corporation (The Pro-Cathedral of St. Mary of Minneapolis, Minnesota) consisting of unrestricted bequests to the parish and funds raised specifically for restoration purposes. The rector of the Basilica and the lay trustees of the parish corporation serve on the board of the Basilica Landmark, but the endowment, unlike the parish corporation, is under lay rather than ecclesiastical control. Therefore, the ongoing transfers from the parish to the endowment were capped at \$4,999,999, the maximum limit of money which can be alienated prior to the approval of the Holy See being sought. In order to transfer money below that maximum, the consent of the Archbishop of Saint Paul and Minneapolis was sought.

32. The Cathedral Heritage Foundation was established in 2007 in a similar manner, while the Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation (now the Catholic Community Foundation of Minnesota) was established 1992, again to protect donations from judgments in cases of sexual abuse of minors. In his deposition of April 16, 2014, Reverend

Kevin McDonough, Vicar General of the Archdiocese of Saint Paul and Minneapolis from 1992 to 2008 and the original incorporator of the foundation, testified that the Catholic Community Foundation was established because donors did not want to contribute money to the Archdiocese of Saint Paul and Minneapolis if those funds could then be surrendered to pay for judgments and punitive damages.

33. As a result, a separate civil corporation was created to receive those donations as well as other endowments or assets otherwise belonging to the Archdiocese of Saint Paul and Minneapolis or its parishes. The quinquennial report, submitted to the Holy See roughly every five years by the Archdiocese of Saint Paul and Minneapolis, regularly described the Catholic Community Foundation as a public charity created to establish civil title to endowment funds entrusted to the Archbishop's care, and noted this separate incorporation provides legal protection for those funds, including ones that were originally held by the corporation of the Archdiocese of Saint Paul and Minneapolis.

34. However, this 'separate' corporation was housed in the Chancery and later the Hayden Center of the Archdiocese of Saint Paul and Minneapolis. Moreover, the members of the first Board of Directors for the Catholic Community Foundation included the Archbishop, Vicar General, Chancellor, CFO, and the three auxiliary bishops of the Archdiocese of Saint Paul and Minneapolis, as well as the rector of the Cathedral, who was appointed by the Archbishop. It is also worth noting that original Articles of Incorporation included a dissolution clause naming the Archdiocese of Saint Paul and Minneapolis as beneficiary in the event of dissolution, and requiring the consent of the 'ordinary' (Archbishop or Vicar General) of the Archdiocese of Saint Paul and Minneapolis in order for such dissolution to be approved.

35. The restated articles of 1996 reduced to three the members of the 317A corporation: the Archbishop, the Vicar General, and the Chancellor. This change further solidified the Archbishop's control because he has the free appointment and removal of the Vicar General and Chancellor. In 1997 the name of the foundation was changed and an additional member, the President of the corporation, was added. In 2002 this fourth member was amended to be the Vice Chair of the Board of Directors, and the Treasurer was added as a fifth member of the corporation. While the bylaws are unavailable, it is extremely likely that they specified that the President was to have been appointed, or at least approved, by the Archbishop.

36. It was not until October of 2013, after the passage of the Minnesota Child Victims Act, that the members of the corporation were eliminated and governance of the Catholic Community Foundation placed in the control of the Board of Directors. At the same time, references to canon law and the Roman Catholic Church removed were removed from the Articles of Incorporation, and the reserved powers of the Archbishop voided. The dissolution clause in favor of the Archdiocese of Saint Paul and Minneapolis was also removed. Yet, the Archbishop, the Vicar General, and the CFO of the Archdiocese of Saint Paul and Minneapolis remain *ex officio* Board members.

37. In addition to the control granted to the Archdiocese of Saint Paul and Minneapolis in the Articles of Incorporation, at the time of my departure on April 30, 2013 the necessary canonical steps were never taken to separate the Catholic Community Foundation and its assets, and those of other 317A corporations as well, from the canonical personality and control of the Archdiocese of Saint Paul and Minneapolis. In other words, the civil law structure of the corporation, while providing the appearance of separation, was not matched by a canonical

structure that gave the organization the same autonomy. According to the rules of the Catholic Church, those organizations simply did not exist.

38. Roman Catholic canon law divides temporal goods into two categories: ecclesiastical goods (governed by canon law and the diocesan bishop) and non-ecclesiastical goods (private property not governed by canon law or the diocesan bishop). The category in which a particular asset is placed depends on the nature of the Catholic organization to which it belongs. The assets of Catholic organizations which are public juridic persons (e.g. dioceses, parishes, seminaries, public associations) are by law ecclesiastical goods. The assets of Catholic organizations which are private juridic persons (college and universities, hospitals, foundations) are not. Assets given to or purchased by a public juridic person that are then civilly conveyed to another public juridic person, private juridic person, or secular entity remain the ecclesiastical property of the original holder unless the canonical process for alienation is followed. Hence the Basilica parish corporation (a public juridic person) had to follow the process for alienation when transferring funds to the Basilica Landmark corporation (a secular entity) in order for that transfer to be valid.

39. Catholic organizations that have not been granted juridic personality by law or decree are not considered independent entities capable of exercising rights and obligations in the Church, and lack the capacity of acquiring, retaining, administering, and alienating temporal goods.⁹ They (and their assets) remain canonically attached to their sponsoring entity (i.e. diocese or religious order) and subject to its direct governance, even if they have been civilly incorporated separately. The dissolution clauses of many of these entities reflect this canonical

⁹ An organization is granted juridic personality by the bishop by decree.

reality by requiring that the diocese receive the assets of the organization if it is ever dissolved, an act that also usually requires the approval of the diocese.

40. The universal Catholic Church was aware of the attempts by dioceses to secure funding and liability protection by separately incorporating charitable initiatives and so for decades has warned dioceses of the need to complete the canonical processes for alienation in such cases. For instance, on October 7, 1974, a joint letter was sent to the President of the National Conference of Catholic Bishops (now the United States Conference of Catholic Bishops),¹⁰ by the Prefects of the Roman Congregations for Religious Institutes and Catholic Education, asking the President ‘to consider the advisability of contacting all institutions and asking them not to make any changes in their administrative structure or corporate status, without first informing, and when necessary obtaining approval from, our Congregations.’ This was followed by 1975 guidelines from the National Conference to all U.S. dioceses warning that civil incorporation ‘canonically does nothing’.

Just as the creation of a canonical juridical person is given no automatic recognition in American civil society, so too, an act of civil incorporation has no immediate effect upon canonical status. This is evident in regard to the civil incorporation of dioceses, parishes, and religious institutes; civil incorporation, designed to achieve civil recognition and status for these ecclesiastical entities, in no way affects their previously acquired canonical status.

So, too, the civil incorporation of an educational or charitable institution that already enjoyed canonical status as the apostolic work of a sponsoring religious institute or diocese, has no immediate effect upon that status. The civilly-incorporated institution remains, under canon law, simply an expression of the apostolate of the sponsor, and the assets of the civilly-incorporated institution remain, canonically, the property of the sponsor.

¹⁰ The National Conference of Catholic Bishops (now the United States Conference of Catholic Bishops) is an assembly of the hierarchy of the United States and the U.S. Virgin Islands who jointly exercise certain pastoral functions. They can set binding policies and procedures for all dioceses in the U.S. and U.S. territories.

This understanding of the status of the foundation is reflected in the purpose statement and dissolution clause of the original Articles of Incorporation and amendments until 2013.

41. The reminder of the limitations of civil alienation has been regularly repeated to Chancery staff and other diocesan officials at conferences, conventions, and seminars. In one such seminar, the Chancellor from the Archdiocese of Milwaukee presented on the need to establish juridic personhood and complete the alienation process in advance of civil proceedings. The examples and sample templates provided included one for establishing a cemetery fund for a diocese. Diocesan officials such as myself have provided this information to the Presidents and boards of these organizations, including the Catholic Finance Corporation and the Catholic Community Foundation. Dioceses, parishes, and Catholic organizations know that in order to truly guarantee autonomy and liability protection the canonical processes for alienation of property must be observed, and the acquisition of further property must be done without reference to the sponsoring organization or its apostolic purpose. However, when the diocese wishes to retain control over ecclesiastical property, and when it is assumed that the organizations will not be subject to court scrutiny, civil incorporation offers an appearance of independence without limiting the control over property and assets that a diocese can exert.

42. Neither Catholic Cemeteries, incorporated in 1969; the Catholic Community Foundation, incorporated in 1992; the Catholic Finance Corporation, incorporated in 2000; the Aim Higher Minnesota Foundation, incorporated in 2011, nor any other of the civil 317A corporations mentioned above, were established as private juridic persons nor did they receive disbursements of ecclesiastical property through an approved alienation process- at least not prior to the passage of the Minnesota Child Victims Act and/or until the Archdiocese of Saint Paul and Minneapolis began preparations for bankruptcy. It is unclear whether the Catholic

Services Appeal Foundation, incorporated in 2013, was established as a private juridic person. The website for the foundation only refers to its status as a 317A corporation.

43. Because of the canonical requirements of alienation, when, in 2012, Commonbond Communities wanted to sell its Oak Ridge Assisted Living Facility in Hastings, Commonbond first had to request that the Archdiocese of Saint Paul and Minneapolis assign its lessor's interest in the nearly three acre property to CommonBond (Commonbond had a 99 year ground lease on the property, which belonged to the Archdiocese of Saint Paul and Minneapolis).¹¹ Yet, because the property was donated to the Archdiocese of Saint Paul and Minneapolis for the purpose of building a new parish in Hastings, it remained ecclesiastical property and Archbishop Nienstedt was unable to agree to the sale or an extension of the lease without completing the alienation process including by securing the consent of the College of Consultors and Archdiocesan Financial Council.¹² Conversely, the 2004 conveyance by the Archdiocese of Saint Paul and Minneapolis of 49% of the property on which Hill Murray High School sits was not a canonically valid transaction because the required consultation process did not occur, despite the total value of the property exceeding \$12,000,000.¹³

44. In other cases, such as Regina Hospital (Regina Healthcare) in Hastings, the assets were removed from the control of the Archdiocese of Saint Paul and Minneapolis both civilly and canonically when the civil incorporation took place. In 1989, control of the hospital

¹¹ The annual rent payment for the 2001 facility was \$1000.

¹² The consultative bodies approved the sale for an amount less than \$50,000. According to a November 7, 2014, article on *Rebusiness Online*, in 2014 Dougherty Funding LLC announced it had closed \$6,000,000 in acquisition funding for the purchase of the Oak Ridge facility by Hastings ACQ LLC.

¹³ The 49% share in the land was granted in exchange for the profits from the sale of the land and buildings of Hill High School, which was owned by the Archdiocese of Saint Paul and Minneapolis and operated by the Christian Brothers. In 2005, the Sisters of St. Benedict ended their involvement in the operation of the Hill-Murray. At that time, the Archdiocese transferred its 49% share in the land to Hill Murray and Hill Murray purchased the Sisters' 51%.

and nursing home was vested in a 317A corporation and the assets (with an insurance replacement value of more than \$25,000,000) were canonically alienated with the approval of the Holy See.

45. In addition to being established as a 317A corporation, Regina Healthcare was designated a private association of the faithful and a juridic person of the Catholic Church. As a result, the authority of the Archbishop of Saint Paul and Minneapolis was limited to matters of Catholic identity and indirect control through the appointment of a member of the Board of Directors. While this did not always prevent the Archdiocese of Saint Paul and Minneapolis from *attempting* to exert control over the organization, the alienation of the property and the establishment of juridic personhood effectively rendered such efforts ineffective. For instance, in 2013 Archbishop Nienstedt attempted to prevent Regina Healthcare from entering into a Stewardship Agreement with Allina that would transfer a controlling interest of the hospital to Allina, but his efforts failed because the only control he could exercise was whether the hospital identified itself as Catholic.

46. Another example, from 2008, demonstrates again that while the Archdiocese of Saint Paul and Minneapolis, and its Archbishop, can control the Catholic identity of a private juridic person, he cannot control its assets. That year, after numerous problems arose, Archbishop Nienstedt canonically suppressed Entheo Center (civilly incorporated as a 317A in 1977).¹⁴ Yet, as a private association, at the time of suppression the Archdiocese of Saint Paul and Minneapolis was unable to lay claim to the property and assets of the former retreat center, and instead the disposition of the same will follow what is established in the Articles of

¹⁴ Suppression extinguishes the corporation from the perspective of canon law.

Incorporation, which appropriately did not include the standard dissolution language of Catholic parish corporations and 317A corporations indicating that the property reverted to the Archdiocese of Saint Paul and Minneapolis. The Archbishop was also unable to compel the dissolution of the Entheo civil corporation.

47. Another category of 317A corporations were established to limit liability, but also so that the Archdiocese of Saint Paul and Minneapolis could retain greater control over the entity and its assets. Organizations in this category can be loosely categorized as chaplaincies meaning, in the Catholic sense, a particular community or group of the Christian faithful. 317A corporations established to give civil recognition to such chaplaincies include the Newman Center and Chapel, Minneapolis, Minnesota (1966), the Vietnamese Catholic Community of Archdiocese of Saint Paul and Minneapolis (1979), the Filipino Catholic Community (1995), Sagrado Corazon De Jesus (1999), the Francophone African Chaplaincy (2011), and the Chaplaincy of Gichitwaa Kateri (2011). In 2011, at the request of the Vicar General of the Archdiocese of Saint Paul and Minneapolis, a repeatable process was created for the establishment or recognition of chaplaincies that included the establishment of corporations with the ‘requisite control’ to allow them to be included in the group ruling and a provision that their accounting must be handled by the Archdiocesan Parish Accounting Services Center.

48. Although several of these entities operate or have operated as a presumptive or quasi parish, the intention behind establishing them as 317A corporations instead of 315 parish corporations was to allow the Archdiocese of Saint Paul and Minneapolis to more directly manage and efficiently suppress such corporations if expectations, set by the Archdiocese, were not met. In many cases, the salaries of the chaplains of the 317A corporations and other expenses

were paid directly by the Archdiocese of Saint Paul and Minneapolis through operating accounts.¹⁵

49. An example of this would be the establishment and suppression of the Francophone African Chaplaincy. The Francophone African Chaplaincy was established in 2011 to address the concerns of the French-speaking African population that had gathered around Father Jules Omba Omalonga when he was pastor of St. Philip in Minneapolis. When St. Philip was merged as a result of extreme financial difficulties, the Francophone community was allowed, by the Archdiocese of Saint Paul and Minneapolis, to remain a cohesive community under the aegis of the 317A corporation. Yet, the chaplaincy was without a church of its own or assets or property. The Archdiocese of Saint Paul and Minneapolis directly paid the salary of the chaplain, who was the Vice President of the Corporation, and also paid the costs of his housing. Then, in 2012, when the community failed to meet the targets, including fundraising and membership goals, set by the Archdiocese of Saint Paul and Minneapolis, the chaplain was removed by the Archbishop, Auxiliary Bishop Piché (who does not speak French) was appointed in his stead, and the corporation became 'dormant', meaning that no ministry would take place, but the civil corporation would continue to exist.

50. A similar course of action was threatened against the Chaplaincy of Gichitwaa Kateri in 2010, which is why the property on Park Avenue in Minneapolis was never conveyed to the 317A corporation, and did occur in the case of the Newman Center and Chapel,

¹⁵ In 2011, Father Tegeder was appointed chaplain to the Archdiocesan Indian Ministry, an Archdiocesan department, located at Kateri. In 2012, following the arrest of Curtis Wehmeyer, Father Timothy Cloutier was assigned the parochial administrator of the parish, although his salary continued to be paid by the Archdiocese.

established in 1966 as a civil corporation but only a semi-public oratory.¹⁶ By the late 1990s, the Archdiocese of Saint Paul and Minneapolis felt that the liberal, non-student Catholics who patronized the Center were asserting too much control and taking the chaplaincy in a direction contrary to the will of the Archbishop. Therefore, the Archdiocese of Saint Paul and Minneapolis placed it under the leadership of the pastor of the Church of Saint Lawrence of Minneapolis, and practically but not legally joined with the Church of Saint Lawrence of Minneapolis in 1998.¹⁷ Neither entities' board voted on this change. The chapel, on University Avenue, ceased to be used for Catholic worship, and after renovation was leased to the University of Minnesota. The leased building, which belonged to the Newman Center and Chapel corporation, was then used as collateral to finance the renovation of the Church of Saint Lawrence, a separate 315 corporation. (**Exhibit 6**) The Archdiocese of Saint Paul and Minneapolis guaranteed the loan. The building on University Avenue was sold in 2009 for in excess of \$2,500,000, but the proceeds of the sale became the source of controversy as Archbishop Nienstedt refused to release the money to the Director of the Newman Center but instead kept those funds under Archdiocesan control because canonically he had the power to do so.

51. It is worth noting that several 317A corporations were originally incorporated or amended as single member corporations, with the single member being either the Archdiocese of Saint Paul and Minneapolis, the Archbishop of Saint Paul and Minneapolis, or an individual appointed by him. These include the Catholic Finance Corporation, the Newman Center and Chapel, and the Catholic Spirit Publishing Corporation. The latter's status as a single member

¹⁶ A semi-public oratory is not a canonically recognized separate entity and therefore any property in its name is canonically owned by the Archdiocese.

¹⁷ According to the website umncatholic.com, 'in 1998, the Newman Center was merged back with St. Lawrence bringing the whole parish family back together again. However, in truth no merger was completed or ever proposed prior to my resignation in April of 2013.

corporation facilitated the unpopular 2012 decision to dissolve the corporation, as did the fact that all of the members of the Board of Directors that supported the decision were appointed by the Archbishop, who was the sole member of the corporation.

52. The Catholic high schools have also been established as 317A corporations under the control of the Archdiocese of Saint Paul and Minneapolis. The 1971 Articles of Incorporation for De La Salle High School, the land of which is owned by the Archdiocese, notes that the purpose of the 317A corporation is to ‘operate as an educational institution supervised by the Archdiocese of Saint Paul and Minneapolis’. The Archbishop of Saint Paul and Minneapolis has the power to appoint a majority of voting members to the Board of Directors of Holy Family Catholic High School, as well as two non-voting pastoral advisors. The Archbishop has the right of appointment of members of the Board of Totino-Grace (Grace High School), and the Archdiocese owns that land as well. In 2011, the Archbishop of Saint Paul and Minneapolis began appointing priest chaplains to the 317A Catholic high schools, irrespective of his authority according to the Articles of Incorporation. The Archbishop also retains control over significant curriculum decisions within the schools.

3. Outside organizations rely on the interrelatedness of the entities, including the Internal Revenue Service

53. Since the fourth century, the Catholic Church has asserted its right to acquire, retain, administer, and alienate its property to further its religious purposes and without interference from any civil powers. In the United States, this is accomplished in part by means of a group tax exemption provided by the Internal Revenue Service to the United States Conference of Catholic Bishops (USCCB).

54. IRS Publication 4573 summarizes the issues relating to group tax exemptions, stating that to qualify for a group tax exemption, the central organization and its subordinates must have a defined relationship. The publication further states that subordinates must be:

Affiliated with the central organization; subject to the central organization's general supervision or control; and exempt under the same paragraph of IRC 501(c), though not necessarily the paragraph under which the central organization is exempt.

55. According to the IRS determination letter, it is the *Official Catholic*

56. *Directory* that provides the names and addresses of the 'agencies and instrumentalities and the educational, charitable, and religious institutions operated by the Roman Catholic Church in the United States, its territories, and possessions that are subordinate organizations under [the] group tax exemption (Group Ruling 2014 Determination Letter, **Exhibit 7**). To establish the existence of the required 'relationship', the USCCB has created a three-part test.

- 1). Is the organization controlled by a diocese, parish, religious order, or other Church entity that is organized in the U.S.?
- 2). Does the organization's governing board include individuals who also serve on the governing board of or in a governing capacity with respect to a diocese, parish, religious order, or other Church entity that is organized in the U.S.?
- 3). The following characteristics apply to the organization.
 - a. ex officio board members holding other Church offices
 - b. indirect control by Church entity
 - c. reserved powers in bishop, diocese, parish, religious order, other Church entity
 - d. veto power by bishop, diocese, parish, religious order, other Church entity
 - e. formal policy of adherence to Church teachings/practices as determined by diocesan bishop
 - f. assets distributed on dissolution to diocese, parish, religious order, other Church entity

- g. status under Canon Law as a public juridic person
- h. other relationship to Church

57. Only an organization that is able to positively establish that it is under the control of a diocese, parish, religious order, or other Catholic entity is included in the *Official Catholic Directory* and falls under the provisions of the Group Ruling. Annually, each diocese or Archdiocese is required to review and certify that the organizations that fall under its listing have met the requisite requirements. In 2015, each of the parish corporations was listed in the *Official Catholic Directory*, along with Catholic Cemeteries, Catholic Charities, Catholic Senior Services, Society for the Propagation of the Faith (d.b.a Center for Mission), St. John Vianney Seminary, the Chaplaincy of Gitchitwaa Kateri, Saint Thomas Academy, DeLeSalle High School, Totino-Grace High School, Hill Murray School, Benilde-St. Margaret's School, the Catholic Services Appeal Foundation, Growing in Faith Capital Campaign, Sagrado Corazon de Jesus, the Catholic Finance Corporation, and others. FOCUS, the Aim Higher Minnesota Foundation, and Commonbond Communities were listed in the annual directory until 2014. The final year the Catholic Community Foundation appeared was 2013.¹⁸

58. The Internal Revenue Service relies on the interrelatedness of the organizations listed under the Archdiocese of Saint Paul and Minneapolis in the *Official Catholic Directory* when granting tax exempt status. In addition, donors use the same to establish the deductibility, for federal income, gift and estate purposes, of contributions to Catholic organizations.

59. The Archdiocese of Saint Paul and Minneapolis grants approval for organizations to be included in the *Official Catholic Directory* when it wishes to exercise control, and it refuses

¹⁸ Prior to its removal, the Catholic Community Foundation secured independent tax exemption and therefore became an asterisked entry.

to endorse or otherwise support an organization, even when the organization has a Catholic purpose or intent, if the necessary control is not present or the organization acts in an independent manner. For instance, in 2010, 2011, 2012, and perhaps even later the Archdiocese of Saint Paul and Minneapolis refused to endorse approval of the Labourne Society, which exists to provide financial assistance to individuals considering the priesthood or religious life. The Archdiocese refused to allow the organization to claim to be a part of the Archdiocese or to have its endorsement or support, and the organization therefore could not be listed in the *Official Catholic Directory* or included under the Archdiocese's group ruling. The Archbishop even insisted that the organization issue a retraction and clarification when the society reprinted in its newsletter a copy of one of the Archbishop's columns that had appeared in the Catholic Spirit newspaper. Parishes, schools, and other Archdiocesan organizations reprint those columns regularly, but the Archdiocese insisted that the Labourne Society retract the newspaper and emails sent to benefactors which falsely identified the society as being Archdiocesan approved or supported. The Archdiocese did, however, accept the Society's financial help for its seminarians.

4. The Subsidiary Has No Business Except with the Parent

60. In order to be a member of the Catholic faith in good standing, an adult is required to fulfill certain religious tenets, including attending Mass on Sundays and other Holy Days (canon 1246, §1), receiving the Sacraments (canon 920, §1), seeing that his or her children are baptized and educated in the Catholic faith (canon 266, §2), and providing material support to the Church (canon 1262). These obligations can only be fulfilled at a Catholic parish, chapel, oratory, or school in communion with and under the control of the Archdiocese of Saint Paul and Minneapolis. Catholics can fulfill most of these obligations at any Catholic parish, but they cannot satisfy the requirement at a Lutheran Church, for instance, or even a church that identifies

itself as Catholic but is not sanctioned by the Archdiocese (e.g. the Spirit of Hope Catholic Community). It is the relationship with the bishop that makes an organization Catholic and which allows the lay member to exercise his or her religion according to the tenets of the faith.

61. Furthermore, in cases of judicial intervention in disputes between the Catholic hierarchy and local congregations, courts have looked to whether the congregation is organically a part of the denomination and so subject to its discipline, as opposed to being independently governed with only nominal affiliation with the denomination. In cases where the Catholic congregation was not organically a part of the denominational organization (determined by the fact that the church was established and the priest hired without the involvement of the Archbishop), the courts supported the congregation as an independent religious association rather than compelling association where none had existed.

62. There is no question that the 315 and 317A corporations under consideration for substantive consolidation originated with the Catholic hierarchy, nor that they have conformed to the internal rules and regulations of the Catholic Church that demonstrate their ongoing subordination to the parent organization. One need only to look to the fact of their inclusion in the *Official Catholic Directory* to find proof of this subordination, or the purpose statements in the Articles of Incorporation, which state that the corporations shall 'be operated and conducted in conformance with the laws, theology, philosophy, and teaching of the Roman Catholic Church' (Sagrado Corazon de Jesus), sometimes with the additional caveat 'in the Archdiocese of Saint Paul and Minneapolis' (Holy Family Catholic High School).

63. It is also useful to note that while the 315 and 317A corporations are separately incorporated, and at times property has been conveyed or leased by the parent to a specific 315 or 317A corporation, as an organization established in the name of the Archdiocese of Saint Paul

and Minneapolis the property and operations of those corporations are open to and for the benefit of the entire denomination. Likewise, property conveyed or leased by the Archdiocese of Saint Paul and Minneapolis to the 315 or 317A corporation, or property purchased by those corporations for their use, are not used for the benefit of the specific corporation but rather to further the religious mission of the Roman Catholic Church of the Archdiocese of Saint Paul and Minneapolis. For this reason, in states where the courts have adopted neutral principles of law in resolving church property disputes, dioceses have created management trusts to enshrine this principle and establish control over parish property. However, this has not become an issue in Minnesota in part because the Articles of Incorporation for the 315 and 317A corporations include purpose statements and dissolution statements that protect the interests of the Archdiocese of Saint Paul and Minneapolis in these separate corporations.

64. Following these principals, parishes will provide services and beneficial property rights to other parishes or other Catholic organizations with only nominal payment. In some parishes, a third party will operate a senior living facility on parish property possibly paying only \$1 in rent. Along similar lines, the Archdiocese of Saint Paul and Minneapolis's Office of Vocations is housed at the St. Paul Seminary without paying rent to the University of St. Thomas, the owner of the St. Paul Seminary property.

5. There is an abuse of the corporate formalities of the subsidiaries

65. Catholic dioceses and parishes so frequently disregard the corporate formalities of their subsidiaries that at a 2014 convention of the Canon Law Society of America, one seminar speaker (a civil as well as canon lawyer) asked all attendees to reflect on whether parishes are

recognized as separate entities ‘not only in theory but in the way that they are managed and supported.’¹⁹

66. In the Archdiocese of Saint Paul and Minneapolis, the corporate formalities of the subsidiaries are most frequently abused when, through the use of his prerogative of appointment, the Archbishop selects his Vicar General to serve as pastor of one or more of the parish corporations, where he thus becomes the Vice President of the parish corporation as well as the third *ex officio* member.

67. The obligations of pastors of parishes include the obligation to reside in the parish (canon 533, §1), to preach a homily to the community on Sundays (canon 528, §1), to provide catechetical instruction (canon 528, §1), to visit the sick (canon 529, §1), to administer baptism (canon 530), and assist at marriages (canon 530). The requirements of the position are such that a priest is only to be appointed pastor of one parish at a time, and that position is to extend for a period of six years, renewable (canons 526, §1 and 520, §2).

68. In other cases, the Archbishop uses his prerogative of appointment to leave the pastorate empty, or to appoint a temporary pastoral administrator, who by law is unable to transact any business for the corporation or the parish that could have an impact on the parishes assets, liabilities, or real property. In either of these cases, those restrictions have been regularly ignored.

69. For instance, during the sixteen-year period in which he served as Vice President of the Archdiocese of Saint Paul and Minneapolis, Reverend Kevin McDonough was appointed to serve as pastor or the moderator of a lay administrator of parish corporations approximately

¹⁹ Diane L. Barr, JD, JCD, PhD, ‘*Diocesan Indebtedness: Will We Be Selling the Cathedral?*’ Proceedings of the Seventy-Sixth Annual Convention, p. 144.

seventy-five times. One of these appointments was permanent and involved actual pastoral care (the Church of Saint Peter Claver).

70. One parish at which Father McDonough was appointed pastor was the Church of Saint Elizabeth of Minneapolis, which ceased operations when its property was taken for an expansion of a freeway or other public works project. Although the parish records were transferred to Saint Albert the Great, a neighboring parish, as would occur in the case of a merger of the parish corporation, my staff and I uncovered documents indicating that the parish corporation was never merged. Based on the documents I reviewed, it appeared that the corporation continued, although no worship or other activity was taking place, for the purpose of holding the compensation received in exchange for the land and buildings until an opportune moment appeared to transfer those monies to Archdiocesan accounts. That opportune moment, I believe, coincided with the appointment of Father McDonough as pastor of the defunct parish, sometime after his appointment as Vicar General (2001-2003).

71. Per canon law and the Archdiocesan principles under which other parishes were merged, the money should have been transferred to the parish that received the former parishioners and the parish records, and the pastor of the receiving parish should have become pastor of the parish to be merged if any appointment was necessary. However, it was generally understood that such formalities would be set aside when and if necessary, because the Archbishop, or his Vicar General, 'was going to do what he was going to do'.

6. The officers of the subsidiary do not act in the interests of the subsidiary, but take directions from the parent.

72. In 2010, the Archdiocese of Saint Paul and Minneapolis announced a Strategic Plan that would see twenty-one parishes merged into fourteen receiving parishes. Few, if any, of

the impacted parish communities supported the mergers, and none of the parish boards voted in favor of the merger prior to the Archdiocese's public announcement. The decisions to merge the parish corporations were made by the Archbishop of Saint Paul and Minneapolis, President of the parish corporation of every parish that was merged, who consulted with but did not require the consent of Archdiocesan staff (including his Vicar General, who was also on the board of every parish corporation that was merged) and the Presbyteral Council (a group of priests who serve as a stable consultative body to the Archbishop) prior to making the announcement of the decisions. According to canon 515, §2, it is only for the diocesan bishop to erect, suppress, or alter parishes.

73. Pastors of the impacted parishes, who serve as Vice Presidents of the parish corporations, were generally also consulted in advance of the announcement of the decisions. However, in his letters to the pastors seeking their input the Archbishop requested that the pastors consider the needs of the Archdiocese as a whole and not just what was best for their parishes. He also asked them to keep the proposed merger confidential, sharing that information with others only when absolutely necessary. The parish trustees were not exempted from this provision.

74. As evidence of the lack of parish board participation in the merger decisions, members of the Parish Services Teams were present at the recorded meetings in which the merger decisions were explained. Archdiocesan staff had to be present because they, and not the parish leadership, were the ones who had made the decision and could explain it.

75. Although the Archbishop is able to exercise a great deal of control over his clergy, and is able to remove pastors prior to the expiration of their term of office by following a canonical process (canon 1740), a number of pastors (generally those at or past the age of

retirement) did object to the proposed mergers. These pastors included Father George Welzbacher, formerly the pastor of the Church of Saint John of St. Paul, who opposed the merger of his parish because of the theological differences that existed between his parishioners and those of the parish that was to receive them. In objecting to the merger, Father Welzbacher proposed alternatives to the Archbishop's plan, including entrusting his parish to the care of the Priestly Fraternity of Saint Peter or merging it with another, similarly minded parish. Father Welzbacher was joined in his opposition by at least one of the lay trustees, who pointed out that the parishioners of the parish had not been consulted about the merger prior to the decision being taken. Nonetheless, in October of 2010 it was announced that the merger would proceed. On June 30, 2013, the final Mass was said at the parish church, and in June of 2014 it was sold to the Darul Uloom Islamic Center.²⁰

76. Another pastor who opposed his parish's merger was Father Tom Fitzgerald, of the Church of Saint Genevieve in Centerville. Father Fitzgerald found himself in the unenviable position of having to represent both of the parishes to be merged, since the other parish (St. John the Baptist in Hugo) was without a pastor for reasons related to the child sexual abuse scandal in the Archdiocese. Despite Father Fitzgerald's objections, the proposed merger was scheduled to occur on or before July 1, 2013. Eventually it was decided that the merger would take place on July 1, 2012, and the Archbishop determined that Father Fitzgerald's retirement would become effective June 15, 2012, so that a new pastor would be in place to complete the legal formalities of the corporate merger.

²⁰ Contract for deed.

77. Another merger where there was notable contention was the merger of the Church of Saint Austin in Minneapolis with the Church of Saint Bridget, also of Minneapolis. The Church of Saint Bridget has been in the news recently because the pastor of the parish, who was also the pastor at the time of the merger, was Father Anthony Criscitelli, one of the Franciscan Friars recently charged with conspiracy and child endangerment in Pennsylvania. In 2010, both the lay trustees and the parish council of the Church of Saint Austin objected to the merger of their parish corporation, noting that their parish was financially viable, current in its assessments to the Archdiocese of Saint Paul and Minneapolis, and therefore did not meet the criteria of a parish to be merged. Despite this opposition by the lay trustees, the parish corporation was merged on January 1, 2012.

78. The two most contentious mergers under the 2010 Strategic Plan were the mergers of the Church of Saint Columbkil, Belle Creek, with the Church of the Holy Trinity, Goodhue, and the merger of the Church of Saint Hedwig with the Church of the Holy Cross in Minneapolis. The Church of Saint Columbkil submitted a petition opposing the merger written by the Parish Council and accompanied by seven pages of signatures. Both of the lay trustees of Saint Hedwig's, which was financially stable due to an arrangement with Catholic Eldercare, opposed the merger of their parish corporation and feared that should it take place the consequences would be financially disastrous for their church. The merger was also opposed by at least one of the lay trustees and the business administrator of Holy Cross. The Church of Saint Hedwig originally secured a concession from Archbishop Nienstedt that the parish corporation would not be merged, but he later reneged on that promise when it became apparent that changing the canonical decree of merger would reopen the window for filing an appeal of the decision. Discussions between the Archdiocese of Saint Paul and Minneapolis and the pastor at

the time (who was pastor of three of the four parishes to be merged) centered on keeping the parish unaware of its status as a merged corporation.

79. One merger that was considered but abandoned prior to the announcement of the Strategic Plan was the merger of the two parishes in Delano, Minnesota: Saint Peter and Saint Joseph. The parishes were originally proposed for a merger because they had been operating jointly as the ‘Delano Catholic Community’ since the pastorate of Father Michael Miller in the early 2000s.²¹ As the ‘Delano Catholic Community’ the two parish corporations had a single finance council, a common budget (including subsidies for St. Peter’s school), a single membership roster, and no leases or agreements for the use of each other’s buildings or for the use of restricted funds. In fact, the reason that the merger did not occur under the 2010 Strategic Plan was that the ‘Delano Catholic Community’ was engaged in a joint \$1,000,000 capital campaign to fund maintenance and improvements on buildings belonging to each parish, and the then-pastor was concerned that a change in the status quo would negatively impact donations of one group of parishioners or the other.

80. However, within a year that pastor would be replaced and the new pastor proposed that the parish corporations merge when he was unable to see a way to untangle them, especially in light of a joint line of credit that the two parish corporations had secured for necessary maintenance to one parish’s property. The merger, which according to the parish website took place on July 1, 2014, was proposed as the only possible solution to the problem. Interestingly, however, the website describes the merger and the reasons behind it in this way.

²¹ When his assignment in Delano ended, Father Miller was appointed by the Archdiocese of Saint Paul and Minneapolis to serve as pastor of Saint Michael and Saint Mary in Stillwater, and as canonical moderator of Saint Croix Catholic School. He ran the two parish and 317A corporations in the same manner in Stillwater.

For the last 85 years, the two parishes ran on their own until 1988, when the Archdiocese united the two parishes. Each retained its own separate corporate identity, but in practical terms became one parish with two sites. Effective July 1, 2014 our churches merged into one parish family, The Parish of St. Maximilian Kolbe.’²²

81. As noted, the parish is now titled The Parish of St. Maximilian Kolbe, although ‘Delano Catholic’ also continues to be used.

82. In addition to requiring parishes to merge, the Archdiocese of Saint Paul and Minneapolis also imposed decisions upon other aspects of parish operations, including the decision to close parish schools. To avoid negative publicity, the Archdiocese always tried to couch these decisions in the language of ‘they came to us’, but in truth the discussions began with the Archdiocese and the decision to close was frequently opposed by the parish. As the Archdiocesan newspaper noted in 2011, as part of the Strategic Plan that resulted in parish mergers,

‘All Catholic schools were assigned to one of four categories: urgent review schools; sustainability review schools, which will undergo a review process during the next three years; shared resources discussion schools, in which participants will engage in conversations about viability and collaboration with nearby schools and parishes; and schools where there is no change at this time.’
(Exhibit 8)

83. One example of a school so assigned, that of Our Lady of the Lake in Mound, parishioners informed of the school closing began collecting signatures on a petition, authored by Mike Reier, that criticized the Archdiocese for the ‘process that was utilized within the sustainability study, the methodology of determination regarding the viability of the school, the failure to consider other business options or business models and the fact that those of us on Parish Counsel and School Advisory Committee were not even consulted or advised of any

²² Spelling as found in the original. <http://delanocatholic.com/our-history/>. Date of access May 18, 2016.

pending decision.’ (Exhibit 9) Called out for these misrepresentations, the school was eventually granted a reprieve.

84. A parish that was not so fortunate was St. Bernard’s in Saint Paul. In 2009 and 2010 the Archdiocese, who had become a ‘financial partner’ in the operation of the parish school by allowing it to become indebted to it for more than \$3,500,000 in interparish loan funds and back assessments for employee benefits, insisted on closing first the elementary and middle school, and then the high school. Parishioners and current and former students attempted fundraising campaigns, but were unable to meet the target of fundraising \$1,500,000 in less than a year, a goal and timeframe that was set by the Archdiocese. The closing of the high school was particularly bitter, with teachers and staff finding that their severance package was significantly less than what had been offered to the elementary and middle school employees the year before. Since all employees of parishes in the Archdiocese must accept the Archdiocesan employment policy, Justice in Employment, the high school employees attempted conciliation and, when that failed, attempted to arbitrate that dispute with the Archdiocese. However, their request for arbitration was rejected because, at the time that the closing was announced, all of the school employees were required to agree to a Separation Agreement and Release in exchange for an undisclosed severance package. That release covered both the parish and the Archdiocese.²³

²³ Justice in Employment is a policy of the Archdiocese wherein all corporations under the jurisdiction of the Archbishop voluntarily abandon their status as at-will employers and adopt a termination for cause policy. This policy was originally drafted to protect lay employees at parishes, who after years of service would be terminated upon the appointment of a new pastor. The idea was to prevent new pastors from making these changes in staff. The following organizations have all been required to follow the policy: parishes; chaplaincies; schools, including Totino-Grace, Benilde-St. Margaret, and DeLaSalle; the Catholic Finance Corporation; the Catholic Community Foundation; the Catholic Cemeteries; Minnesota Catholic Conference. This is one of many aspects of the employment relationship the Archdiocese controls. Parishes; chaplaincies; schools, including Totino-Grace, Benilde-St. Margaret, and DeLaSalle; and the Catholic Finance Corporation are among the entities that are also included in the Archdiocese’s mandated lay employee pension programs, benefit programs, and retirement programs

85. In addition to taking or threatening punitive action against priests and pastors for failing to support the Strategic Plan, the Archdiocese of Saint Paul and Minneapolis has also removed priests from their positions for complaining of loneliness, considering joining a religious order, suing parishioners, sexual misconduct, arrest, theft, and witnessing marriages illicitly.

86. The Archdiocese has threatened to remove pastors/Vice Presidents of parish corporations for failing to participate in the Justice in Employment-mandated arbitration process, not entering into a Financial Cooperation Agreement with the Catholic Finance Corporation, witnessing illicit marriages (especially outdoor weddings), redirecting monies from parish accounts to foreign charities, requesting reimbursement from parishes for undocumented expenses, blessing same-sex unions, supporting the Catholic Coalition on Church Reform, and unapproved liturgical innovations. Pastors of parishes that were identified as being delinquent in assessments and benefits and insurance payments were directed to work Catholic Finance Corporation and, if they refused, such pastors were frequently threatened with removal or transfer.

87. Prior to taking punitive action against a pastor, the Archdiocese of Saint Paul and Minneapolis generally conducts church investigation according to the rule of canon law. During the course of the investigation, the pastor may be instructed to vacate the residence or parish property, and he is generally prohibited (by the Archdiocese) from making changes to parish personnel and the members of the parish corporation.

(following the freezing of the pension programs in 2011). Additionally, the Archdiocese regularly sponsored foreign priests' immigration visa, and occasionally the immigration visas of lay employees of parishes.

88. When the investigation is concluded with findings prejudicial to the pastor, but the pastor is allowed to remain in his position at the parish, there are generally requirements placed upon him by the Archdiocese of Saint Paul and Minneapolis. For instance, in approximately 2003-2004 the pastor of St. Adalbert in Saint Paul was discovered to have diverted parish funds for his personal use and altered parish checks prior to depositing them in the bank (amongst other things). He was not removed from the pastorate, but the Archdiocese 'removed' the pastor's financial and administrative authority and appointed a lay administrator to run the operations of the parish under the guidance of the Chancery. In another case, in 2010, the pastor was not removed but he was required, as a condition of his remaining at the parish, to hire a new, appropriately credentialed business administrator and to appoint a lay trustee with administrative experience and skill. He was also required to develop and implement a 'reconciliation process' with his disgruntled parishioners.

89. The decisions listed above were galling to parishioners and priests alike not just because they often ran contrary to the interests of the parish corporation, but because of the arbitrary nature of the decisions and decision-making. Circumstances that would lead to the closure of one school were overlooked in the case of another, and parishes that were financially stable were merged while others were allowed to remain separate and keep taking on more debt. The pastor's popularity with the Archbishop or the Archdiocese of Saint Paul and Minneapolis, or lack thereof, often was the key factor in why a decision was made.

90. Take, for instance, the merger of the Church of Saint Philip of Minneapolis, established in 1907 for Catholics who were Polish or of Polish extraction. Although not originally designated to be merged under the 2010 Strategic Plan, in 2011 the parish found itself in serious financial difficulties and unable to pay for maintenance or repair to its boilers.

Consequently, the decision was made by the Archdiocese to merge the parish with the neighboring parish, the Church of the Ascension of Minneapolis. However, the pastor of the Church of the Ascension, who was already tasked trying to keep his own parish and parish school financially solvent, opposed the merger because his parish would have to, per the conditions of the merger, assume the obligations of the St. Philip's property, which had little to no market value and would be a drain on his parish's finances.

91. The pastor was successfully able to negotiate a deal with the Archdiocese of Saint Paul and Minneapolis wherein the canonical, publicly acknowledged merger of the two parishes took place on July 1, 2011, but the parish corporations were not merged. Instead, the parish corporation for St. Philip remained active and autonomous, and the church property remained a liability of the original parish corporation, with the Archdiocese assuming responsibility for the marketing, upkeep, and eventual sale of the property. To give the appearance of maintaining the corporate formalities, Archdiocesan staff were appointed to serve as the lay trustees, since the original lay trustees believed their appointments had ended at the time of the canonical merger. As the only person of Polish extraction aware of what was taking place, I was appointed as one of the lay trustees. However, when more than a year later the sale of the property had been completed and the time came to complete the merger of the parish corporations, I refused to sign the Articles and Plan of Merger. I was removed the same day, and replaced by another Archdiocesan employee, Natalie McKliget, who was the administrator for the Archdiocesan benefits plans. It is her signature that appears on the Articles as the Secretary of the St. Philip's parish corporation (**Exhibit 10**).

92. Had the Archdiocese been willing to enter into the same agreement with the pastor of the Church of Saint Philip as it had with the pastor of the Church of the Ascension (to

assume financial responsibility for the maintenance and upkeep on the building), there would not have been the need to merge the parish to begin with.

93. Parishes and schools also take direction from certain 317A corporations, under the presumption that such entities are acting on the Archbishop's behalf. Since its formation in 2000, it has become common for the Archbishop to delegate financial troubleshooting with parishes to the Catholic Finance Corporation, rather than the Archdiocese finance department. Parishes had the opportunity to work with the Catholic Finance Corporation, at times were even required to work with them. The interrelationship between the Catholic Finance Corporation was so significant that other entities likely viewed the Catholic Finance Corporation as part of the Archdiocese itself. Many parishes also treat requests from Catholic Services Appeal Foundation, AIM Higher Foundation, and many other entities as if they were requests from the Archdiocese.

7. There is a lack of observance of corporate formalities

94. The bylaws of the 515.15 parish corporations require the members of the corporation to meet annually. With nearly two hundred parish corporations, and in light of his responsibilities to other 317A corporations and organizations outside the Archdiocese of Saint Paul and Minneapolis, it is impossible for the President of the parish corporations to attend an annual meeting of the corporation, or even for his Vicar General to attend. I am not aware of Archbishop Nienstedt ever attending a meeting of a parish corporation, even when the order of business included the signing of articles of merger. The often used process for securing the proxies of the Archbishop and Vicar General demonstrates how infrequently they actually met with the members of the parish corporate boards.

95. At other times, the requirements of the corporate form are ignored until some circumstance arises in which a transaction might be subject to scrutiny. At one time lay trustee

positions may have remained vacant for years without any notice or were filled by a parish employee. As part of the 2010 Strategic Plan, a number of priests who had been serving parishes as parochial administrators²⁴ were named pastor so that they act in the name of the parish corporation and not have that action challenged by disgruntled parishioners. Yet, in other cases, this corporate requirement was ignored. For instance, in 2003, Reverend Leo Schneider, Parochial Administrator of the Church of the Holy Name of Minneapolis, Minnesota, committed his parish to a mortgage of \$3,000,000 for the benefit of a separate 317A corporation, Risen Christ Catholic School. Schneider signed the mortgage documents as the Vice President of the corporation, although in fact he had no position on the corporate board. In some cases, temporary (lay) parish administrators have even signed legal documents on behalf of the parish corporation, although they did not have so much as the pretense of being appointed by the Archbishop to fulfill the role of the pastor.

96. In other cases, the formalities are subverted, like in the case of the September 2000 transfer of property to St. Mary's Church of Belvidere, Minnesota. In that case, the pastor of the parish and Vice President of the corporation signed the conveyance instrument as 'Peter Njoku, Pastor and President', while one of the lay trustees signed the same document, 'Leo Heppelmann, Treasurer and Vice President'.

97. More recently, as has already been mentioned, the Archdiocese of Saint Paul and Minneapolis provided the following instruction to the parish corporations regarding corporate actions following the resignation of Archbishop Nienstedt.

²⁴ A parochial administrator is a priest who is assigned to take over temporary management of the parish but has not been given the powers of a pastor.

‘With the resignation of Archbishop Nienstedt, the See of the Archdiocese of Saint Paul and Minneapolis became vacant. The Code of Canon Law specifies that the powers of a Vicar General and any episcopal vicars cease as soon as the See falls vacant (can. 481). The Vicar General position will be vacant until a new Archbishop is appointed and he chooses a Vicar General. Therefore, even though Father Lachowitzer remains the Moderator of the Curia for the archdiocesan chancery corporation staff – and has been asked by the Apostolic Administrator to continue to play the same leadership role in the Archdiocese that he had prior to June 15 – he does not fulfill that role as “Vicar General” and is unable to exercise those functions that are strictly related to the Office of Vicar General.

This has some practical consequences. As a result of the vacant See Father Lachowitzer is no longer a member of the Board of Directors of each of the parishes. Until further notice, the Board of Directors for each parish will have only the following 4 members: Archbishop Hebda, the pastor and the two lay trustees.

The process for reappointing existing trustees or appointing new trustees will remain the same as it has in the past. Archbishop Hebda has full authority to approve the reappointment of existing trustees or the appointment of new trustees.’ (Exhibit 3).

98. However, again as has already been noted, some of the 315 parish corporations, as well as the 317A corporations, have provisions in their Articles of Incorporation that have the Chancellor of the Archdiocese serve as the third *ex officio* member of the corporation if there is no Vicar General. The instructions provided by the Archdiocese of Saint Paul and Minneapolis to the parish corporations disregards these provisions in the Articles of Incorporation of the separate parish corporations.

99. Moreover, this lack of adherence to corporate formalities is not only evident in terms of the parish corporations. For instance, in 2012 Father Kevin McDonough, Chaplain of Sagrado Corazon de Jesus (a 317A corporation) found it expedient to enter into a mortgage and security agreement for \$1,725,000 for the benefit of Sagrado Corazon. In order to secure this sum, which in 2015 was raised to \$2,520,000, a promissory note was offered by the Church of the Incarnation, a separate 315 parish corporation. In preparation for the mortgage and note,

Father McDonough was named pastor/Vice President of Incarnation. However, despite his signature on the mortgage documents, he was never named the 'Chaplain for Hispanic Ministry of South Minneapolis', nor otherwise a member/director of the corporation, as the incorporation documents for Sagrado Corazon require. I am not aware of that position ever being filled during my tenure in the Archdiocese of Saint Paul and Minneapolis. In addition, the other two members of the corporation were to have been recommended either by the chaplain or by the 'Vicar Bishop of Hispanic Ministries'. The Vicariate system, and consequently the Vicar Bishop of Hispanic Ministries, was suppressed in 2000, but the Articles of Incorporation for Sagrado Corazon were not amended though the corporation remained active and continued to transact business during that time. I am not aware of Archbishop Nienstedt appointing any individuals to serve as members/directors of the corporation prior to 2012, and I have reason to doubt as to whether valid appointments were made prior to the signing of the mortgage agreements. The Catholic Finance Corporation was the mortgagee.

8. The parent corporation finances the subsidiary

100. In 2010, the Archdiocese of Saint Paul and Minneapolis decided to close St. Bernard's High School. At that time, the school was said to owe the Archdiocese more than \$3,500,000. However, the Archdiocese does subsidize other schools to an equal if not greater extent; for instance, by financing high schools like Benilde-St. Margaret by leasing it property for \$1 a year. The Archdiocese also finances certain parish corporations or other 317A corporations by paying the salaries of parish or corporate employees or clergy assigned to their ministries. For instance, the Archdiocese paid the salary of the chaplain of the Francophone African Community, and funded the Archdiocesan Office of Indian Ministry, which operated the Church of Gitchitwaa Kateri.

9. The parent guarantees loans or pledges its assets for the debts of a subsidiary.

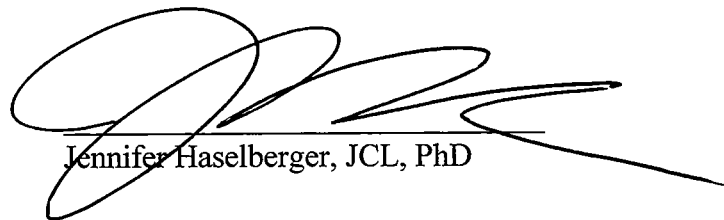
101. At the time that Archbishop Nienstedt was appointed co-adjutor Archbishop of Saint Paul and Minneapolis, the Archdiocese of Saint Paul and Minneapolis had more than \$100,000,000 in guarantees for parish and 317A corporations, reduced from a previous high of more than \$150,000,000. These included guarantees for the Newman Center and Chapel, the Church of Saint Bernard (before and after the school closing), Grace High School (Totino-Grace) and Benilde-St. Margaret. The Archdiocese never received consideration in exchange for these guarantees.

102. In other circumstances, such as the mortgages of Risen Christ School or Sagrado Corazon, the assets of one 317A or 315 corporation are pledged as security for another, separate corporation.

IV. SIGNATURE

FURTHER AFFIANT SAYETH NOT.

Dated: 5-22-2016


Jennifer Haselberger, JCL, PhD

Subscribed and sworn to before me
this 22nd day of May 2016

Laura A. Schumm
Notary Public

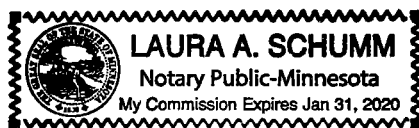


Exhibit 1

Jennifer Haselberger, JCL, PhD

Education

- 2004 Katholieke Universiteit Leuven, Leuven, Belgium
Licentiate in Canon Law (*summa cum laude*)
- 2004/2005 Birkbeck College, University of London, England
Doctor of Philosophy, School of the Humanities
Thesis: *The Chronotope of the Courtroom*
- 1999 College of St. Catherine, St. Paul, Minnesota
BA (Latin and Faculty Honors) in English and Philosophy

Experience

- 2013-Present Owner, Canonical Consultation and Services, LLC,
- 2008-2013 Chancellor for Canonical Affairs, Archdiocese of Saint Paul and
Minneapolis
Director, Office of Conciliation, Archdiocese of Saint Paul and
Minneapolis
- 2007-2008 Bishop's Delegate for Canonical Affairs, Diocese of Fargo
Director, Board of Conciliation and Arbitration of the Diocese of
Fargo
- 2006-2007 Safe Environment Coordinator, Diocese of Crookston
Director of the Tribunal, Diocese of Crookston
Promotor of Justice, Diocese of Crookston
Chancellor, Diocese of Crookston
Course Instructor, Canon Law, Pastoral Leadership Program
- 2004-2006 Judge, First and Second Instance, Metropolitan Tribunal of the
Archdiocese of St. Paul and Minneapolis

Seminars/Lectures/Workshops/Papers

- 2014 'The Impact of *Hosanna-Tabor* on Whistleblowing in the Church'
Annual Meeting, Minnesota Association For Justice

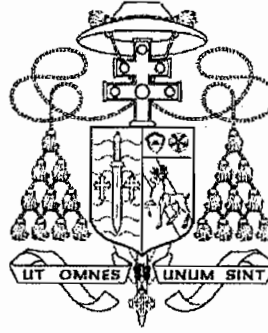
- 2014 'Truth and Reconciliation: A Path Toward Accountability in the Catholic Church', Annual Meeting, Survivors Network of those Abused by Priests
- 2014 'Why the Catholic Church Should/Does Support Civil Windows and Statute of Limitation Reform for Adjudicating the Crime of Sexual Abuse of Minors', Plenary Address, National Conference of the National Center for Victims of Crime and the National Crime Victim Bar Association
- 2013 'Before the White Smoke Rises: Understanding the Papal Conclave', Briggs and Morgan
- 2009-2013 'Particular Law in the United States', Saint Paul Seminary and School of Divinity
- 2009-2013 'Canonical Crimes and Sexual Misconduct in the Digital Age', Saint Paul Seminary and School of Divinity
- 2012 'Particular Law for the United States', *American Language and Culture for Priestly Ministry* (in conjunction with the Institute for Priests and Presbyterates, Saint Meinrad Seminary and School of Theology)
- 2011 'Confidentiality, Privilege, and the Sacramental Seal in Priestly Formation', Saint Paul Seminary and Saint John Vianney College Seminary
- 2011 'Canonical and Civil Legal Aspects of Strategic Planning', Strategic Planning Task Force
- 2010 'Resolution of Work Related Issues', Archdiocesan Employment Law Seminar
- 2009 'The Temporal Goods of the Church: Acquisition and Administration of Ecclesiastical Property; Leasing and Fundraising; and Alienation and Related Transactions', Catholic Finance Corporation
- 2007 'Interacting with Diocesan Review Boards', Victims' Assistance Ministers' Conference

Professional Memberships/Committees

2004-2014 Canon Law Society of America

2005-2008 Resolutions Committee, *Canon Law Society of America*

Exhibit 2



ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS

CLERGY BULLETIN

May 4, 2011

Volume VII, No. 16, Revised

PARISH ADMINISTRATION

Reverend and dear Fathers and Deacons,

The following Clergy Bulletin with background information and guidelines was prepared by my predecessor, the Most Reverend John R. Roach, to assist parish corporations with their operations. The major portion of the Bulletin responds to questions which are frequently raised by pastors, parish councils, finance committees, parish secretaries and others concerned with parish administration. I know that in the past you have found it helpful, and I believe you will find that this revised version remains an important aid in the ongoing administration of parishes and parish clusters in this Archdiocese.

In addition to this Clergy Bulletin, I remind pastors and other parish administrators to review and remain attentive to the provisions of the laws of the State of Minnesota, canon law, and the Clergy Bulletin on the Minimum and Maximum Amounts for Financial Administration, issued on April 6, 2010.

Given at Saint Paul, Minnesota, this 4th day of May, in the year of Our Lord 2011. All things to the contrary notwithstanding.

A handwritten signature in black ink, appearing to read "John C. Nienstedt".

The Most Reverend John C. Nienstedt
Archbishop of Saint Paul and Minneapolis

A handwritten signature in black ink, appearing to read "Jennifer Haselberger".

Jennifer Haselberger
Chancellor for Canonical Affairs

PART 1
CORPORATE STRUCTURE OF
PARISH UNDER MINNESOTA LAW

Minnesota Statutes, Section 315.15, governs the formation of a parish corporation. The Bishop (or Archbishop) associates himself with his Vicar General, the Pastor of the parish and two lay members designated by the Bishop, the Vicar General, and the pastor, or a majority of them, to form the corporation by signing and filing a Certificate of Incorporation (Articles of Incorporation) with the Secretary of State of the State of Minnesota, and recording a copy thereof with the County Recorder of the county of its location.

These five persons constitute the corporation and, according to the Certificate of Incorporation, have power to transact all business of the corporation. The two lay members of the corporation serve for two year terms and their successors are selected by the Bishop, the Vicar General and the Pastor, or a majority of them. The Bishop, by reason of his office, is President, and the Pastor of the parish, by reason of his office, is Vice President of the corporation. The Secretary and Treasurer of the corporation are chosen from the members of the corporation and are usually the two lay members of the corporation.

The Certificate of Incorporation and the Bylaws adopted by the parish corporation provide for the five members of the corporation to constitute the Board of Directors.

All of the parish corporations have basically the same form of official governing documents, namely; Certificate of Incorporation (Articles of Incorporation) and Bylaws

The conduct of the parish corporation business must always be in accordance with the Certificate of Incorporation (Articles of Incorporation) and the Bylaws.

1. CERTIFICATE OF INCORPORATION

The Certificate of Incorporation is the primary governing document and is filed with the Secretary of State of the State of Minnesota and is recorded in the office of the County Recorder (Register of Deeds) of the county in which the parish is located. In some instances, this document is entitled "Articles of Incorporation," depending upon the year in which the parish corporation was formed; but the document serves the same purpose, whether it is entitled "Articles" or "Certificate." Among other important provisions, the Certificate of Incorporation (Articles of Incorporation) provides that:

- A. No real estate belonging to the corporation can be sold, mortgaged, encumbered, or disposed of in any way without the consent of all the members of the corporation.
- B. There are debt limitations established beyond which the consent of the President is required, and additional limitations beyond which the consent of all the members of the corporation is required.
- C. The adoption or amendment of the Certificate of Incorporation (Articles of

Incorporation) and the Bylaws requires the unanimous vote of all members of the corporation.

2. BYLAWS

The Bylaws are a formal set of rules adopted by all the members of the corporation for the purpose of administering the business affairs of the corporation. The Bylaws are not filed or recorded in any official civil office, but are kept in the official Minute Book of the parish corporation. The Bylaws are subject to the provisions in the Certificate of Incorporation (Articles of Incorporation) and cannot be contrary thereto.

3. BOARD OF DIRECTORS OF THE PARISH CORPORATION

The members of the corporation constitute the Board of Directors:

- a. Archbishop
- b. Vicar General
- c. Pastor
- d. Two Lay Members from the parish (Trustees)

4. OFFICERS OF THE CORPORATION

- a. President – Archbishop
- b. Vice President – Pastor
- c. Secretary – Lay Member
- d. Treasurer – Lay Member

5. APPOINTMENT OF LAY MEMBERS OF THE CORPORATION

While the Archbishop, Vicar General and the Pastor hold their membership ex officio, the lay members of the corporation are elected to membership by the Archbishop, Vicar General and the Pastor.

In practice, the Pastor submits the names of two lay members (sometimes referred to as “trustees”) belonging to the parish to the Archbishop and Vicar General requesting their votes for selection. The term of each lay member is for two years, or until a successor is elected. Before making a recommendation to the Archbishop and Vicar General, the Pastor may choose to consult with the Parish Council or the parish membership. Upon approval of the names, a formal proxy will be executed by the Archbishop and Vicar General authorizing him to cast the votes of the Archbishop and Vicar General at the meeting of the members of the corporation at which the election takes place. When the proxy is received from the Chancery, it shall be placed in the Minute Book of the parish corporation.

Lay Members/Trustees should not be employees of the parish. They should be parishioners of the parish who reside within the territory of the Archdiocese of Saint Paul and Minneapolis.

6. MEETING OF BOARD OF DIRECTORS

The Board of Directors must meet at least annually according to the Bylaws.

7. USE OF PROXIES FOR CORPORATE ACTION

A proxy is a written document executed by the Archbishop and Vicar General, as members of the corporation, to be used at a meeting which they are unable to attend, giving authority to the Pastor, a member of the corporation, to cast their votes in favor of a specific corporate resolution stated in the proxy. The Pastor will conduct the corporate meeting with the two lay members in attendance. **The action taken must be recorded in the Minutes of the Record Book of the corporation.** Care should be taken that **all proper resolutions and proxies** are duly recorded so that all actions of the parish corporation are readily at hand for reference. All requests for proxies are to be sent over the signature of the Pastor. Since parish corporations are incorporated under the laws of the State of Minnesota, care must be taken that the above requirements for legal corporate actions are observed.

Proxies are required for the following:

- Purchase of personal property of \$25,000 or more
- Purchase of real property for any amount
- Sale of real property for any amount
- Leases and agreements for the use of any parish property for a term beyond one year
- Contracts for Deed
- Demolition, annexation, transfer, and/or rezoning of property
- Temporary or permanent easements of parish property
- New building, renovation, or restoration projects
- Any significant change to worship spaces that are connected to the celebration of the sacraments, including, but not limited to, the altar, the tabernacle, the baptistery, the crucifix, or the orientation of the sanctuary.
- Establishing cemeteries, columbaria, or engaging in feasibility studies therein
- Larger maintenance projects of \$25,000 or more
- Construction change orders which increase costs by \$5,000 or more
- Loans or mortgages from lending institutions
- Lines of credit from lending institutions
- Consolidation of loans or refinancing
- Revision of mortgages, loans, lines of credit
- Contracting planners for building expansion
- Contracting with architects for renovation or building projects
- Contracted fundraising consultants for anticipated building projects
- Engaging in feasibility studies for new building projects, building expansion, or renovation
- Initiating a capital fund campaign where the total projected annual expenses exceed \$25,000
- Establishing endowments
- Changes in the corporation articles or by-laws

PART II REQUIREMENTS CONCERNING PROPERTIES AND OTHER MATTERS

Since the middle of the fourth century, the Church has claimed the right to acquire temporal goods and property in order to accomplish the goals set forth by Christ's teaching and the Church's own directives. In order that divine worship may be celebrated, works of charity may take place and there may be some provision for the support of the clergy, these goods and properties must be administered in a sound and orderly way. Therefore, the following norms are implemented in the Archdiocese of Saint Paul and Minneapolis to accomplish that end.

1. DEFINITIONS OF DEEDS, ABSTRACTS, AND CERTIFICATES OF TITLE

- A. **Deed** is the signed and usually sealed legal instrument attesting to the rightful ownership of real property, i.e., land and buildings. It cites the name of the owner along with a legal description of the property and any encumbrances that may impinge on the property. Deeds should be recorded and always be in safekeeping.
- B. **Abstract of Title**, prepared by an official county abstractor, is a summary statement of the successive conveyances and other facts upon which title to a parcel of land rests. Abstracts should always be in safekeeping.
- C. **Certificate of Title**. If the property is registered there will not be an Abstract but an "Owner's Duplicate Certificate of Title" issued by the Register of Titles in the county where the property is located. This Certificate should always be in safekeeping.
- D. **Assessments**. A sum levied by a government body on property to defray proportional share of costs for improvements to property, e.g., curbing, sewer and water, etc.

2. SALE OR PURCHASE OF REAL ESTATE

When applying for the required proxy, the request should contain the following:

- A. The legal description of the property.
- B. The name of the buyer, or the name of party from whom the purchase is made. If husband and wife, so state; if it is a corporation, give correct corporate title.
- C. The purchase price, or sale price.
- D. A full copy of at least one appraisal of the property, along with another document attesting to the stated value.
- E. In the event of a sale, a statement that the parish sees no use for the property in the foreseeable future; or, in the event of purchase, a statement of the contemplated usage of the property.

- F. Evidence of review of purchase documents by competent counsel including consideration of environmental matters and title defects.
- G. Evidence of review of acquired property by local service office of the General Insurance Program of the Archdiocese, including coverage under the program.
- H. Transfer documents should restrict future use of the property in compliance with the doctrine of the Roman Catholic Church. It is advised that purchase and listing agreements include the terminology found in the document 'Considerations When Drafting Listing Agreements'.

3. SALE OR PURCHASE OF PERSONAL PROPERTY

"Personal Property" as opposed to "real property" (land and buildings), includes furniture, equipment, machinery, vehicles, clothing, personal effects, stock certificates, bonds, other evidences of investment, and other tangible objects.

A sale or purchase of personal property normally involves the execution, delivery and receipt of a written instrument of transfer, such as a bill of sale, and may also involve delivery and receipt of a written evidence of ownership, such as a title card, stock certificate, bond or other formal document. If the sale or purchase also involves a "time payment" arrangement, the execution and filing of a security instrument may be involved, for the protection of the party to whom the payments are due.

A major purchase or sale of personal property should be approved by a resolution of the Board of Directors of the parish corporation. When the value of the property is over \$25,000, the College of Consultors and the Archdiocesan Finance Council must also give their consent. The required request for proxy and canonical approval should state the terms of the purchase or sale, including any financing terms, as well as a description of the property and parties involved.

4. EASEMENTS

An **easement** reflects an interest in land owned by another that entitles its holder to a specific use or enjoyment, e.g., sewer line through property, roadway purposes, utilities, etc, and may be of temporary or permanent nature

When applying for the required proxy to grant an easement, the request should include the requirements for sale or purchase of real estate listed in Part II, Section 2.

5. LEASE OR RENTAL AGREEMENT

A **lease or rental agreement** is a contract which grants the right to use real estate for a term of time, i.e., months or years, for a specific purpose and a specific financial consideration or rent.

Care must be exercised in the rental of property so as to avoid an obligation to pay what is described as an Unrelated Business Income Tax to the federal government. Typically, , rental income for parishes is exempt from income taxes. However, under certain circumstances, (so-called “debt financed income” as defined by IRS regulations) a parish can be liable for the Unrelated Business Income Tax in the rental of its property. Also, the rental of property can expose the parish to property taxes for that property.

Because of complexities involved in these items, it is recommended an attorney approve all rental agreements before they are executed.

The valid leasing of property owned by a parish requires the canonical consent of the Archbishop when the market value of the goods to be leased exceeds \$100,000 or the lease is to be for 1 year or longer. The consent of the Holy See is required when the value of the property exceeds \$5,000,000.

When applying for the required proxy and canonical approval to execute a lease or rental agreement, the request should include:

- a. The legal description of the property affected by the lease or agreement, including a recent appraisal
- b. The name of the lessee.
- c. The terms, i.e., length of time and financial consideration.
- d. Proposed usage of the property by lessee, recognition of the restrictions on use or purpose in compliance with the doctrine of the Roman Catholic Church.
- e. Statement of how lease might affect the usage of the remaining parish property.

6. MORTGAGE OF REAL PROPERTY

A mortgage of real property is security for a debt which becomes void upon payment or performance according to stipulated terms. Generally, mortgages are treated as equivalent to alienations under canon law, as a mortgage of real property could jeopardize the patrimony of the parish. The required request for a proxy and canonical approval for executing such a mortgage should include:

- a. Exact legal description of the real estate to be mortgaged and the description of the improvements on the property, e.g., the school, church, etc, including a recent appraisal
- b. The terms of the mortgage.
- c. The name of the mortgagee, i.e., bank, lending institution, etc.
- d. Evidence that the parish has the means to satisfy the mortgage terms including debt service.

7. INSURANCE

All parish properties are insured under the General Insurance Program of the Archdiocese. **Reports of damage or loss** should be made immediately to the local service office.

8. REAL ESTATE TAX EXEMPTION

Under the Minnesota Constitution and supporting statutes, churches, church property, schools and institutions of purely public charity are exempt from property taxes. (There is no exemption from assessments for local improvements.) The tax exemption is available so long as the property is used solely for religious, educational or charitable purpose and, provided, for certain of this property, a specified form describing the property claimed to be exempt, is filed every three years, on or before February 1, with the County Assessor of the county in which the property is located. (This form is entitled Application for Property Tax Exemption and is available through the County Assessor's Office). Do NOT file as an institution of purely public charity.

No filing of the form is required to preserve the exemption for the church and school. However, for rectories, convents, cemeteries or other property not a church or school, such filing is mandatory in the year such use is first made of this property and every three years thereafter.

Since frequently all or most of these parish facilities are intermingled on a single tract, it is suggested all parish properties be reported so as to simplify the reporting and avoid omissions.

Property not used for religious, educational or charitable purposes by the parish or a tenant is not exempt from taxes and should not be included in the filing.

It is essential this form be timely filed with the Assessor to preserve the tax exemption.

If assistance is needed to complete this form, call the Chancery.

9. SERVICE CONTRACTS

A Service Contract is an agreement or contract between the parish corporation and another corporation, individual or other entity (contractor) wherein the contractor agrees to perform certain prescribed services, within a prescribed time period, in return for a specific price. Examples of the kinds of services which might be the subject of such a contract or agreement are the maintenance or repair of buildings, grounds, equipment or machinery; fund raising and investment services; and legal, accounting, engineering or appraisal services

Any service contract should be reviewed by the local service office for insurance compliance and limitation of liability. Significant service contracts should be reviewed by competent legal counsel. If a proxy is required, the proxy request should include the same information as found in Part II, Number 5 on listing and rental agreements.

10. CEMETERIES AND COLUMBARIA

Parish owned cemeteries should always be properly maintained to reflect respect for our honored dead. Monuments should be in good repair and the grass mowed.

- a. Each cemetery should be dedicated. Minnesota Statutes, Chapter 307.01, requires all cemeteries owned by religious corporations shall be surveyed and a plat thereof made by the surveyor; further, the law specifies this plat is to be filed with the County Recorder of the county in which the cemetery is located. (This procedure is sometimes described as the "civil dedication" of a cemetery.) The language of the statute makes the preparation and filing of this plat mandatory. In addition, the filing

- is necessary to preserve the exemption enjoyed by religious cemeteries from assessments for local improvements such as abutting public road, water and sewer installations.
- b. If not already completed, it is recommended an attorney be engaged to arrange for this platting and filing to be certain the details of this law are satisfied.
 - c. It is recommended that each parish have its own set of rules and regulations for its cemetery.
 - d. The record of burials in the cemetery must be accurate and up to date and a plat for the entire cemetery should be available for inspection.
 - e. Cemetery funds should not be commingled with other parish funds; these should be described and reported on the Annual Parish Financial Report to the Chancery. If cemetery funds are borrowed by the parish, the transaction should be evidenced by a promissory note with a stipulated rate of interest.
 - f. While the cemetery may have its own board or committee for its operation, all properties and funds belong to the parish corporation. The Pastor must always be a member of the cemetery board or committee.
 - g. Before interments are made, burial permits must be obtained from the State; these are usually delivered by the funeral director.

PART III ADMINISTRATION AND FINANCES

1. UNIFORM ACCOUNTING SYSTEM

To facilitate uniform accounting practices in the parishes of the Archdiocese, a Chart of Accounts was established in 2008. These charts look not only to an accounting system for the parish but also to the Annual Parish Financial Report which is required by the Chancery. While the chart will allow for certain adaptations to fit the local parish situations, we ask that it be followed in keeping the financial accounts and preparing reports.

2. FINANCIAL REPORTS TO CHANCERY AND PARISHIONERS

By Church law, Pastors are required to make periodic reports of the parish finances to the Archbishop. In this Archdiocese we ask that they be submitted to the Chancery within one hundred and twenty days after the close of the fiscal year. Reports must be completed in the format prescribed by the Chancery.

All financial assets, liabilities, revenues and expenses are to be listed in the report.

Likewise, each Pastor is required to give a complete financial report annually to the members of the parish in which a clear accounting of income and expenditures are listed.

3. Audits and Balance Sheet Reviews

Many parishes have complex financial situations, sometimes compounded when changes in personnel occur. To assist pastors, finance councils, other parish consultative groups, and the parish as a whole, a review of financial records and public reports by an independent accountant is required in all parishes every five years, or upon transfer of a pastor.

Waivers for this requirement will be granted when necessary, e.g., appointment of a new pastor shortly after completion of the five year audit. In parishes with annual operating budgets under \$1,000,000, an uncertified review with accompanying management letter is required. This review will include inquiry into and review of analytical procedures to provide auditors with reasonable basis for assessing financial statements. Auditors look for conformity with generally accepted account principles.

Certified audits are required in parishes with operating budgets of more than \$1,000,000. This type of audit also examines financial statements in accordance with generally accepted accounting standards. It includes the same steps as the review, but in addition evaluates internal accounting controls, test accounting records, and corroborates evidence through inspection, observation and other procedures. The objective is to provide auditors a reasonable basis upon which to express an opinion regarding the financial statements.

4. INVESTMENT POLICY

The Pastor, after consulting the Trustees and the Parish Council or its appropriate committee, may invest parish funds in safe and proper investments.

Investment transactions are those which convert money into income-producing forms of securities and property.

Bank deposit of funds at interest does not of itself constitute investment in its proper sense, but such bank deposits at interest will fall under the rules regarding investments:

- a. Invested capital elements which are placed in investment temporarily pending some other disposition, are not by the fact of being invested therefore made subject to the restrictions upon alienation.
- b. Investment is an act of extraordinary administration and is not to be performed by the administrator alone, but in conjunction with the required action of other persons as designated by law.
- c. The canonical prohibition against speculative practices in ecclesiastical affairs does not rule out the consideration of possible legitimate and conservative investments.
- d. Parish funds may be invested in:
 1. Accounts at banks, savings and loan associations (which have either a state or federal charter), and in the interparish loan fund at the Chancery. Consideration should be given to maximizing FDIC (or similar insurance).
 2. Any true obligation of the United States Government or any of its agencies.
 3. Common or preferred stock, debentures, bonds or notes of any corporation providing security is listed on a recognized national or regional exchange, or has a ready market made available by a national or regional broker/dealer. Exceptions to the aforementioned would be: debentures, bonds and notes must have a rating of not less than "A" by the national rating services..

4. Agency accounts at the Catholic Community Foundation of the Archdiocese, invested in any of the available fund families.
- e. All investments must be made in the name of the parish corporation. Third party investments are never permitted.
- f. Pastors, Trustees and Parish Councils are cautioned to avoid any speculation with parish funds and to make certain that the funds are invested only in financial institutions with a sound history of safety and performance.
- g. All other investments, including money market funds, euro-dollars, etc., must have the permission of the Archbishop of the Archdiocese of Saint Paul and Minneapolis.

5. CHECKING ACCOUNTS

Authorization to sign checks drawn on all parish and affiliate accounts will require the action of the majority of the Board members.

For good management, the number of those so authorized should be strictly limited. The Book of Minutes for the parish corporation should record the resolution with the names of those authorized to sign checks along with the name of the bank where the parish funds are deposited. For the sake of safety and good order, as little cash as possible should be kept on the parish premises.

Signatory authorization must recognize sound segregation of duties and other common internal measures including prohibiting signature by those processing the payment. Signatures by stamp should be controlled by the signer.

Pastors must be a signatory on all bank accounts including those for any organization that is a part of or affiliated with the parish corporation. Such organizations are determined by reliance on the parish for their tax-exempt status. Funds received by such organizations must be reported to the finance council and be included in the annual finance report to the Archdiocese.

6. SAVINGS INSTRUMENTS

Efficient management of parish cash dictates that no more than is needed to pay bills on time should be retained in the checking account. Until cash is needed, it should be invested in whatever savings instrument best suits the needs for cash. All such instruments should be insured.

7. VAULT OR SAFE

Each parish should have a fireproof file, vault or safe for the safekeeping of its official, financial, corporate and sacramental records, along with other parish valuables.

8. FUNDS RAISED BY PARISH SOCIETIES

Funds collected by parish societies are to be considered property of the parish corporation.

9. INTER-PARISH LOAN FUND

This fund, established at the Chancery, is funded by parishes which presently have cash in excess of their needs and are willing to deposit them for the use of other parishes at an advantageous interest rate. The interest rate varies to reflect market conditions.

10. DIOCESAN COLLECTIONS

All proceeds should be forwarded to the Chancery immediately after the collection is taken. Make checks payable to "Archdiocese of Saint Paul and Minneapolis" and indicate for which collection the amount has been forwarded.

11. SALES TAX AND USE TAX

The Minnesota Sales and Use Tax is charged to purchasers of most tangible objects and some services. The seller must collect the tax and remit it to the State Department of Revenue. The parish is exempt from paying this tax on all articles or taxable services which it purchases provided the use of such items is for the religious, educational, or charitable functions of the parish. However, to qualify for such exemption the parish must obtain from the state a Certificate of Exemption for display to sellers so as to validly relieve the seller of the obligation to collect the tax. Certificates of Exemption are secured by contacting the Minnesota Department of Revenue, Sales and Use Tax Division. Notable exceptions to the exemption are purchases of motor vehicles, trash hauling, prepared foods and lodging.

In turn, while the goods and services which the parish occasionally sells to others at bazaars, festivals, picnics, rummage sales and similar events are not taxable, should the parish endeavor to engage in the selling of goods and services beyond these isolated and occasional instances (e.g., a weekly or monthly bingo game), it may incur the obligation to collect and remit sales taxes to the state. If such endeavors are contemplated, they should first be reviewed with the Chancery for study and approval.

12. EMPLOYERS IDENTIFICATION NUMBERS

As employers, parishes are required to obtain Employer Identification Numbers from both the federal and state governments. These numbers are necessary for proper identification of the parish on the variety of forms required to be sent to the Internal Revenue Service, Social Security Administration and the Minnesota Department of Revenue as they relate to the withholding of income taxes, social security taxes and, where applicable, unemployment compensation payments and sales tax payments.

Direct all inquiries regarding Federal Identification Numbers to the Internal Revenue Office, (phone: 800-829-4933); and for the State Identification Number contact the State of Minnesota (phone: 651-282-5225 or 800-657-3605).

13. GAMBLING, BINGO, AND REQUIRED LICENSES

While betting and gambling on games of chance and skill might be permitted at parish social events, the necessary permits and permissions must be received, in advance, from the proper civil authority. The requirements of local and state law must be carefully followed.

PART IV PARISH CONSTRUCTION PROJECTS

Whether the project be one of a capital improvement, major repair or new construction, a proxy for all proposed projects should be received prior to any contractual commitments. Some projects will only require a proxy; other projects will need the review and approval of the Archdiocesan Building Commission.

1. MAJOR REPAIRS AND IMPROVEMENTS

Example: Installation of new windows, roof replacement, redecoration of worship space, purchase of organ, etc.

As referenced in Part I, Number 7, a proxy will be required. Points of absolute concern will be the objective of the project, the suitability of recognition of or modification to liturgical features and impact on the financial health of the parish. When the proxy is requested, the following should accompany the request:

- a. A description of the project.
- b. Cost of project.
- c. Name of architect, when applicable, and contractor.
- d. Program for financing the project.

To demonstrate the capacity of the parish to finance the project, 50% of the project cost must be available in cash and the remainder covered by pledges of support. The pledges of support and operating surpluses of the parish must be adequate to comfortably service debt financing. This requirement must be met prior to the start of the project.

When the project includes redecoration or renovation of a worship space, approval will need to be received from the Archdiocesan Building Commission before a proxy is issued.

2. EXPANSION PROJECTS

Planning for the construction of new buildings or additions to existing structures will require prior consultation with the Vicar General.

After reviewing the proposal along with the initial plans for financing the project, he will consult with the Archbishop before permission is given to proceed with formal planning. At that time, the Vicar General will outline for the Pastor the required information for presentation to the Archdiocesan Building Commission. A guide for expansion construction projects is available from the Chancery but generally includes the following provisions. The funding requirements are at least as stringent as those for major repairs and improvements.

- a. A satisfactory proposal will be required for financing the project.
- b. Evidence of support from the parish community, either through its Parish Council or other representation, will be required.
- c. The parish will be asked to demonstrate the need of construction and how it relates to the overall physical and program needs of the parish.

Architectural planning

- a. The Pastor, along with his trustees, will be authorized to engage the services of a registered architect to prepare preliminary plans along with cost estimates. The Parish Council should be involved in the planning.
- b. After these preliminary plans are approved by the Archdiocesan Building Commission, the Pastor will be authorized to proceed with the working drawings and firm cost estimates for final presentation and approval by the Commission.

Contractors

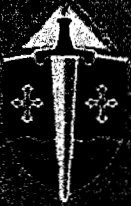
- a. After final approval has been given by the Archdiocesan Building Commission, bids may be solicited from reputable contractors and the award should normally go to the lowest responsible bidder. It is recognized that other issues may be involved.
- b. If the bids are in excess of 10% of the final estimates, the Pastor will be required to refer the project back to the Archdiocesan Building Commission for further study.
- c. All contractors will be required to post bond and be responsible to secure lien waivers from all subcontractors.
- d. Payments to contractors should be made only after billings are approved by the architect.

Exhibit 3

From: Archdiocesan Update <archdiocesan.update@archspm.org>
Subject: Archdiocesan Update Newsletter for July 2, 2015
Date: July 2, 2015 at 12:51:11 PM CDT
Reply-To: Archdiocesan Update <archdiocesan.update@archspm.org>

The July 2, 2015 issue of the Archdiocesan Update.

Is this email not displaying correctly?
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ARCHDIOCESE
OF
SAINT PAUL &
MINNEAPOLIS

ARCHDIOCESAN UPDATE

United in Faith, Hope and Love

July 2, 2015

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FROM THE BISHOP

Gratitude for God's Goodness in Trying Times

This past week we celebrated the solemnity of Sts. Peter and Paul, the patronal feast of our archdiocese. It provided for me an opportunity to be grateful for the gift of our archdiocese. I thought of the many incredible priests who serve so faithfully and I am privileged to count as my brothers. I thought of the dedicated lay people and religious who inspire me by their holiness as they try to pursue a life of discipleship with Jesus.

We are all well aware of the profound challenges of these past two years, which have certainly intensified in the past month. Dealing with this crisis has been a high priority of the archdiocese and it will continue to be so going forward. Yet, in the midst of all this pain, I have found in my heart that there are reasons for gratitude.

Read the full column in [English](#) and [Spanish](#) in the July 2 issue of [The Catholic Spirit](#).

FROM THE ARCHDIOCESE

Please Join in a Welcome Mass for Archbishop Hebda

Come welcome Archbishop Bernard Hebda to the Archdiocese of Saint Paul and Minneapolis!

Our new Apostolic Administrator will be celebrating the 10 a.m. Mass at the Cathedral of Saint Paul on Sunday, July 12. All are encouraged to gather for the Eucharist and to meet Archbishop Hebda following Mass.

The Cathedral of Saint Paul is located [239 Selby Avenue in Saint Paul](#). For more information about the Cathedral of Saint Paul, go to www.cathedralsaintpaul.org or call

(651) 228-1766.

OFFICE FOR THE PROTECTION OF CHILDREN AND YOUTH (OPCY)

VIRTUS-McDowell Online Interface Now Live

On June 25, 2015, OPCY and VIRTUS launched the new online system where new employees and volunteers can complete the Essential 3 and current employees or volunteers can complete the Enhanced Essential 3. The system can be found at www.virtus.org by logging into each individual's VIRTUS account.

Instructions were sent to Safe Environment Coordinators on July 2 via email and can also be found online at archCONNECT. If your safe environment coordinator did not receive an email by the end of the day Thursday (July 2), please email Mike Fulcher (fulchem@archspm.org).

New employees and volunteers can use the system to complete their background check, sign a *Code of Conduct*, and register for a VIRTUS: *Protecting God's Children* session.

As part of the Archdiocese's efforts to strengthen safe environment best practices, **current parish and Catholic school staff** will complete a recheck and retrain process beginning **July 1, 2015**. **Employees and volunteers** who interact with minors or vulnerable adults who were **originally checked or trained prior to July 1, 2008** will need to complete their background recheck and/or safe environment retraining prior to **March 31, 2016**. This can be completed online through www.virtus.org.

Please also be aware that there are four new *Code of Conduct* (Clergy, Church Personnel, Adult Volunteers, and Youth Employees/Volunteers) available on archCONNECT and www.SafeCatholicSPM.org. Employees must read and sign the *Code of Conduct* prior to **September 30, 2015**. Volunteers (adult and youth) must read and sign the *Code of Conduct* prior to **November 30, 2015**. The Code can be read and signed through each employee or volunteer's VIRTUS account.

If you have any questions on the Interface, please contact Mike Fulcher at fulchem@archspm.org.

OFFICE OF THE CHANCELLOR FOR CIVIL AFFAIRS

Update on Proxies and Appointment of Parish Trustees Following Appointment of Archbishop Hebda as Apostolic Administrator

With the resignation of Archbishop Nienstedt, the See of the Archdiocese of Saint Paul and Minneapolis became vacant. The Code of Canon Law specifies that the powers of a Vicar General and any episcopal vicars cease as soon as the See falls vacant (can. 481). The Vicar General position will be vacant until a new Archbishop is appointed and he chooses a Vicar General. Therefore, even though Father Lachowitzer remains the Moderator of the Curia for the archdiocesan chancery corporation staff – and has been asked by the Apostolic Administrator to continue to play the same leadership role in the Archdiocese that he had prior to June 15 – he does not fulfill that role as “Vicar General” and is unable to exercise those functions that are strictly related to the Office of Vicar General.

This has some practical consequences. As a result of the vacant See Father Lachowitzer is no longer a member of the Board of Directors of each of the parishes. Until further notice, the Board of Directors for each parish will have only the following 4 members: Archbishop Hebda, the pastor and the two lay trustees.

The process for reappointing existing trustees or appointing new trustees will remain the same as it has in the past. Archbishop Hebda has full authority to approve the reappointment of existing trustees or the appointment of new trustees.

With respect to proxies, we will also continue to process proxy requests with a few slight modifications. Please submit all proxy requests to archdiocesan Chief Financial Officer Thomas Mertens. Joe Kueppers, Chancellor for Civil Affairs, will work with Thomas Mertens to review the proxy requests and prepare the proxy documents. While the Apostolic Administrator has indicated that he intends to seek the advice of Father Lachowitzer in each instance, the proxy requests will only be signed by Archbishop Hebda. For the reasons stated above, there will be no approval or signature by a Vicar General.

If you have any questions about proxy requests please feel free to contact Joe Kueppers (kueppersj@archspm.org, 651-291-4405) or Thomas Mertens (mertenst@archspm.org,

651-291-4404), who will be happy to answer any questions and assist you in the proxy process.

OFFICE OF PARISH AND CLERGY SERVICES

Final Reminder: Meeting for Pastors in Transition is Coming Up

The Office of Parish and Clergy Services will be offering a **Pastor Transition Meeting for Incoming Pastors** on **Wednesday, July 8** from 1 – 3 p.m. at Smith Hall in the Hayden Center. This meeting will review considerations when starting in a new parish, but offer individualized breakout meetings with OPCS members to review parish information from the Pastoral Visitation Process, GROW, and any notes offered by the parish to assist with the transition.

[Click here to register for Pastor Transition Meeting.](#)

OPCS is posting pastor transition resources on [archCONNECT](#) as they become available for parishes that are unable to attend the meetings. These will be posted to the “Parish Life and Ministry” folder on the site. For more information, email opcs@archspm.org or call (651) 291-4524.

YEAR OF CONSECRATED LIFE

Year of Consecrated Life – Visit us at the Basilica Block Party for a Chance to Win Door Prizes!

The Year of Consecrated Life task force team will host a tent at the Basilica Block Party, July 10-11. The purpose is to celebrate the consecrated life of religious women and men, as well as raise awareness about their contributions through a vast number of ministries. The team will also have information about volunteer service opportunities available through religious communities around the archdiocese and beyond. Please stop by our tent to meet our wonderful and diverse team of consecrated women and men, and for a chance to win exciting door prizes!

OFFICE OF MARRIAGE, FAMILY AND LIFE

NFP Awareness Week Begins July 19

NFP stands for Natural Family Planning. It offers both a scientific and marriage-building opportunity to learn about one's fertility. The United States Conference of Catholic Bishops has designated the third week of July as NFP Awareness Week. This year's theme is ***Natural Family Planning; It's Worth It. Join the Revolution!***

NFP Awareness Week supports couples by creating awareness of spousal love. Human life is a beautiful gift and is to be cherished. Help us to celebrate and reverence God's vision of human sexuality. Find more information and resources on the NFP Awareness Week [event page](#).

Please join us for these NFP events:

Expert to Speak on the Creighton Model of NFP

St. Raphael, Crystal

Sunday, July 12

2 p.m.

Physician Dr. Dawn Schreifels will be speaking about the Creighton Model for Natural Family Planning. This highly-effective method of NFP was developed by the renowned Ob/Gyn Dr. Thomas Hilgers at Creighton University in Nebraska. The Creighton Model of NFP is not just an excellent method to help married couples morally achieve or avoid a pregnancy, but it is also used by both single and married women in the diagnosis and treatment of women's health and gynecological issues such as ovarian cysts, reproductive cancers, irregular bleeding, irregular cycles, etc. Women of all ages and their loved ones are encouraged to attend this talk. No pre-registration is necessary, for questions please call Amy Glasscock at (612) 716-3970.

Mass, Private Tour of the Cathedral of Saint Paul & Dessert Reception

Cathedral of Saint Paul

Tuesday, July 21

12 – 2 p.m.

We wish to honor providers, teachers, physicians, nurses, and life care centers in celebrating the gift of NFP, as well as couples that have chosen to use Natural Family Planning. RSVP by July 19 at surveymonkey.com/r/NFP_Mass_2015 or call (651) 291-4489.

If you would like to know more about Natural Family Planning, contact the Office for Marriage, Family and Life at (651) 291-4488 or e-mail schulten@archspm.org.

St. John Paul II Champions for Life Awards - Nominate Someone Today!

Do you know of someone who devotes his or her time helping the poor, elderly, disabled, pregnant, or is committed to praying for Respect Life issues? He or she may be our next Champion for Life!

Award Categories include:

- Adult – Pro-Life Professional
- Adult – Volunteer
- Youth/Young Adult (Individual or Group)
- Couple, Family or Catholic Affiliated Group

Visit the [news page](#) for additional information, including nomination forms ([online](#) and [printable](#)) and flyers for [parishes](#), [priests](#), and [schools/youth/young adults](#). The awards luncheon will be Thursday, October 8, at St. Peter, Mendota. (Luncheon registration will open later this summer.) Questions? Please contact Nancy Schulte Palacheck at (651) 291-4489 or MFL@archspm.org.

Young Adults and College Students are Invited to World Youth Day 2016!

Join Bishop Cozzens and others from our archdiocese to the land of Saints, Kings and Divine Mercy!

World Youth Day 2016 (WYD16) is a pilgrimage to Krakow, Poland, to see and share Mass with our Holy Father, Pope Francis, in an experience with youth from around the world. The pilgrimage is open to young adults, college students and high school students who will have completed their sophomore year by July 2016.

Group leaders and individuals can [register](#) and find more details at our newly updated [WYD16 page](#). Find videos, new resources (including the updated [brochure](#) and [itinerary & payment schedule](#)) and [FAQs](#). Participate with others from our archdiocese in weekly WYD16 Google Hangouts, Thursdays 8:30 - 9 p.m. Send us [an email](#) to get on the Hangout invite list. And be sure to follow our [Facebook page](#)! Still have questions? Contact pilgrimage leader Justin Stroh at (507) 339-9116 or strohj@archspm.org.

Confirmation Classes for Those with Special Needs

Do you know anyone with special needs or mental or physical disabilities age 16 or older, who has not received the Sacrament of Confirmation? Classes will be held on Saturday, August 1 and 15 at 9:30 – 11:30 a.m. at the Church of St. Richard, 7540 Penn Ave S., Richfield, MN 55423. Both classes are mandatory for guardians and candidates. Pre-registration is preferred but walk-ins will be accepted. Thank you in advance for your help in reaching out to all God's people. For more information, please contact Deacon Sean or Joan Curtan at (651) 291-4543 or email us at curtans@archspm.org.

Discussion on Saint John Paul II's *Letter to Families*

Please join us on Saturday, August 22 from 9 a.m. – 12 p.m. for a discussion on Saint John Paul II's *Letter to Families*, sponsored by the Siena Symposium for Women, Family & Culture. This workshop is for men and women and will be held in the McNeely Great Room at the University of St. Thomas. To register, please visit our website at www.stthomas.edu/sienasymposium or for more information, please contact Dr. Deborah Savage at pdsavage@stthomas.edu or Dr. R. Mary Hayden Lemmons at rlemmons@stthomas.edu.

OFFICE OF LATINO MINISTRY

Próximos Eventos/Upcoming Events

Estos eventos se llevan a cabo en español / *These events are held in Spanish*

Día de la Familia Latina 2015

Día de la Familia Latina 2015

Sábado, 1 de Agosto

3 – 8 p.m. (Santa Misa – 4:00 p.m.)

Saint Thomas Academy, 949 Mendota Heights Rd, Mendota Heights

L@s invitamos a celebrar y compartir nuestra fe con una Misa presidida por nuestro Obispo Andrew Cozzens, quien dará una bendición especial a nuestr@s quinceañer@s. Habrá música, juegos y entretenimiento para toda la familia.

Para más información e inscripciones de quinceañer@s, comuníquese con su coordinador (a) del Ministerio Latino. Descargue el poster y folleto del evento.

Latino Family Day 2015

Saturday, August 1

3 – 8 p.m. (Holy Mass – 4:00 p.m.)

Saint Thomas Academy, 949 Mendota Heights Rd, Mendota Heights

You are invited to celebrate and share our faith with a Mass celebrated by our Bishop Andrew Cozzens, who will give a special blessing to our quinceañer@s. There will be music, games and entertainment for the whole family.

For more information and to register a quinceañer@, contact your Latino Parish Coordinator or call the parish office at one of [these parishes](#). Download the event [poster](#) and [flyer](#).

Encuentro Matrimonial

Encuentro Matrimonial

Un Fin de Semana que ofrece a las parejas la oportunidad de aprender del pasado, vivir con regocijo el presente y caminar con ilusión hacia el futuro. Dándoles la oportunidad de ver su vida juntos como esposos. Para más información, comunicarse con Verónica Arias al (651) 251-7723

Fechas: Viernes 24 de julio, sábado 25 de julio y domingo 25 julio del 2015

Hora: Entrada a las 6 p.m. y salida a las 2 p.m.

Lugar: La Quinta Inn & Suites

10420 Wayzata Blvd. Minnetonka, MN 55305

Costo: \$250 por pareja

Por favor, comparta esta [invitación](#).

Marriage Encounter

A weekend that offers couples the opportunity to learn from the past, live with joy this and walk forward into the future. It will give them the chance to see their lives together as husband and wife. For more information contact Verónica Arias at (651)251-7723

Date: Friday July 24, 25 and 26, 2015

Time: Starting at 6:00 p.m. – ending at 2 p.m.

Location: La Quinta Inn & Suites

10420 Wayzata Blvd. Minnetonka, MN 55305

Cost: \$250 per couple

Please share the [flyer](#).

Retiro Familiar

Retiro Familiar

Fecha: Viernes 10 de julio del 2015

Hora: 6 – 10 p.m.

Lugar: San Gabriel Arcángel

6 Interlachen Rd. Hopkins, MN 55343

Por favor, comparte esta [invitación](#).

Family Retreat

Date: Friday, July 10, 2015

Time: 6 – 10 p.m.

Location: San Gabriel Arcángel

6 Interlachen Rd. Hopkins, MN 55343

Please share the [flyer](#).

OFFICE OF EVANGELIZATION AND CATECHESIS

Subscribe to the Office of Evangelization & Catechesis E-Newsletter!

We are excited to announce the Office of Evangelization & Catechesis E-Newsletter! This E-Newsletter will keep you informed on upcoming initiatives and activities like the [Amazing Parish](#), [St. Paul Street Evangelization](#), [WINE](#), [Every Child Reads the Bible](#), and [Rediscover: Book Club](#). We are looking forward to using this E-Newsletter to provide you with up-to-date information on all of our initiatives and we invite you to join in our efforts! View the most recent edition [here](#).

Subscribe to the Office of Evangelization & Catechesis E-Newsletter by contacting Susanna Bolle at bolles@archspm.org or (651) 291-4411.

Basic Evangelization Training

September 18-19

St. John the Baptist, New Brighton

St. Paul Street Evangelization is a non-profit Catholic organization dedicated to preaching

the Gospel to all nations, and one of the ways they do this is by bringing the Catholic faith to the streets. They provide a hands-on experience of being a street evangelist, but the training goes beyond street evangelization, it also provides effective tools to share the Gospel with the people in your parish, school or workplace! The workshop starts on Friday, September 18, 7-10pm and goes through Saturday, September 19 8am-4pm. Registration is now open! To find out more visit the [St. Paul Street Evangelization page](#) at [rediscover-faith.org](#). If you have questions, please contact Susanna Bolle in the Office of Evangelization & Catechesis at bolles@archspm.org or (651) 291-4411.

OFFICE OF DEVELOPMENT AND STEWARDSHIP

Registration Now Open for Stewardship Luncheon August 27

The Office of Development and Stewardship is pleased to host a “Stewardship Luncheon” on August 27 from 11 a.m. – 2 p.m. at Our Lady of Grace parish in Edina. The speaker for the event will be Dave Baranowski, the Director of Stewardship Education for the Archdiocese of St. Louis, discussing Practicals in Parish Stewardship. [Click here to register today!](#) Learn more about Dave in an upcoming article in our “StewNews” e-newsletter – to subscribe or for more information, email stewnews@archspm.org.

OFFICE OF VOCATIONS

Totus Tuus – Vocation Day for Young Men/ Daughter of God Retreat

Saturday, August 15

9 a.m. – 2:30 p.m.

Vocation Day for Young Men at Saint John Vianney Seminary

Daughter of God Retreat: Mary, Spouse of the Holy Spirit at The Saint Paul Seminary

Young Catholic men and women, ages 12-17, are invited to these one-day events to deepen their faith and better discern God’s calling in their life. \$10 per person; \$20 family maximum. Lunch will be provided. Parents are invited to a Parent Coffee, 9:15 – 10:30 a.m.

For more information and to register, visit the [event page](#). Please direct questions for these events to:

Vocation Day for Young Men

Patty McQuillan – (651) 962-6890; patty.mcquillan@stthomas.edu

Daughter of God Retreat

Nancy Schulte Palacheck – (651) 291-4489; schulten@archspm.org

OFFICE OF COMMUNICATIONS

The Catholic Spirit Wins Catholic Press Awards

The Catholic Spirit won two first place awards and a second place award in the annual newspaper competition of the Catholic Press Association of the United States and Canada. The awards were presented June 26 at the annual Catholic Media Conference, held this year in Buffalo, New York. First-place honors went to [Dave Hrbacek](#), staff writer and photographer, for best feature writing and best reporting on children and teens. Judges praised Hrbacek's "excellently written" [feature story about Justina Hausmann](#), whose father died trying to save someone in the Aug. 1, 2007, I-35 bridge collapse. Hrbacek's [story about Extreme Faith Camp](#) on Big Sandy Lake near McGregor also won first place. "[Faith in the Public Arena](#)," a column by members of the Minnesota Catholic Conference staff, earned second place for best regular general commentary column.

The Catholic Spirit: Archdiocese Moving Forward After Resignations, Addressing Threats to Religious Liberty

In the July 2 issue of [The Catholic Spirit](#) read about how, with Archbishop Hebda as our apostolic administrator, the archdiocese is [moving forward](#) after the resignations of Archbishop Nienstedt and Bishop Piché June 15. Also, read how Catholics in our archdiocese and in New Jersey say that Archbishop Hebda is [a shepherd living among the flock](#).

In the midst of the U.S. Conference of Catholic Bishops' fourth annual [Fortnight for Freedom](#), read about [threats to religious liberty](#) and how Catholics can respond.

ANNOUNCEMENTS

Official Announcements

This is the place to find out about [clergy assignments](#) and other official announcements in the archdiocese.

Seeking Collaboration Among Parishes in Environmental Stewardship Efforts in Response to Laudato Si'

In Pope Francis' encyclical Laudato Si', the Holy Father invites us to reflect deeply on all points of human activity, whether we consider care for creation at the level of our individual choices or in the public square. In response to this call to stewardship, parishes in the Archdiocese of Saint Paul and Minneapolis are seeking to collaborate and/or share ideas and resources regarding environmental stewardship. If you or your parish is interested in collaborating on these efforts, please contact Kathleen Doran-Norton (St. Dominic Catholic Church, Northfield) at kdorannorton@gmail.com.

ABOUT THE ARCHDIOCESAN UPDATE

Archdiocesan Update Article Submission Information

Please submit items for inclusion in the Archdiocesan Update to archdiocesanupdate@archspm.org and include in the subject line the words "Archdiocesan Update" and the date of the issue you wish to have your item included. A submission deadline and publication schedule for the Archdiocesan Update is posted online for [2015](#).

Archdiocesan Update Archive Page

We've posted the last several months of our Archdiocesan Updates on [archCONNECT](#). You'll find a link to the archive on the archCONNECT home page, under Archdiocesan Update, and also in the Parish Administration section, under Important Links. So if you are looking for something in a past e-newsletter, this is where to find it!

Questions? Comments?

Please send them to the Office of Communications at archdiocesanupdate@archspm.org.

LINKS

- archspm.org
- TheCatholicSpirit.com
- Rediscover-faith.org
- AimHigher.org

CONTACT

Chancery: (651) 291-4400

archdiocesanupdate@archspm.org

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You are receiving this email because you have previously indicated an interest in receiving updates from the Archdiocese of Saint Paul and Minneapolis. Thank you for your interest!

Our mailing address is:

Archdiocese of Saint Paul and Minneapolis
228 Summit Avenue
St Paul, MN 55102

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Exhibit 4

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

John Doe 148,

Case Type: Personal Injury
Court File No. 62-CV-10-6831
The Honorable John B. VanDeNorth Jr.

Plaintiff,

vs.

**SUPPLEMENTAL AFFIDAVIT OF
THOMAS B. WIESER**

Archdiocese of St. Paul and Minneapolis,

Defendant.

I, Thomas B. Wieser, being first duly sworn on oath, depose and state as follows:

1. I am an attorney duly licensed to practice law in the State of Minnesota and before this Court.

2. I am an attorney with the law firm of Meier, Kennedy & Quinn, Chartered.

I represent the Defendant The Archdiocese of St. Paul and Minneapolis.

3. I make this affidavit in support of Defendant's motion for summary judgment.

4. This affidavit includes documents that were referred to at the oral argument on May 17, 2012.

5. Attached hereto as Exhibit T is a true and correct copy of the Articles of Incorporation for "The Church of the Guardian Angels of Hastings, Minnesota." Those Articles of Incorporation were filed on November 7, 1877.

6. On information and belief, those Articles of Incorporation were filed pursuant to Chapter 34 of the Statutes of the State of Minnesota first enacted in 1876.

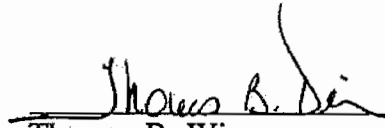
Chapter 34 is the predecessor statute to Minnesota Statutes § 315.15 which addresses the incorporation and operation of religious parish corporations.

7. Attached hereto as Exhibit U is a true and correct copy of the Articles of Incorporation for The Archdiocese of Saint Paul and Minneapolis (restated), adopted on November 7, 2002. It is a Minnesota diocesan corporation, organized and operating pursuant to Minnesota Statutes § 315.16.

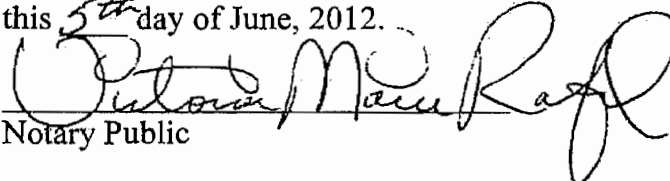
8. Attached hereto as Exhibit V is a true and correct copy of the Justice In Employment policies that first became effective January 1, 1999.

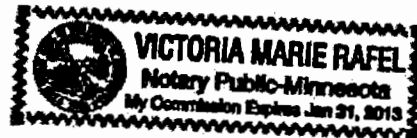
9. Attached hereto as Exhibit W is a true and correct copy of the Certificate of Incorporation for "The Church of Our Lady of Grace" in Edina, Minnesota. This Certificate of Incorporation was filed on February 16, 1946.

Further your Affiant sayeth not.


Thomas B. Wieser

Subscribed and sworn to before me
this ^{5th} day of June, 2012.


Notary Public



The Church of the Guardian Angels

County of Dakota State of Minnesota

Know all men by these presents that we the undersigned Thomas S. Grace, Roman Catholic Bishop of the Diocese of St. Paul, Minnesota, Rev. Fr. Joseph H. Hovind, the vicar general of said diocese, Rev. Fr. B. Matten, now Pastor of the Roman Catholic Church of the Guardian Angels at Hastings in the County of Dakota and State of Minnesota, and Stephen Maxwell and Eugene Dean lay men of said County of Dakota, do hereby unite and resolve together for the purpose of becoming incorporated under the laws and for the purpose hereinafter stated, pursuant to the provisions of Article 4. of Chapter 34. of the General Statutes of said State of Minnesota, so far as the same may be applicable, and do now adopt the following articles:

Article 1.

This corporation shall be known as, and its corporate name shall be "The Church of the Guardian Angels of Hastings Minnesota" and as such corporation shall have power to purchase, accept, and own and hold property, real and personal, and to lease, convey and dispose of the same, and to contract debts, all of which shall be done subject to such rules, by laws and restrictions hereinafter provided for as may be adopted by it, and shall have power to sue and be sued and to have a common seal which may be altered or changed at pleasure, and shall have the necessary power for the proper transaction of its business and duties of said corporation.

Article 4th

The said Thomas L. Trace and Augustine P. Rouse shall be and remain members of this corporation as long as they shall be and remain respectively Bishop and Vicar General of said Diocese and said Rev. J. B. Mollen shall be and remain a member thereof as long as he shall be and remain Pastor of said The Church of the Assumption of the Blessed Virgin Mary and when either or all of them shall cease to be Bishop Vicar General or Pastor as aforesaid by reason of death resignation removal or otherwise, then and in that case their respective successors as such Bishop Vicar General or Pastor shall be and become their respective successors as members of this corporation and in like manner shall have perpetual successors.

Article 5th

The said Thomas L. Trace and Augustine P. Rouse shall be and remain members of this corporation as long as they shall be and remain respectively Bishop and Vicar General of said Diocese and said Rev. J. B. Mollen shall be and remain a member thereof as long as he shall be and remain Pastor of said The Church of the Assumption of the Blessed Virgin Mary and when either or all of them shall cease to be Bishop Vicar General or Pastor as aforesaid by reason of death resignation removal or otherwise, then and in that case their respective successors as such Bishop Vicar General or Pastor shall be and become their respective successors as members of this corporation and in like manner shall have perpetual successors.

The place and time of the meeting of the Board of Directors shall be fixed and stated by the Board of Directors and shall be the same from year to year unless otherwise provided in said charter or bylaws.

Article 4th

The officers of this corporation shall be President, Vice President, Treasurer and Secretary, and the Bishop, or person appointed in his place and stead shall be President, and said Bishop shall be Vice President, ex officio, and the Treasurer and Secretary shall be selected or chosen from among the laymen who are members of this corporation, as provided by said by-laws. In all cases the Treasurer shall be required to give bond to this corporation, conditional that he will faithfully account for and pay over all moneys that may come into his hands as such Treasurer, and otherwise faithfully discharge the duties of his office, which bond shall before he enters upon the duties of his office, be approved by the President or Vice President and Secretary of this corporation by a resolution to that effect made thereon. The person shall hold the office of Treasurer for more than two terms in succession.

Article 5th

The said Bishop or Administrator and said Vice President, Bishop and the said Treasurer and Secretary, shall be ex officio Directors of this corporation. Said Directors may by a majority vote, contract debts not exceeding in amount their bonded amount, but debts in excess of that sum may be contracted for by the vote and consent of two thirds of the Directors. The assets of this corporation shall be held in trust for the use of the corporation.

...the corporation and the management of the same and besides thereof in the stamp book of the corporation which may become amended, altered or attached thereto. Said by-laws may be altered or amended in the same manner as by-laws are hereinafter provided to be adopted, and not otherwise, and when adopted such by-laws and amendments thereto, shall before taking effect be recorded by the Secretary in a book to be provided and kept for that purpose and be subscribed to by each of said directors.

In testimony whereof we have hereunto set our hands and seals the second day of July, A.D. 1877.

In presence of
 Chas. Williams
 Wm. Coleman
 as to signatures of
 J. B. Hallton
 Stephen Merrill
 E. Dean

Thomas A. Hance
 Augustus B. Bannet
 J. B. Hallton
 Stephen Merrill
 E. Dean

(Seal)
 (Seal)
 (Seal)
 (Seal)
 (Seal)

Henry O. Sherman
 J. Shanley
 as to signatures of
 Thomas A. Hance
 Augustus B. Bannet

State of Pennsylvania
 County of Berks

Personally appeared before me

the above named Thomas A. Hance and Augustus B. Bannet to me known to be the Roman Catholic Church and principal owners of the same in the County of Berks and State of Pennsylvania and they acknowledged that they adopted and approved the foregoing articles of incorporation and by-laws of the same.

Witness my hand and seal this second day of July, A.D. 1877.

and signed the foregoing certificate of incorporation
in presence of the undersigned and the same being
correctly and lawfully prepared and signed
and attested in and to the presence of the undersigned
and seal of office this second day of May
1911

(Seal) Charles J. Williams
Notary Public in and for
Minnesota

Filed in this office April 26, 1911, 4:31 PM
J. C. Johnson
Secretary of State

Articles of Incorporation

of the

Rock County Farming Company of

Original returned to R. Blakely Minnesota

We whose names are hereunto subscribed do hereby
associate ourselves together to become incorporated
under and pursuant to the provisions of Article Four
of Chapter Thirty four of the General Statutes of
the State of Minnesota and the several amendments
made therein for the purpose of carrying on the
business of general farming to be conducted
and operated in and about the county of Rock
Minnesota

**CORPORATE RESOLUTION
OF THE
ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS**

BE IT RESOLVED, That the Articles of Incorporation of the Archdiocese of Saint Paul and Minneapolis, a Minnesota corporation organized and existing under the laws of the State of Minnesota, being Section 315.16, are hereby restated to include therein all amendments made to the original Articles of Incorporation adopted on November 3rd, 1970:

RESTATED ARTICLES OF INCORPORATION

Article 1. The name of this corporation shall be The Archdiocese of Saint Paul and Minneapolis and the location of its registered office shall be 226 Summit Avenue, St. Paul, MN 55102.

Article 2. The general purpose of this corporation is to take charge of, and manage, all temporal affairs of the Roman Catholic Church to the said Archdiocese belonging or in any wise appertaining, to promote the spiritual, educational and other interests of the Roman Catholic Church in said Archdiocese, including all the charitable, benevolent, eleemosynary and missionary work of said Church in said Archdiocese and to establish and maintain Churches and Cemeteries therein and also to establish and conduct schools, seminaries, colleges and any benevolent, charitable, religious or missionary work or society of the said Roman Catholic Church within said Archdiocese, to take charge of, hold and manage, all property, personal and real, that may at any time or in any manner come to, or vest in, this corporation for any purpose whatever for the use and benefit of said Archdiocese and for the use and benefit of the Roman Catholic Church therein, whether by purchase, gift, grant, devise or otherwise, and to mortgage the same, sell or otherwise dispose of it as the necessities or best interests of said corporation in the opinion of the members thereof may require.

Article 3. The Members of this corporation shall be the Archbishop, the Vicar General and the Chancellor of the Archdiocese of Saint Paul and Minneapolis, and two other members of the Roman Catholic Church, residents of the Archdiocese of Saint Paul and Minneapolis, selected and appointed by the said Archbishop, the Vicar General and the Chancellor, or a majority of them. The term of office for each of the aforesaid two appointed members shall be for a period of two years or until his successor is chosen.

Article 4. The Board of Directors shall be composed of not less than five (5) directors. The five (5) Members of the corporation, namely, the Archbishop, the Vicar General, and the Chancellor of The Archdiocese of Saint Paul and Minneapolis and the two (2) other Members of the corporation selected and chosen as aforesaid, and their respective successors shall always be members of

the Board of Directors. The other directors shall be selected by a majority vote of the five (5) Members of the corporation at a regular meeting of the corporation, and the term of office for such elected directors shall be for a period of two (2) years or until their successors have been duly elected and qualified. The Board of Directors shall have power to transact all business of said corporation.

Article 5. The officers of said corporation shall be a President, a Vice President, a Treasurer and a Secretary and such other officers as shall be provided for in the By-Laws. The Archbishop or person appointed in his place or stead shall be ex officio President. The Vicar General shall be ex officio Vice President. The Secretary and the Treasurer shall be chosen from the Members of said corporation provided that the offices of Secretary and Treasurer may be held by the same person. The term of office of the Secretary and Treasurer and other officers provided for in the By-Laws, and the duties of each, except so far as the same are fixed by the Articles, may be prescribed by the By-Laws. The Board of Directors may at any time remove the Secretary or Treasurer if the Board of Directors shall deem that the best interests of the corporation require such removal.

Article 6. No real estate belonging to said corporation may be sold, mortgaged, encumbered or disposed of in any way without the consent of a majority of the Directors, provided such majority shall include the Archbishop or the Vicar General.

Article 7. The said Directors may by a two-thirds majority vote adopt such By-Laws, not contrary to the laws of this State and the discipline of the Roman Catholic Church and these Articles, as may be deemed necessary for the proper government of this corporation and the management of the property and business thereof and may by a like vote alter or amend the same and when so adopted such By-Laws and all amendments thereof shall be recorded by the Secretary in a book to be provided and kept for that purpose.

Article 8. To the full extent permitted by law, the Corporation shall indemnify each person who is or was a member, director, officer or employee of the Corporation for judgments, payments, costs and expenses paid or incurred by any of them as a result of any action, suit or proceeding to which such person may be a party by reason of his or her said capacity with the Corporation, unless is otherwise adjudged that such person did not act in good faith or in the best interests of the Corporation.

In criminal cases, such right of indemnification shall only apply if the person is found not guilty and only if a majority of the directors find that such person acted in good faith in the best interests of the Corporation.

The Corporation may provide and maintain insurance on behalf of any such person indemnified by the terms of this Article.


BE IT FURTHER RESOLVED, That an officer of this corporation is hereby directed to execute an appropriate certificate of Restated Articles of Incorporation for filing in the office of the Secretary of State of the State of Minnesota, and such other public offices as they deem appropriate, and the officers are directed to file and record said certificate, according to law.

DIOCESAN CORPORATION AFFIDAVIT/CERTIFICATE

BE IT RESOLVED, That the Restated Articles of Incorporation and the Restated By-Laws attached hereto are hereby approved and adopted.

The resolution following was adopted unanimously, in writing, by the members and directors of the Archdiocese of Saint Paul and Minneapolis, a Minnesota religious diocesan corporation, organized and existing pursuant to Minnesota Statutes Section §315.16 on the 7th day of November, 2002, at the annual meeting of the members and directors of said corporation.

I, William S. Fallon, the duly elected, qualified and acting Secretary of The Archdiocese of Saint Paul and Minneapolis, do hereby certify that the attached is a true copy of the resolution adopted by the members of said corporation on the aforementioned date and is now in full force and effect, and that the members of said corporation have and at the time of adoption of the said resolution had full power and lawful authority to adopt said resolution.



William S. Fallon
Secretary

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

On this 12th day of June, 2003, in the said County of Ramsey, before me, a Notary Public duly commissioned and qualified, in and for the State and County aforesaid, personally known to me to be the person described in and who executed the foregoing certificate, and acknowledged to me that he executed the same; and being by me duly sworn, did depose and say that he executed the same; and being by me duly sworn, did depose and say that he is the Secretary of said corporation and a member of said corporation; that as such officer, he keeps the corporate minute books and seal of the said corporation; and that the foregoing certificate is true of his own knowledge.

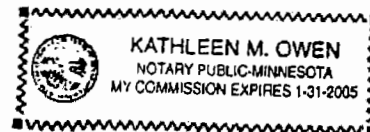
Subscribed and sworn to before me this 12th day of June 2003.



Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

William S. Fallon
226 Summit Ave.
St. Paul, MN 55102



210 G.M.

ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS

CLERGY BULLETIN

March 15, 2007

VOLUME XXXII, Number 3

JUSTICE IN EMPLOYMENT (Second Revision)

PREAMBLE

Reverend and dear Fathers and Deacons, and our dedicated employees,

The Archdiocese of Saint Paul and Minneapolis seeks to create an environment of openness, mutuality and respect among and between all those who come to work for this local Church

This effort is well reflected in the following words: "Work is more than a way to make a living. It is an expression of our dignity and a form of ongoing participation in God's creation. It is a means by which people contribute to the common good. Because work is so important, people have the right to decent and productive work and to fair wages. Workers have a proportionate responsibility to work conscientiously and justly for the compensation and benefits they receive. They have the right to economic initiative and to basic freedoms within the marketplace. As a general principle of economic justice, Catholic teaching asserts that the economy exists to serve people, not the other way around." (Reviving the Common Good, A Pastoral Letter on Social Justice -- Archbishop John R. Roach, January, 1991).

These policies are a response not only to the need for good management and employment practices, but are also a response to God's call through scripture, tradition, doctrine and experience to employ justly.

These policies are also based on the following four key principles established in the teaching of the Church on labor enunciated in papal encyclicals:

1. **The Value and Dignity of the Human Person.** Pope John Paul II stated "work is a good thing, because through work people not only transform nature, adapting it to their needs, but they also achieve fulfillment as human beings and indeed, in a sense, become more fully human." (*Laborem Exercens*).

2. **The Common Good.** The common good embraces the sum total of those conditions of social living whereby people are enabled more fully and readily to achieve their own fulfillment (*Mater et Magistra*).

EXHIBIT V

3. **Justice.** Anyone who ventures to speak to people about justice, must first be just in their eyes. This in the work place occurs when workers contribute competently and conscientiously to the mission and when employers establish policies and systems to provide wages and benefits sufficient to support a family in dignity (*Economic Justice For All*).

4. **Participation.** Participation in a system in which one has membership is a legitimate expectation of individuals which has been demonstrated to lead to greater efficiency and better service to members. Participation of everyone in the running of the enterprise should be promoted (*Gaudium et Spes*).

These policies call for establishing clear expectations throughout the entire period of employment; and further, they acknowledge respectfully the rights and responsibilities of all concerned when and if separation becomes necessary.

INTRODUCTION

The original *Justice in Employment* policy became effective on January 1, 1999. The experience of the intervening eight years has strongly reinforced our conviction that the above principles are the appropriate framework for accomplishing our goal of openness, mutuality and respect among and between all those who work for this local Church. At the same time, the experience gained during those eight years has prompted us to make certain adjustments, to clarify language, and to sharpen the focus of some provisions. In the hope that they will continue to strengthen the development of working relationships based on trust and mutual respect within the Church, we hereby adopt these revised policies and procedures, which shall become effective July 1, 2007.

These policies apply to all employees of the Archdiocesan Corporation, parishes within this archdiocese, and their related schools, as well as those institutions specifically designated by me. Those who make up the staff of the Archdiocesan Corporation and parishes and schools consist of lay people, as well as priests and religious women and men. This mixture adds a richness to the quality of ministry in the Church. It also creates complex relationships where application of personnel policies is concerned.

Although all Archdiocesan employees, as well as parish and school staffs, are called to minister to the People of God, there are some distinct differences that must be recognized in terms of the more legally oriented employment relationships. The Code of Canon Law establishes superseding or sometimes overriding relationships between a bishop and priests and also regulates the relationships of religious to the Church. It is in the context of these relationships that the "employment" status of priests and religious is qualified from a legal point of view. Because the Archdiocese values consistency and fairness in administration, all staff members are asked to observe these policies except when and if the Code of Canon Law sets forth different regulations or policies.

The policies contained in this document issued under my authority as the Archbishop, as well as other policies issued by a pastor or supervisor, as long as they are consistent with the basic intent of this document, form the basis of the employment relationship. These policies supersede and cancel any policies, procedures or other employment contracts when inconsistent with this document. These policies are considered the basic terms and conditions of employment. Each individual's application file should include the employer's offer of employment, a position description, a completed employment application and a signed and dated receipt of these policies.

I mandate these policies as the spiritual and religious leader of all Catholics in this diocese. This mandate shall not change or amend the status of employees as employees of the civil corporation by whom they are employed. In short, employees of our parishes, related schools and other institutions designated by me to whom these policies apply shall not be considered employees of the Archdiocese.

The policies do not cover two groups, who typically would not be deemed employees. They are individuals hired for specific projects, such as a study of the particular department or operation, which would have a specific termination date; and individuals hired for a specific task on a part-time basis, such as athletic coaches, tutors, and the like. To make their status clear, an employer has the right to exempt those persons falling in the above two categories from the application of this *Justice in Employment* policy. If appropriate, such individuals may be offered term contracts for the duration of the project for which they are retained. This term contract will be governed solely by its provisions, including provisions relating to termination. In the absence of a written contract, whatever oral agreement is reached with such an employee, will similarly control the terms of the engagement, including termination.

By accepting a position or continuing in a position on or after the effective date of these policies, an employee shall be deemed to have accepted these policies and their application, including mandatory arbitration.

Sincerely yours in Christ,

/S/

The Most Reverend Harry J. Flynn, DD
Archbishop of Saint Paul and Minneapolis

EQUAL EMPLOYMENT OPPORTUNITY

Policy

It is the policy of the Archdiocese of Saint Paul and Minneapolis to provide equal employment opportunity to all qualified persons without regard to race, color, religion, creed, sex, marital status, disability, age, national origin, veteran status and status with regard to public assistance. Employment practices are intended to assure that all individuals are recruited, hired, assigned, advanced, compensated, and retained on the basis of their qualifications, and treated equally in these and all other respects without regard to race, color, religion, creed, sex, marital status, disability, age, national origin, veteran status and status with regard to public assistance. Exceptions to this non-discrimination policy may be necessary when based upon a bona fide occupational qualification.

Procedures

I. RECRUITMENT

The effective recruiting of qualified candidates requires that the employer use a current position description. Current information about compensation and benefits should be provided to the candidates. The use of a Search Committee is suggested, where appropriate, to assist in the selection process.

II. SELECTION PROCESS

- A) Prior to making the final selection for employment, the candidate's eligibility must be verified according to the Immigration Reform and Control Act of 1986.
- B) According to Clergy Bulletin Volume XVIII, Number 5, the employer must conduct a background check through the appropriate sources for all candidates for employment within the Archdiocese.
- C) When appropriate, an offer of employment may be extended subject to the successful completion of a physical examination, but only when the examination tests for essential job related abilities and only when all persons conditionally offered employment for the same position are required to undergo the same examination.

III. OFFER OF EMPLOYMENT

Once a hiring decision is made and an offer is extended to the applicant, the employer should avoid delays. To minimize the potential for confusion or misunderstanding, an offer made by phone must be confirmed in writing. The written offer normally should contain at least the following information:

Position title
Reporting relationship (name of supervisor)
Starting date and effective date of employment, if different
Length of probationary period
Beginning compensation
Benefit information
Any special arrangements
Date for orientation
Acknowledgment that the employee relationship is subject to the provisions of
Justice in Employment

IV. EMPLOYEE DEFINITION

The word "employee" as used in these policies means a regular employee, and not a probationary employee, unless the policy refers specifically to probationary employees, as in Section V.

The employer must designate all employees as non-exempt under the Fair Labor Standards Act (FLSA) unless the employer can document that the position as performed is exempt and the employer wants to treat the position as exempt.

- **EXEMPT EMPLOYEE:** An employee in a position that can be documented as meeting the tests for one of the exempt classifications as defined by the Fair Labor Standards Act. This would normally be individuals in jobs that meet both the duties and salary tests for executive, professional, or administrative positions.
- **NON-EXEMPT EMPLOYEE:** All other employees who are not able to be classified as exempt under the FLSA must have their hours of work recorded, be paid for all time worked and be paid overtime (time and a half) when their hours worked in a work week are over 40/48 hours.

Those parish church employees who work for, and are on the staff of, the parish are paid overtime at the rate of time and one-half after 48 hours in a 7 day week (which is the Minnesota standard); those parish employees who are employees of the parish school or of other non-parish institutions (e.g., credit union, etc.) must be paid overtime at the rate of time and one-half after 40 hours in a 7 day week. Employers may choose to pay overtime after 40 hours in all cases, if preferred.

V. PROBATION OR IN-TRAINING PERIOD

Unless otherwise specified in writing, all new employees are subject to an initial training period of up to three (3) calendar months. If a longer initial training period is required, it will be specified in writing. When circumstances warrant, certain new employees may have an extended probationary period.

The training period permits the employer to evaluate the employee's performance and provides an opportunity for the employee to assess whether the position is appropriate for his/her interests and skills. During this time, the employee is considered an at-will employee and may be terminated for any non-discriminatory reason. The employee's immediate supervisor must conduct written evaluations at the end of the second and third month of employment and prior to a change of status to regular employment.

The approval of the employer and his/her designate (i.e., supervisor) is required before an employee may be upgraded from an in-training employee to a regular employee status. The upgrade must be in writing and must state the effective date of the change from in-training status to regular employee status. The written upgrade approval also must be made a part of the employee's personnel file. Benefit eligibility will be the same for the in-training period as it is for all regular employees unless the benefit program itself (e.g. retirement program, etc.) states otherwise.

Similarly, in fulfillment of the spirit and intent of these policies, probationary employees should, to the extent practical, be accorded the necessary assistance to become regular employees. However, this does not affect their status as "at will" employees, that is, employees who may be terminated without cause at any time.

ORIENTATION

Policy

An effective orientation makes a positive and lasting impression and can have a significant impact on a person's success or failure during the first few weeks of employment. It is most important to have someone welcome a new person to the work environment, introduce that person, provide important information, and answer questions. Hospitality eases the stress of initiation and enhances a new person's adaptation process.

Procedures

An orientation package should be provided to new personnel. Helpful information may include:

- Mission statement
- Expectations regarding attitudes, behavior, and practices which promote the mission of the parish or institution
- Organization chart
- Diagram of the facilities
- Policy handbook
- Information on benefits
- Other information to help the new employee feel welcome
- A signed and dated receipt should be received for the policy handbook.

WORK MINISTRY/PLANNING AND REVIEW

Policy

Performance analysis and evaluation is built on a foundation of careful planning, employee involvement, use of objective job-related criteria, commitment to employee development and candid communication about performance between the employee and the supervisor.

Through observation and dialogue with the employee about expectations and job related issues, the supervisor and the employee work to establish an environment in which mutual respect may develop and work related issues may be resolved.

Procedures

The supervisor and the employee establish criteria for performance analysis based on information contained in the position description. They also establish the priorities to be accomplished and the relative importance of duties and responsibilities.

A performance analysis should be conducted at least once a year. There may be a need for more frequent meetings during the first year of employment or in a new assignment. Supervisors should be attentive to the need for additional interaction during transition periods. Performance-related meetings should be conducted privately and allow enough time for all important matters to be discussed. The employee has the right to comment, in writing, on his or her performance analysis. Any conclusions reached by the employee and the supervisor should be in writing to assure understanding and clarity.

A copy of both the performance analysis and employee comments will be retained by both parties and will become a part of the individual's personnel file.

RESOLUTION OF WORK RELATED ISSUES

Policy

Experience teaches us that even among people of good will, differences may arise concerning the employment relationship. Most of these issues should and can be resolved through the procedures provided below.

Employees have a right to seek a timely resolution of work-related issues. For purposes of this policy, a work-related issue may be defined as an unresolved complaint or dispute, disagreement, misunderstanding or expressed dissatisfaction on the part of the employee, relating to the conditions of employment or to the meaning and application of these written policies.

While the provisions which follow are intended to provide a process to resolve work-related issues, they are not intended to prevent employees from having access to their pastor, or their supervisor. The persons involved can make necessary modifications in keeping with the overall policy of timely resolution.

Employees who believe that an employment condition or the application of any of the policies outlined in this manual is unjust or inequitable may employ the following provisions. In pursuing this procedure, employees are assured freedom from restraint, interference, coercion, discrimination or reprisal. Keeping in mind the purpose of the *Justice in Employment* policy, the procedures employed in resolving work-related issues should be characterized by honesty and respect, as all involved strive to preserve and strengthen appropriate professional and human relationships.

Procedures

- I. The employee and the immediate supervisor first should discuss thoroughly the work-related issue(s) to achieve a mutually satisfactory resolution. If discussion does not resolve the matter, the employee should, within thirty days or some other mutually agreed upon period of time, give the immediate supervisor a written statement summarizing the nature of the work-related issue under consideration, and proposing suggestions for its resolution. The proposed remedy should reflect clearly the attitudes, behavior and practices which promote the mission of the parish or institution.

If resolution is not reached within ten (10) working days after the supervisor receives the written statement, the employee may request further discussion at the next supervisory level. The higher supervisor will investigate the dispute and respond to the employee in writing within ten (10) working days after receiving the written complaint.

The higher supervisor, with the consent of the parties, may form an ad hoc committee to consult with the parties to achieve a consensus resolution. The members of this committee shall be obligated to maintain confidentiality, unless otherwise required by law.

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- II. It is expected that the parties will use local level processes which are available to them. Counsel may be sought from appropriate Archdiocesan officials or other knowledgeable experts. However, this consultation ordinarily should not displace the local process. Any questions about application or interpretation of these policies should be directed to the Archdiocesan Office of the Chancellor.
- III. If resolution is not achieved at the local level, the parties should seek resolution through the conciliation process of the Archdiocesan Office of Conciliation. They should exert every effort to resolve their differences through this process, recognizing that each may be required to make concessions to achieve resolution.
- IV. To protect the privacy of those who are involved and to enhance the integrity of the process, all participants involved in the resolution of a work-related issue shall agree to maintain confidentiality, unless otherwise required by law.

Information and documents related to the resolution process shall not be shared with persons who are not directly involved and do not have a legitimate need to know their contents. Parties may confide in and seek appropriate counsel from persons of their choice, with the understanding that these confidants will maintain confidentiality unless otherwise required by law.

PROGRESSIVE DISCIPLINE

Policy

When performance deficiencies are observed, the supervisor will first offer suggestions, criticism or comments to the employee to correct those deficiencies or workplace behavior issues.

If this approach fails to resolve the problem, the supervisor will inform the employee that the supervisor is initiating progressive discipline under JIE. The following series of corrective steps may then be followed. Any step in the procedure may be bypassed if the severity of the circumstances warrant. In the process of implementing the procedures for progressive discipline, the employer is encouraged, but not required, to seek the advice and counsel of a human resources professional qualified in employment related matters and knowledgeable about these policies.

Procedures

- I. The immediate supervisor will give the employee an oral warning that may include a time frame for correction of the issue. The immediate supervisor will document the date, time and subject matter of the oral warning.
- II. If the oral warning is not effective in producing the desired results within the specified time frame, the supervisor then will give the employee a written warning at the next review meeting. All written disciplinary statements will include specific information as to the improvement needed and corrective measures required. The supervisor will give a copy of the written warning to the employee and place a copy in the employee's personnel file.
- III. If sufficient improvement does not occur within the noted time frame or if serious work performance or behavior issues warrant immediate attention, disciplinary action in the form of a final written warning and/or a suspension without pay may be taken by the supervisor.
- IV. If lack of sufficient improvement continues or if serious issues warrant immediate action, the supervisor may recommend and then implement dismissal. Prior to dismissal, consultation must take place as required in the section of these policies on Discharge for Just Cause.
- V. Employees who believe that they have been disciplined unfairly may resort to the Policy on Resolution of Work Related Issues.

DISCHARGE: JUST CAUSE

Policy

After an employee is upgraded from probationary or in-training status to the status of a regular employee, the employment relationship which exists between the employer and its employees will be broken only "for cause", that is, if there are valid reasons for taking such an action.

Appropriate reasons for breaking the employment relationship include poor employee performance, improper conduct, violation of work rules and other violations of the employer/employee relationship. In the process of implementing the procedures for discharge, the employer is encouraged, but not required, to seek the advice and counsel of a human resources professional qualified in employment related matters and knowledgeable about these policies.

Prior to discharging any employee for cause, the employer or his or her designate shall seek and follow the advice of an attorney qualified in employment law and familiar with these policies, to ensure that these policies are followed. The required consultation includes review of relevant facts, circumstances, documents, records and other data relating to such employment, as they deem necessary. All such consultations shall be deemed privileged communications, and confidential, and no statements made nor documents produced in such consultations shall be subject to discovery or other disclosure and shall be inadmissible for any purpose, including impeachment, in any subsequent Arbitration under these policies.

The general insurance program requires the consultation with an attorney as described above. Failure to do so prior to a discharge may result in denial of insurance coverage for claims of wrongful termination. If coverage is denied, the defense of the wrongful termination and any award of damages will be the sole obligation of the employer.

Procedures

I. Discharge following progressive discipline:

Ordinarily, less serious employee performance deficiencies or workplace behavior issues will be addressed through the steps described in the Policy on Progressive Discipline. Discharge may result if progressive discipline fails to bring about desired results. In this case, the employee will be given the facts pertaining to and the reasons for discharge in writing.

II. Immediate discharge without progressive discipline:

Any of the following acts may result in immediate discharge without progressive discipline:

- A) Illegal discrimination or harassment
- B) Theft, misappropriation, falsification of records
- C) Misconduct at the work place which endangers others
- D) Insubordination or breach of professional ethics
- E) Working under the influence of illegal or controlled substances

- F) Consumption of alcohol (unless authorized) or drugs at work or prior to work, so as to affect the employee's performance.
- G) Public conduct which is inconsistent with the faith, morals, teachings and laws of the Catholic Church
- H) Other gross violations of the employer/employee relationship

If the seriousness of an incident warrants removal of the employee from the premises before consultation is possible, the employee should be suspended without pay pending an investigation and prior to a final decision regarding discharge.

REDUCTION IN STAFF OR LAY OFF

Policy

A reduction in staff or lay off may occur because of a change in the organization's institutional goals or the prevailing economic condition of the employer. A termination under this section is a termination for cause. In the process of implementing the procedures for a reduction in staff or lay off, the employer is encouraged, but not required, to seek the advice and counsel of a human resources professional qualified in employment related matters and knowledgeable about these policies.

Prior to discharging any employee for cause under this section, the employer or his or her designate shall seek and follow the advice of an attorney qualified in employment law and familiar with these policies, to ensure that these policies are followed. The required consultation includes review of relevant facts, circumstances, documents, records and other data relating to such employment, as they deem necessary. All such consultations shall be deemed privileged communications, and confidential, and no statements made nor documents produced in such consultations shall be subject to discovery or other disclosure and shall be inadmissible for any purpose, including impeachment, in any subsequent Arbitration under these policies.

The archdiocesan insurance policy requires the consultation described above. Failure to do so prior to a discharge may result in denial of insurance coverage for claims of wrongful termination. If coverage is denied, the defense of the wrongful termination and any award of damages will be the sole obligation of the employer.

In the spirit of these policies, an appropriate level of severance will be provided to those affected.

Procedures

After determining the need for a reduction in staff, the employer must decide who will be affected based on valid criteria such as past performance, seniority, education, training and work skills needed by the organization. All employees affected will be advised in writing as to the criteria used and decisions made.

ARBITRATION

Policy

If a controversy between the employee and the employer concerning terms and conditions of employment, other than those relating to Workers' Compensation or Re-employment Insurance Compensation, is not resolved through the Policy on Resolution of Work Related Issues, the employee and employer agree to submit the dispute to final and binding arbitration, in accordance with the procedure explained below, which will be the exclusive remedy available to the parties, and to abide by the decision of the arbitrator. Such arbitrator may determine the extent and scope of any discovery to be permitted.

Procedures

If the employee is not satisfied with the resolution of the complaint or grievance, it is the responsibility of that employee to submit the matter to binding arbitration, which will be the exclusive remedy available to the parties.

Likewise, in those cases in which a former employee wishes to challenge the termination of employment, the former employee agrees to follow the Policy on Resolution of Work Related Issues set forth in these policies concerning the termination. The former employee further agrees that, absent an acceptable resolution through the Policy on Resolution of Work Related Issues, he or she will submit the matter to final and binding arbitration and will abide by the decision rendered, which may include any type of relief available in the civil courts.

Ordinarily, arbitration will be conducted according to the arbitration provisions of the Archdiocesan Office of Conciliation. The arbitrator will determine the extent and scope of any discovery to be permitted.

If either party chooses to arbitrate the matter pursuant to the Minnesota Uniform Arbitration Act and not the Archdiocesan arbitration process, that party, through the Archdiocesan Office of Conciliation, can attempt to agree with the other party on a qualified neutral arbitrator. If that effort fails, then either party, through the Archdiocesan Office of Conciliation, may request appointment of an arbitrator from an outside arbitration service made available for that purpose by the Archdiocesan Office of Conciliation and consistent with the Minnesota Uniform Arbitration Act. The selection of a neutral arbitrator, in such instance, will be according to the provisions and rules established by the outside arbitration service. The fees and expenses of the arbitrator shall be paid by the employer. However, the employee will pay any cost for an attorney for the employee, if one is desired.

RECEIPT OF JUSTICE IN EMPLOYMENT POLICIES

I HAVE RECEIVED A COPY OF:

CLERGY BULLETIN

MARCH 15, 2007	VOLUME XXXII, NUMBER 3
----------------	------------------------

JUSTICE IN EMPLOYMENT
(SECOND REVISION)

PAGES 210 G. M. TO 225 G.M.

I UNDERSTAND THAT THESE POLICIES SUPERSEDE AND
CANCEL ANY POLICIES, PROCEDURES, OR OTHER
EMPLOYMENT CONTRACTS WHEN INCONSISTENT WITH THIS
DOCUMENT. THESE POLICIES ARE CONSIDERED THE BASIC
TERMS AND CONDITIONS OF EMPLOYMENT. BY ACCEPTING
A POSITION OR CONTINUING IN A POSITION SUBSEQUENT TO
THE EFFECTIVE DATE OF THESE POLICIES, AN EMPLOYEE
SHALL BE DEEMED TO HAVE ACCEPTED THESE POLICIES
AND THEIR APPLICATION, INCLUDING MANDATORY
ARBITRATION.

NAME(Print) _____

SIGNATURE _____

DATE _____

This receipt will be placed in my personnel file.

Certificate Of Incorporation ~~CH~~ 259

OF

The Church of Our Lady of Grace, in Edina, Minnesota
Coun. of Hennepin State of Minnesota

Whereas, The undersigned, John G. Murray, Roman Catholic Archbishop of the Archdiocese of Saint Paul, Minnesota, deems it advisable to have created and organized a parish corporation within this State, for the purpose and with the powers specified in the Statutes of the State in such case made and provided, and has associated, and does hereby associate, with him for that purpose H.B. Hacker Vicar General of said Archdiocese, and L.W. Torrey, the Roman Catholic Pastor of the Parish of Our Lady of Grace, in the County of Hennepin and State of Minnesota, and whereas, the said Archbishop, Vicar General, and Pastor have, in accordance with the Statutes in such case provided, selected and designated, and do hereby select and designate, to be associated with them in the formation of said Corporation Elot Batters and J.A. Bouley, two lay members of the Roman Catholic Church, both belonging to said Parish and residents therein.

That we, John G. Murray, Archbishop as aforesaid, H.B. Hacker, Vicar General as aforesaid, L.W. Torrey, Pastors aforesaid, and Elot Batters and J.A. Bouley Lay Members of said Church as aforesaid, do hereby associate ourselves together for the purpose of becoming incorporated as a parish corporation of the Roman Catholic Church in the Archdiocese of Saint Paul under the name hereinafter stated, pursuant to the provisions of Section 7975 Mason's Minnesota Statutes 1927 and all laws amendatory thereof or supplementary thereto, and do now adopt and sign, in duplicate, the following Certificate of Incorporation, viz.:

ARTICLE I. The name of this Corporation shall be "The Church of Our Lady of Grace, in Edina, Minnesota" and the place of its location shall be the aforesaid Edina in the County of Hennepin, and State of Minnesota.

ARTICLE II. The general purpose of this Corporation is to take charge of and manage all the temporal affairs of the Roman Catholic Church in said Parish; to promote the spiritual, educational and other interests of the said Roman Catholic Church in said Parish; including all the charitable, benevolent and eleemosynary work of said Church in said Parish; to take charge of, hold and manage all property, personal and real, that may at any time or in any manner come to or vest in this Corporation for any purpose whatever, whether by purchase, gift, grant, devise or otherwise, and to mortgage the same, sell and otherwise dispose of the same as the necessities of said Corporation may require.

ARTICLE III. The members of said Corporation, viz.: The said Archbishop and the said Vicar General (or, in the event of the death or incapacity of said Archbishop, the Administrator of the Archdiocese and the Chancellor of the Archdiocese), the Pastor and the two Laymen, selected and designated as aforesaid, and their respective successors, shall have power to transact all the business of said Corporation.

ARTICLE IV. The officers of said Corporation shall be a President, Vice President, Secretary, and Treasurer. The Archbishop, or person appointed in his place or stead, shall be *ex officio* the President. The Pastor of the Parish shall be *ex officio* the Vice-President. The Secretary and the Treasurer shall be chosen from the members of said Corporation. The term of office of the Secretary and the Treasurer and the duties of each, except so far as the same are fixed by the Certificate of Incorporation, may be prescribed by the By-Laws. The Corporation may at any time remove any Secretary or Treasurer if it deems that the best interests of the Corporation require such removal, but the said Secretary or Treasurer, as the case may be, whose removal is in question, shall have no vote upon such question. In all cases the Treasurer shall be required to give bonds, with sureties, to this Corporation, conditioned that he will faithfully account for and pay over all moneys that may come into his hands as such Treasurer, and otherwise faithfully discharge the duties of his office, which bonds shall, before he enters upon the duties of his office, be approved by the President, Vice-President, and Secretary of the Corporation by endorsement in writing in that effect made thereon.

ARTICLE V. The members of said Corporation may, by a majority vote, contract debts not exceeding in amount five hundred dollars, but debts in excess of that sum and less than six thousand dollars may be contracted with the consent of the President. No debt in excess of six thousand dollars may be contracted without the consent of all the members of said Corporation. No real estate belonging to said Corporation shall be sold, mortgaged, incumbered, or disposed of in any way without the consent of all the members of said Corporation.

CH-~~634~~
254

1939-CATHOLIC CHURCHES

ARTICLE VI. The said Corporation may, by unanimous vote, adopt such By-Laws not contrary to the Law of the State, the Statutes of said Archdiocese of Saint Paul, the discipline of the Roman Catholic Church and this Certificate, as may be deemed necessary for the proper government of this Corporation and the management of the property and business thereof; and may, by a like vote, alter, or amend the same, and, when so adopted, such By-Laws and all amendments thereof, shall, before they can take effect, be signed by each of said members and be recorded by the Secretary, in a book to be provided and kept for that purpose.

In Testimony whereof we have hereunto set our hands and seals this 9th day of February, A. D., 1946

SIGNED IN PRESENCE OF
Joseph Schaefer
By: *John G. Murray* (SEAL)
In REGARD TO
John G. Murray
H.B. Hacker

SIGNED IN PRESENCE OF
Joseph Schaefer
In REGARD TO
L.W. Forrey
Eloi Bauers
J.A. Boulay
L.W. Forrey (SEAL)
Eloi Bauers (SEAL)
J.A. Boulay (SEAL)

STATE OF MINNESOTA }
COUNTY OF RAMSEY }
Personally appeared before me the above named John G. Murray
and H.B. Hacker, to me known to be respectively the Roman Catholic
Archbishop, and the Vicar General of the Archdiocese of Saint Paul, in said State, and they each acknowledged that they
adopted and signed the foregoing Certificate of Incorporation for the objects and purposes therein expressed.

In witness whereof I have hereunto set my hand and seal of office this 9th day of February, 1946

Joseph Schaefer
JOSEPH SCHAEFER,
Notary Public, Ramsey County, Minn.
My Commission expires April 18, 1948.

STATE OF MINNESOTA }
COUNTY OF Ramsey }
Personally appeared before me L.W. Forrey, Pastor of
The Church of Our Lady of Grace, in Edina, Minnesota, in said County, and
Eloi Bauers and J.A. Boulay
to me known to be the persons above named who signed the foregoing Certificate of Incorporation, and they severally
acknowledged that they signed and adopted the same for the objects and purposes therein expressed.

In witness whereof I have hereunto set my hand and seal of office this 9th day of February, 1946

Joseph Schaefer

#259 Catholic Churches
STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
FEB 16 1946
The original Certificate of Incorporation of each parish is kept on file at the office of the Secretary, Ramsey County, Minn.
Copies may be seen for obtaining names and dates, but they shall not be allowed outside the office.

Joseph Schaefer
Secretary of State.

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

John Doe 148,

Case Type: Personal Injury
Court File No. 62-CV-10-6831
The Honorable John B. VanDeNorth Jr.

Plaintiff,

vs.

AFFIDAVIT OF SERVICE

Archdiocese of St. Paul and Minneapolis,

Defendant.

STATE OF MINNESOTA)

) ss.

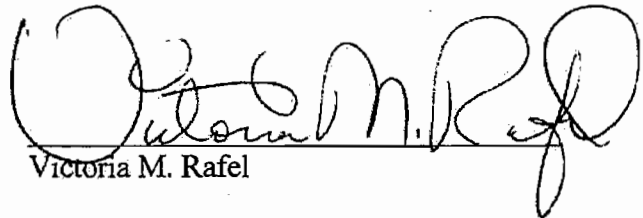
COUNTY OF RAMSEY)

Victoria M. Rafel, being first duly sworn on oath, deposes and states that on the 5th day of June, 2012, she caused the following document:

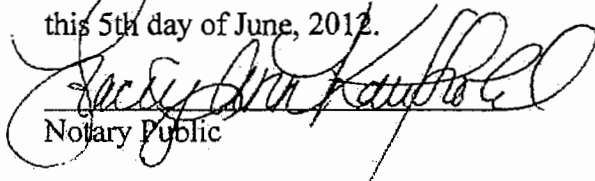
Supplemental Affidavit of Thomas B. Wieser

to be served and filed electronically through Odyssey File and Serve, and that Odyssey File and Serve will send an e-notice of the electronic filing to the following attorneys:

Jeffrey R. Anderson
Patrick W. Noaker
Jeff Anderson and Associates, P.A.
366 Jackson Street, Suite 100
St. Paul, MN 55101
Counsel for Plaintiff John Doe 148


Victoria M. Rafel

Subscribed and sworn to before me
this 5th day of June, 2012.


Notary Public

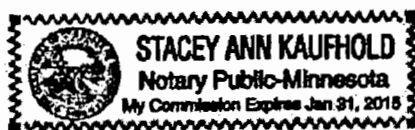


Exhibit 5

State of Minnesota

2177

SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

I, Joan Anderson Grove, Secretary of State of Minnesota, do certify that Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

This corporation is now legally organized under the laws of Minnesota.

Corporate Name: The Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation

Corporate Charter No. Ser: 11-293

Chapter Formed Under: 317A

This certificate has been issued on 11/10/1992.



Joan Anderson Grove
Secretary of State

2179

shall be operated and conducted in conformance with the Code of Canon Law of the Roman Catholic Church and the laws, theology, philosophy, teachings and doctrines of the Roman Catholic Church and of the Archdiocese of Saint Paul and Minneapolis. Within the framework and limitations of the foregoing, this Foundation is organized and shall be operated to receive any real property, tangible or intangible personal property, including money by gift, grant, devise or bequest from any individual, foundation or corporation or other entity, either private or public, or governmental instrumentality, in order to carry out the work of the Catholic Community within the Archdiocese of Saint Paul and Minneapolis, to provide proper management of resources, and to provide not only for the current needs of the Catholic Community of the Archdiocese of Saint Paul and Minneapolis, but also to plan and to provide for the future.

ARTICLE VI
Powers

The Foundation shall have all the powers granted under the Minnesota Non-Profit Corporation Act, however, the Foundation shall have and exercise only such powers as are required by and are consistent with the exempt purposes of the Foundation and are within the contemplation of sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986, as amended, the Code of Canon Law of the Roman Catholic Church, and are not inconsistent with the laws, theology, philosophy, teachings and doctrines of the Roman Catholic Church and the Archdiocese of Saint Paul and Minneapolis. Subject to this limitation, the powers of the Foundation include, but are not limited to:

- (a) The power to acquire and receive funds and property of every kind and nature whatsoever, whether by purchase, conveyance, lease, gift, grant, bequest, legacy, devise or otherwise, and whether in trust or otherwise and to hold, own, expend, make gifts, grants, and contributions of, and to convey, transfer and dispose of any fund and property and the income therefrom in furtherance of the purposes of this Foundation as set forth above, and to lease, mortgage, encumber and use the same, and such other powers that are consistent with purposes set forth above.
- (b) The power to take, receive and hold real and personal property, including the principal and interest of property or other fund, that is given, conveyed, bequeathed, devised to, or vested in the Foundation in trust where the Foundation or a related organization has a vested or contingent interest in the trust. The Foundation has the power to invest property or its proceeds in accordance with Minnesota Statute §561B.10, except where the trust instrument prescribes otherwise.

RICHARD KEVIN MCDONOUGH
 Moderator of the Guild and Vice General
 The Archdiocese of Saint Paul and Minneapolis
 St. Paul, MN 55102
 MR. WILLIAM S. PATTON
 Chancellor
 The Archdiocese of Saint Paul and Minneapolis
 226 Summit Avenue
 St. Paul, MN 55102
 RICHARD JUSTIN T. WARD
 Director of Administrative/Financial Services
 The Archdiocese of Saint Paul and Minneapolis
 226 Summit Avenue
 St. Paul, MN 55102
 THE MOST REVEREND ROBERT J. CANTON, D.D.
 Auxiliary Bishop of Saint Paul and Minneapolis
 The Archdiocese of Saint Paul and Minneapolis
 226 Summit Avenue
 St. Paul, MN 55102
 MONSIGNOR ARTHUR A. HADEN
 Cathedral Priest, St. Paul
 226 Summit Avenue
 St. Paul, MN 55102
 THE MOST REVEREND JOSEPH T. CHAPMAN, C.S.S. J.C.
 Auxiliary Bishop of Saint Paul and Minneapolis
 The Archdiocese of Saint Paul and Minneapolis
 226 Summit Avenue
 St. Paul, MN 55102
 THE MOST REVEREND LAWRENCE R. HENRY
 Auxiliary Bishop of Saint Paul and Minneapolis
 The Archdiocese of Saint Paul and Minneapolis
 226 Summit Avenue
 St. Paul, MN 55102
 MR. THOMAS HOLIFAN
 University of St. Thomas
 215 Summit Ave., #4069
 St. Paul, MN 55102
 MR. MARK FITE
 6231 Fox Meadow Lane
 Edina, MN 55436

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benefit of any Member, director or individual, except that the Foundation shall be authorized and empowered to pay reasonable compensation or services rendered and to make payments and distributions in furtherance of the purposes set forth herein. This Foundation shall not lend any of its assets to any officer, director, or Member of this Foundation nor guarantee to any person the payment of a loan by any officer, director, or Member of this Foundation.

ARTICLE XII
Personal Liability - Indemnity

The officers, directors, and Members of this Foundation shall not be personally liable to any extent whatsoever for any acts, debts, liabilities, or obligations of this Foundation. All Members, directors, officers, employees and committee members of this Foundation shall be indemnified for any action taken in their official capacity to the full extent permitted under Minnesota Statutes §317A.521.

ARTICLE XIII
Capital Stock

This Foundation shall have no capital stock, either authorized or issued.

ARTICLE XIV
Dissolution

This Foundation may be dissolved in accordance with the laws of the State of Minnesota pursuant to a plan of dissolution adopted by two-thirds of the members then holding office with the consent of the ordinary of The Archdiocese of Saint Paul and Minneapolis. Upon dissolution of this Foundation, and after payment of all liabilities and obligations of the Foundation and all costs and expenses incurred by this Foundation in connection with such dissolution, the remaining assets shall be distributed to such organizations for which endowments were established and held by the Foundation, or to The Archdiocese of Saint Paul and Minneapolis to be held for the benefit of such organizations, and the balance of the assets shall be distributed to The Archdiocese of Saint Paul and Minneapolis for use and purposes designated upon the establishment of the fund. Upon dissolution, the assets may be distributed to a successor community foundation with an established purpose and powers not inconsistent with the purposes and powers established under these Articles of Incorporation. In no event shall any of the remaining assets be distributed to any organization that does not qualify as a tax exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986.

17-293

4840

ARTICLES OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CATHOLIC COMMUNITY FOUNDATION

The undersigned, Alfred O. Elder, being the Secretary of The Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation ("Catholic Community Foundation"), a Corporation organized and existing under Minnesota Statutes 317A, as amended, does hereby certify that in conformance with Minnesota Statute Section 317A.133 and Article XV of the Articles of Incorporation, and in accordance with the recommendation of the Board of Directors of the Catholic Community Foundation at a meeting of the Board of Directors held on June 17, 1996, the Members of the Catholic Community Foundation have adopted by written action signed by all the Members entitled to vote pursuant to Minnesota Statute Section 317A.445 the following resolution to wit:

RESOLVED, that the Articles of Incorporation of The Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation as adopted on November 6, 1992, and filed with the office of the Secretary of State for the State of Minnesota on November 10, 1992, and all amendments thereto be and are hereby deleted in their entirety and the Restated Articles of Incorporation attached hereto are hereby adopted in lieu thereof, effective as of the date that the Articles of Amendment setting forth the Restated Articles of Incorporation are filed with the office of the Secretary of State for the State of Minnesota.

IN WITNESS WHEREOF, the undersigned have executed these Restated Articles of Amendment on the 20 day of September, 1996.

Alfred O. Elder
Alfred O. Elder

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 20 day of September, 1996, by Alfred O. Elder, the Secretary of The Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation, a nonprofit Minnesota corporation, on behalf of the corporation.

Leo H. Dehler
Notary Public

This corporation has not adopted a corporate seal.



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4842

ARTICLE V
Powers

The Foundation shall have all the powers granted under the Minnesota Non-Profit Corporation Act, however, the Foundation shall have and exercise only such powers as are required by and are consistent with the exempt purposes of the Foundation and are within the contemplation of Sections 170(e)(2) and 501(c)(3) of the Internal Revenue Code of 1986, as amended, the Code of Canon Law of the Roman Catholic Church, and are not inconsistent with the laws, theology, philosophy, teachings and doctrines of the Roman Catholic Church and The Archdiocese of Saint Paul and Minneapolis. Subject to this limitation, the powers of the Foundation include, but are not limited to:

(a) The power to acquire and receive funds and property of every kind and nature whatsoever, whether by purchase, conveyance, lease, gift, grant, bequest, legacy, devise or otherwise, and whether in trust or otherwise and to hold, own, expend, make gifts, grants, and contributions of, and to convey, transfer and dispose of any fund and property and the income therefrom in furtherance of the purposes of this Foundation as set forth above, and to lease, mortgage, encumber and use the same, and such other powers that are consistent with purposes set forth above.

(b) The power to take, receive and hold real and personal property, including the principal and interest of property or other fund, that is given, conveyed, bequeathed, devised to, or vested in the Foundation in trust where the Foundation or a related organization has a vested or contingent interest in the trust. The Foundation has the power to invest property or its proceeds in accordance with Minnesota Statute §501B.10, except where the trust instrument prescribes otherwise.

(c) The power to, consistent with Section 170 of the Internal Revenue Code of 1986 and the regulations promulgated thereunder relating to community trusts and foundations, and subject to any limitations imposed under Minnesota law and the Code of Canon Law of the Roman Catholic Church, to modify any restrictions or conditions on the distributions of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board of Directors, such restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the general needs of the Catholic Community of The Archdiocese of Saint Paul and Minneapolis.

(d) The power to replace any custodian or agent for breach of fiduciary duty, and the power to replace any custodian or agent for failure to produce a reasonable return consistent with the Foundation's needs for current income and with due regard to the safety of principal and the furtherance of the exempt purpose of the Foundation.

4844

ARTICLE IX
No Lobbying

No substantial part of the activities of this Foundation shall be the carrying of propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in (including the publication or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE X
Pecuniary Gain - Inurement

This Foundation shall not, incidentally or otherwise, afford or pay any pecuniary gain, dividends, or other pecuniary remuneration to its Members or directors as such, and no part of the net income or net earnings of this Foundation, shall be directly or indirectly distributed to or otherwise inure to the benefit of any Member, director or individual, except that the Foundation shall be authorized and empowered to pay reasonable compensation or services rendered and to make payments and distributions in furtherance of the purposes set forth herein. This Foundation shall not lend any of its assets to any officer, director, or Member of this Foundation nor guarantee to any person the payment of a loan by any officer, director, or Member of this Foundation.

ARTICLE XI
Personal Liability - Indemnity

The officers, directors, and Members of this Foundation shall not be personally liable to any extent whatsoever for any acts, debts, liabilities, or obligations of this Foundation. All Members, directors, officers, employees and committee members of this Foundation shall be indemnified for any action taken in their official capacity to the full extent permitted under Minnesota Statutes §317A.521.

ARTICLE XII
Capital Stock

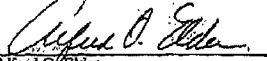
This Foundation shall have no capital stock, either authorized or issued.

ARTICLE XIII
Dissolution

This Foundation may be dissolved in accordance with the laws of the State of Minnesota pursuant to a plan of dissolution adopted by the unanimous vote of the Members then holding office. Upon dissolution of this Foundation, and after payment of all liabilities and obligations of the Foundation and all costs and expenses incurred by this Foundation in connection with such dissolution, the remaining assets shall be distributed to such organizations for which endowments were established and held by the Foundation, or to The


4846


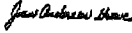
Articles of Amendment of The Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation relating the Articles of Incorporation were adopted by all members of the foundation by consent resolution dated August 19, 1996.


Alfred O. Elder
Secretary of the Foundation

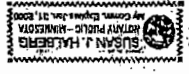
Approved By:

The Archbishop of
The Archdiocese of Saint Paul and Minneapolis
on the 19 day of August, 1996.


The Most Reverend Harry J. Flynn

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
SEP 20 1996 

Secretary of State

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUL 29 1997
Secretary of State
[Signature]



Notary Public
[Signature]

The foregoing instrument was acknowledged before me this 23rd day of June, 1997, by Alfred O. Hilde, the Secretary of the Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation, a nonprofit Minnesota corporation, on behalf of the corporation.

STATE OF MINNESOTA
COUNTY OF RAMSEY

Alfred O. Hilde
[Signature]

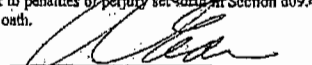
This Amendment has been approved pursuant to Minn. Stat. Chapter 317A. I certify that I am authorized to execute this Amendment and I further certify that I understand that by signing this Amendment I am subject to penalties or perjury set forth in section 609.48 as if I had signed this Amendment under oath.

RESOLVED that this Amendment to the Articles of Incorporation shall be effective on the later of July 1, 1997 or the date the Articles of Amendment are filed with the Office of the Secretary of State.

26590

2. RESOLVED, that this Amendment to the Articles of Incorporation shall be effective on the later of _____ or the date the Articles of Amendment are filed with the Office of the Secretary of State.

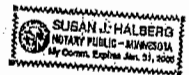
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


Alfred O. Elder

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Alfred O. Elder, the Secretary of The Archdiocese of Saint Paul and Minneapolis Catholic Community Foundation, a nonprofit Minnesota corporation, on behalf of the corporation, acknowledged the foregoing instrument before me this 23rd day of May, 2002.


Notary Public



STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED 
JUN 11 2002

Secretary of State

C:\3846\unrecdof-Articles.doc

ARTICLES OF INCORPORATION
(Restated on September 16, 2002)
OF
CATHOLIC COMMUNITY FOUNDATION
IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS

ARTICLE I
Name

The name of the corporation shall be "Catholic Community Foundation in The Archdiocese of Saint Paul and Minneapolis" (the "Foundation").

ARTICLE II
Duration

The Foundation shall have a perpetual duration.

ARTICLE III
Registered Office

The registered office of this Foundation is located at 328 West Kellogg Boulevard, St. Paul, Minnesota, 55102.

ARTICLE IV
Purpose

This Foundation is organized and shall be operated exclusively for religious, charitable and educational purposes, and shall be subject to and operated in conformance with the rules, regulations and standards established and permitted under Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986, as amended, and shall be operated and conducted in conformance with the Code of Canon Law of the Roman Catholic Church and the laws, theology, philosophy, teachings and doctrines of the Roman Catholic Church and of The Archdiocese of Saint Paul and Minneapolis. Within the framework and limitations of the foregoing, this Foundation is organized and shall be operated to receive any real property, tangible or intangible personal property, including money by gift, grant, devise or bequest from any individual, foundation or corporation or other entity, either private or public, or governmental instrumentality, in order to carry out the work of the Catholic Community within The Archdiocese of Saint Paul and Minneapolis, to provide proper management of resources, and to provide not only for the current needs of the Catholic Community of The Archdiocese of Saint Paul and Minneapolis, but also to plan and to provide for the future.

ARTICLE VI
Members

This Foundation shall have voting Members. There shall be five Members. The five Members shall be Members ex-officio. Those Members shall be the Archbishop of Saint Paul and Minneapolis, the Vicar General of The Archdiocese of Saint Paul and Minneapolis, the Chancellor of The Archdiocese of Saint Paul and Minneapolis, the Vice Chairperson of the Board of Directors of the Foundation, and the Treasurer of the Foundation. For the purpose of these Articles of Incorporation, the "Archbishop of Saint Paul and Minneapolis" is defined as a person duly appointed as the Archbishop of Saint Paul and Minneapolis, according to the norm of Canon Law or if the See of The Archdiocese of Saint Paul and Minneapolis is impeded or vacant that person to whom belongs the governance of the Archdiocese, in accordance with the provisions of Canon Law. For purposes of this document, "Vicar General" is defined as the person appointed as the Vicar General-Moderator of the Curia or the equivalent chief operating officer of the Archdiocese of Saint Paul and Minneapolis. For purposes of this document, "Chancellor" is the person appointed as Chancellor for Civil Affairs of The Archdiocese of Saint Paul and Minneapolis.

ARTICLE VII
Board of Directors

The management and direction of the business and affairs of the Foundation shall be vested in the Board of Directors subject to any powers reserved to members in the By-Laws or by a resolution adopted by the Members. The number, qualifications, term of office, method of election, powers, authority, and duties of the directors of the Foundation, at the time and place of their meeting, and such other provisions with respect to them as are not inconsistent with the expressed provisions of these Articles of Incorporation shall be as specified in the By-Laws of the Foundation.

ARTICLE VIII
Written Action Without Meeting

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken by a written action, signed by the number of directors that would be required to take the same action at a meeting of the Board of Directors at which all directors were present; provided that all directors are notified immediately of the text of the written action and effective date. The written action is effective when signed by all the required number of directors, unless a different effective time is provided in the written action. A director who does not sign a consent of written action has no liability for action or actions thereby taken.

Any action required or permitted to be taken at a meeting of the Members of the Foundation may be taken without a meeting by written action signed by all of the Members entitled to vote on that action. The written action is effective when it has been signed by all of the Members, unless a different effective time is provided in the written action.

were established and held by the Foundation, or to The Archdiocese of Saint Paul and Minneapolis to be held for the benefit of such organizations, and the balance of the assets shall be distributed to The Archdiocese of Saint Paul and Minneapolis for use and purposes designated upon the establishment of the fund. Upon dissolution, the assets may be distributed to a successor community foundation with an established purpose and powers not inconsistent with the purposes and powers established under these Articles of Incorporation. In no event shall any of the remaining assets be distributed to any organization that does not qualify as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986.

ARTICLE XIV
Amendment

These Articles of Incorporation may be amended in accordance with the provisions of Minnesota Non-Profit Corporation Act by the unanimous vote of the Members of the Foundation then holding office, provided that such amendments to the Articles of Incorporation could lawfully be included or omitted from the original Articles at the time the amendment is made, and provided such amendment is made so as to continue to qualify this Foundation as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 as now enacted or as hereinafter amended and provided further that such amendment shall be in compliance with the Code of Canon Law of the Roman Catholic Church, the laws, theology, philosophy, teachings and doctrines of the Roman Catholic Church and The Archdiocese of Saint Paul and Minneapolis and of any federal or state laws as is or may hereinafter be applicable.

ARTICLE XV
General Historical Information

This Foundation was originally incorporated under its present name on November 6, 1992. The original Articles of Incorporation were filed in the office of the Secretary of State on November 10, 1992. The original incorporator was Kevin M. McDonough, Vicar General-Moderator of the Curia of The Archdiocese of Saint Paul and Minneapolis. The first Members of the Board of Directors were The Most Reverend John R. Roach, D.D., Archbishop of Saint Paul and Minneapolis, Reverend Kevin M. McDonough, Vicar General-Moderator of the Curia of The Archdiocese of Saint Paul and Minneapolis, Mr. William S. Fallon, Chancellor of The Archdiocese of Saint Paul and Minneapolis, Reverend Austin T. Ward, Director of Administrative/Financial Services of The Archdiocese of Saint Paul and Minneapolis, The Most Reverend Robert J. Carlson, D.D., Auxiliary Bishop of Saint Paul and Minneapolis, The Most Reverend Joseph L. Charron, C.P.P.S., J.C., Auxiliary Bishop of Saint Paul and Minneapolis, The Most Reverend Lawrence Welsh, Auxiliary Bishop of Saint Paul and Minneapolis, Monsignor Ambrose V. Hayden, Mr. Thomas Holloran, Ms. Mary Frey, Mr. Jerome Holloran, and Ms. Cheryl O'Shaughnessy.

1I-293

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**ARTICLES OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
CATHOLIC COMMUNITY FOUNDATION
IN**

THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS

The undersigned, Alfred O. Elder, being the Secretary of the **Catholic Community Foundation in The Archdiocese of Saint Paul and Minneapolis** ("Catholic Community Foundation"), a Corporation organized and existing under Minnesota Statutes 317A, as amended, does hereby certify that in conformance with Minnesota Statute Section 317A.133 and Article XIV of the Articles of Incorporation, and in accordance with the recommendation of the Board of Directors of the Catholic Community Foundation at a meeting held on May 18, 2004, the Members of the Catholic Community Foundation, at a meeting of the Members held on September 23, 2004 have adopted by unanimous resolution by all Members entitled to vote pursuant to Minnesota Statute Section 317A.445 the following resolution to wit:

1. **RESOLVED**, that the Articles of Incorporation of **Catholic Community Foundation in The Archdiocese of Saint Paul and Minneapolis** as adopted on November 6, 1992, and restated on September 20, 1996 and restated again on September 27, 2002 and filed in the Office of the Secretary of State, and all amendments thereto be and hereby are amended by deleting the current Article IV in its entirety and substituting in lieu thereof the following:

**"ARTICLE IV
PURPOSE**

This Foundation is organized and shall be operated exclusively for religious, charitable and educational purposes, and shall be subject to and operated in conformance with both (1) the rules, regulations and standards established and permitted under Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986, as amended, and (2) the Code of Canon Law of the Roman Catholic Church and the laws, theology, philosophy, teachings and doctrines of the Roman Catholic Church and of The Archdiocese of Saint Paul and Minneapolis. Within the framework and limitations of the foregoing, this Foundation is organized and shall be operated (1) to receive any real property, tangible or intangible personal property, including money by gift, grant, devise or bequest from any individual, foundation or corporation or other entity, either private or public, or governmental instrumentality, in order to support financially the present and future spiritual, educational and social needs of our Catholic community especially the Catholic community within the State of



MINNESOTA SECRETARY OF STATE
NOTICE OF CHANGE OF REGISTERED OFFICE/
REGISTERED AGENT



11-293

NP-RO

Please read the instructions on the back before completing this form.

1. Entity Name:

Catholic Community Foundation in the Archdiocese of
ST. PAUL AND MINNEAPOLIS

2. Registered Office Address (No. & Street): List a complete street address or rural route and rural route box number.
A post office box is not acceptable.

One WATER STREET ST. PAUL MN 55107
Street City State Zip Code

3. Registered Agent (Registered agents are required for foreign entities but optional for Minnesota entities):

If you do not wish to designate an agent, you must list "NONE" in this box. **DO NOT LIST THE ENTITY NAME.**

In compliance with Minnesota Statutes, Section 302A.123, 303.10, 308A.025, 317A.123 or 322B.135 I certify that the above listed company has resolved to change the entity's registered office and/or agent as listed above.

I certify that I am authorized to execute this notice and I further certify that I understand that by signing this notice I am subject to the penalties of perjury as set forth in Minnesota Statutes Section 609.48 as if I had signed this notice under oath.

Signature of Authorized Person

Name and Telephone Number of a Contact Person: Nancy B. Pozzo (651) 389-0300
please print legibly

Filing Fee: For Profit Minnesota Corporations, Cooperatives and Limited Liability Companies: \$35.00.

Minnesota Nonprofit Corporations: No \$35.00 fee is due unless you are adding or removing an agent.

Non-Minnesota Corporations: \$50.00.

Make checks payable to Secretary of State
Return to: Minnesota Secretary of State
180 State Office Bldg.
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1299
(651) 296-2803

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

DEC 02 2005

Secretary of State



MINNESOTA SECRETARY OF STATE
MINNESOTA NONPROFIT CORPORATION ANNUAL
RENEWAL

2574560003

Minnesota Statutes Chapter 317A
Must be filed by December 31

File online at https://online.sos.state.mn.us/abr/corp_annual_filing.asp

READ THE INSTRUCTIONS BEFORE COMPLETING THIS FORM

CURRENT INFORMATION:

1. File #: 1 I-293

2. Corporate Name: (Required)

Catholic Community Foundation in the Archdiocese of ST PAUL & MINNEAPOLIS

3. Registered Office Address: (Required)

1 WATER STREET WEST - Suite 200
Street: (A PO Box by itself is not acceptable)

ST PAUL MN 55107
City: State: Zip:

None
Agent Name: (if applicable)

4. Name and business address of the Corporate President: (Required)

MARILYN ELDRED
Name:

1 WATER STREET WEST - Suite 200
Street:

ST PAUL MN 55107
City: State: Zip:

5. Does this corporation own, lease, or have any financial interest in agricultural land or land capable of being farmed? Yes No

6. Name, daytime telephone number and e-mail address of contact person for ft.

NANCY B. BORZO
Name:

651-389-0300
Phone:

borzon@ccf-mn.org
E-Mail Address:

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

NOV 05 2007

Maria Ritchie
Secretary of State

VPA

NOTICE: Failure to file this form by December 31 of this year will result in the dissolution of this corporation without further notice from the Secretary of State, pursuant to Minnesota Statutes, section 317A.823, subdivision 2, paragraph (b).

11-293

NP RESTATED
BUS NAME
REG OFFICE



ARTICLES OF INCORPORATION
(Amended and Restated on October 18, 2013)
OF
CATHOLIC COMMUNITY FOUNDATION
IN THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS

ARTICLE I

Name

The name of the corporation shall be "Catholic Community Foundation of Minnesota" (the "Foundation").

ARTICLE II

Duration

The Foundation shall have a perpetual duration.

ARTICLE III

Registered Office

The registered office of this Foundation is located at Court West Suite 500, 2610 University Avenue West, Saint Paul, MN 55114.

ARTICLE IV

Purpose

This Foundation is organized and shall be operated exclusively for religious, charitable and educational purposes, and shall be subject to and operated in conformance with the rules, regulations and standards established and permitted under Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986, as amended. Within the framework and limitations of the foregoing, this Foundation is organized and shall be operated (1) to receive any real property, tangible or intangible personal property, including money by gift, grant, devise or bequest from any individual, foundation or corporation or other entity, either private or public, or governmental instrumentality, in order to support financially the present and future spiritual, educational and social needs of our Catholic community especially the Catholic community within the State of Minnesota with the principal focus on the support of the Catholic community of Saint Paul and Minneapolis; (2) to provide responsible and effective financial management of resources; and (3) to assist Catholic Dioceses within the State of Minnesota in providing for the support of their local Catholic community.

ARTICLE V

Powers

The Foundation shall have all the powers granted under the Minnesota Non-Profit Corporation Act, however, the Foundation shall have and exercise only such powers as are required by and are consistent with the exempt purposes of the Foundation and are within the contemplation of Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986, as amended. Subject to this limitation, the powers of the Foundation include, but are not limited to:

same action at a meeting of the Board of Directors at which all directors were present; provided that all directors are notified immediately of the text of the written action and effective date. The written action is effective when signed by all the required number of directors, unless a different effective time is provided in the written action. A director who does not sign a consent of written action has no liability for action or actions thereby taken.

ARTICLE IX

No Lobbying

No substantial part of the activities of this Foundation shall be the carrying of propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in (including the publication or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE X

Pecuniary Gain - Inurement

This Foundation shall not, incidentally or otherwise, afford or pay any pecuniary gain, dividends, or other pecuniary remuneration to its directors as such, and no part of the net income or net earnings of this Foundation, shall be directly or indirectly distributed to or otherwise inure to the benefit of any director or individual, except that the Foundation shall be authorized and empowered to pay reasonable compensation or services rendered and to make payments and distributions in furtherance of the purposes set forth herein. This Foundation shall not lend any of its assets to any officer or director of this Foundation nor guarantee to any person the payment of a loan by any officer or director of this Foundation.

ARTICLE XI

Personal Liability - Indemnity

The officers and directors of this Foundation shall not be personally liable to any extent whatsoever for any acts, debts, liabilities, or obligations of this Foundation. All directors, officers, employees and committee members of this Foundation shall be indemnified for any action taken in their official capacity to the full extent permitted under Minnesota Statutes §317A.521.

ARTICLE XII

Capital Stock

This Foundation shall have no capital stock, either authorized or issued.

ARTICLE XIII

Dissolution

This Foundation may be dissolved in accordance with the laws of the State of Minnesota pursuant to a plan of dissolution adopted by the vote of 60% or more of the members of the Board of Directors with voting rights then holding office. Upon dissolution of this Foundation, and after payment of all liabilities and obligations of the Foundation and all costs and expenses incurred by this Foundation in connection with such dissolution, the remaining assets shall be



15293

NP

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
CATHOLIC COMMUNITY FOUNDATION
OF MINNESOTA**

**ARTICLE I
Name**

The name of the corporation shall be "Catholic Community Foundation of Minnesota" (the "Foundation").

**ARTICLE II
Duration**

The Foundation shall have a perpetual duration.

**ARTICLE III
Registered Office**

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**ARTICLE IV
Purpose**

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Powers**

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ARTICLE X
Pecuniary Gain – Inurement

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Exhibit 6

CATHOLIC FINANCE CORPORATION

- ABOUT US
- BOARD LOGIN
- SERVICES
- COOPERATIVE PURCHASING
- CASE STUDIES
- NEWSLETTERS
- RESOURCES
- LINKS
- CONTACT US
- SEARCH CFC WEBSITE

Project Type: Debt Refinancing

Client: St. Lawrence Catholic Church and Newman Center - Minneapolis, MN

CFC Experience and Counsel Made all the Difference

SITUATION: The Newman Center vacated and renovated their original building, leased it to the University of Minnesota and used the leased building as collateral to finance renovation of another building to serve as the new Newman Center. In time, the loan, guaranteed by the Archdiocese, needed to be re-priced. The Archdiocese referred the Newman Center to Catholic Finance Corporation for guidance in the loan re-pricing. CFC was ultimately invited into the process by the realty firm engaged for the building transition.

CFC ROLE: Catholic Finance Corporation, serving as financial advisor to Newman Center leaders, assessed the overall situation, conducted an affordability analysis, designed the desired loan terms and rates and guided the negotiation of terms and rates with the bank. As a result, the loan came in with an interest rate lower than the bank's original offer and below the existing note that was being re-priced, saving more than \$10,000 per year through the payback period. The negotiation also released the Archdiocese as loan guarantor.

CLIENT REFLECTION: CFC helped by acting as our negotiating agent with the bank regarding loan terms, rate and conditions and did a lot of advising. They also researched competitive lenders, ultimately negotiating more favorable terms with our current lender and a better interest rate. CFC was always prepared to extend favorable loan terms to us, yet their negotiation with the incumbent bank went so well that we stayed with them.

"Their experience and counsel, especially when we had so little time, made all the difference. And, we've become good friends along the way."

- Fr. Patrick Johnson, CSP, Pastor and Director of Campus Ministry

Exhibit 7

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: June 4, 2014

Person to Contact:

Roger Meyer ID# 0110429

Toll Free Telephone Number:

877-829-5500

Employer Identification Number:

53-0196617

Group Exemption Number:

0928

United States Conference of Catholic
Bishops
3211 4th Street, NE
Washington, DC 20017-1194

Dear Sir/Madam:

This responds to your May 19, 2014, request for information regarding the status of your group tax exemption.

Our records indicate that you were issued a determination letter in March 1946, that you are currently exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, and are not a private foundation within the meaning of section 509(a) of the Code because you are described in sections 509(a)(1) and 170(b)(1)(A)(i).

With your request, you provided a copy of the *Official Catholic Directory for 2014*, which includes the names and addresses of the agencies and instrumentalities and the educational, charitable, and religious institutions operated by the Roman Catholic Church in the United States, its territories, and possessions that are subordinate organizations under your group tax exemption. Your request indicated that each subordinate organization is a non-profit organization, that no part of the net earnings thereof inures to the benefit of any individual, and that no substantial part of their activities is for promotion of legislation. You have further represented that none of your subordinate organizations is a private foundation under section 509(a), although all subordinates do not all share the same sub-classification under section 509(a). Based on your representations, the subordinate organizations in the *Official Catholic Directory for 2014* are recognized as exempt under section 501(c)(3) of the Code under GEN 0928.

Donors may deduct contributions to you and your subordinate organizations as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to them or for their use are deductible for federal estate and gifts tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

Subordinate organizations under a group exemption do not receive individual exemption letters. Most subordinate organizations are not separately listed in Publication 78 or the EO Business Master File. Donors may verify that a subordinate organization is included

in your group exemption by consulting the *Official Catholic Directory*, the official subordinate listing approved by you, or by contacting you directly. IRS does not verify the inclusion of subordinate organizations under your group exemption. See IRS Publication 4573, *Group Exemption*, for additional information about group exemptions.

Each subordinate organization covered in a group exemption should have its own EIN. Each subordinate organization must use its own EIN, not the EIN of the central organization, in all filings with IRS.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

A handwritten signature in black ink that reads "Tamera Ripperda". The signature is written in a cursive, flowing style.

Tamera Ripperda
Director, Exempt Organizations



Office of the General Counsel

3211 FOURTH STREET, NE • WASHINGTON, DC 20017-1194 • 202-541-3300 • FAX 202-541-3337

June 27, 2014

TO: Subordinate Organizations under USCCB Group Ruling
(GEN: 0928)

SUBJECT: 2014 Group Ruling

FROM: Anthony Picarello, General Counsel *APP*
(Staff: Matthew Giuliano, Assistant General Counsel)

This memorandum relates to the annual Group Ruling determination letter issued to the United States Conference of Catholic Bishops ("USCCB") by the Internal Revenue Service ("IRS"), the most recent of which is dated June 4, 2014, with respect to the federal tax status of subordinate organizations listed in the 2014 edition of the Official Catholic Directory ("OCD").¹ As explained in greater detail below, this 2014 Group Ruling determination letter is important for establishing:

- (1) exemption of subordinate organizations under the USCCB Group Ruling from federal income tax; and
- (2) deductibility of contributions to such organizations for federal income, gift and estate tax purposes.

The 2014 Group Ruling determination letter is the latest in a series that began with the original determination letter of March 25, 1946. In the original 1946 letter, the Treasury Department affirmed the exemption from federal income tax of all Catholic institutions listed in the OCD for that year. Each year since 1946, in a separate letter, the 1946 ruling has been reaffirmed with respect to subordinate organizations listed in the current edition of the OCD.² The annual group ruling letter clarifies important tax consequences for Catholic institutions listed in the OCD, and should be retained for ready reference. Group Ruling letters from prior years establish tax consequences with respect to transactions occurring during those years.

Responsibilities under Group Ruling. Diocesan officials who compile OCD information for submission to the OCD publisher are responsible for the accuracy of such information. They must ensure that only qualified organizations are listed, that organizations are listed under their correct legal names, that organizations that cease to qualify are deleted promptly, and that newly-

¹ A copy of the most recent Group Ruling determination letter and this memo may be found on the USCCB website at www.usccb.org/ogc, under the heading "Group Tax Exemption."

² Catholic organizations with independent IRS exemption determination letters are listed in the 2014 OCD with an asterisk (*), which indicates that such organizations are **not** included in the Group Ruling.

qualified organizations are listed as soon as possible.

EXPLANATION

1. **Exemption from Federal Income Tax.** The latest Group Ruling determination letter reaffirms that the agencies and instrumentalities and educational, charitable, and religious institutions operated, supervised or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions that appear in the 2014 OCD and are subordinate organizations under the Group Ruling are recognized as exempt from federal income tax under section 501(c)(3) of the Code. The Group Ruling determination letter does not cover organizations listed with asterisks or any foreign organizations listed in the 2014 OCD.

Verification of Exemption under Group Ruling. The latest Group Ruling determination letter indicates that most subordinate organizations under a group tax exemption are not separately listed in Exempt Organizations Select Check (“EO Select Check”) or the Exempt Organization Business Master File extract (“EO BMF”), both of which are available on www.irs.gov. As a result, many subordinate organizations included in the USCCB Group Ruling are not included in various online databases (e.g., GuideStar) that are derived from IRS sources. This does not mean that subordinate organizations included in the Group Ruling are not tax exempt, that contributions to them are not deductible, or that they are not eligible for grant funding from corporations, private foundations, sponsors of donor-advised funds or other donors that rely on online databases for verification of tax-exempt status. It does mean that a Group Ruling subordinate may have to make an extra effort to document its eligibility to receive contributions. The Group Ruling determination letter states that donors may verify that a subordinate organization is included in the Group Ruling by consulting the Official Catholic Directory or by contacting the USCCB directly. It also states that the IRS does not verify inclusion of subordinate organizations under the Group Ruling. *Accordingly, neither subordinate organizations nor donors should contact the IRS to verify inclusion under the Group Ruling.*

Subordinate organizations should refer donors, including corporations, private foundations and sponsors of donor-advised funds, to the specific language in the Group Ruling determination letter regarding verification of tax-exempt status, and to IRS Publication 4573, *Group Exemptions*, available on the IRS website at www.irs.gov. Publication 4573 explains that: (1) the IRS does not determine which organizations are included in a group exemption; (2) subordinate organizations exempt under a group exemption do not receive their own IRS determination letters; (3) exemption under a group ruling is verified by reference to the official subordinate listing (e.g., the Official Catholic Directory); and (4) it is not necessary for an organization included in a group exemption to be listed in EO Select Check or the EO BMF. Although not required, organizations in the Group Ruling may be included in the EO BMF, and consequently, online databases derived from it.

2. **Public Charity Status.** The latest Group Ruling determination letter recognizes that subordinate organizations included in the 2014 OCD are public charities and not private foundations under section 509(a) of the Code, but that all subordinate organizations do not share the same public charity status under section 509(a). Therefore, although the USCCB is classified

as a public charity under sections 509(a)(1) and 170(b)(1)(A)(i), that public charity status does *not* automatically extend to subordinate organizations covered under the Group Ruling.

Verification of Public Charity Status. Each subordinate organization in the Group Ruling must establish its own public charity status under section 509(a)(1), 509(a)(2) or 509(a)(3) as a condition to inclusion in the Group Ruling. Certain types of subordinate organizations included in the Group Ruling qualify as public charities by definition under the Code. These are:

- churches and conventions or associations of churches under sections 509(a)(1) and 170(b)(1)(A)(i) (generally limited to dioceses, parishes and religious orders);
- elementary and secondary schools, colleges and universities under sections 509(a)(1) and 170(b)(1)(A)(ii); and
- hospitals under sections 509(a)(1) and 170(b)(1)(A)(iii).

Other subordinate organizations covered under the Group Ruling may qualify under the public support tests of either sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2). Verification of public charity classification under either of the support tests generally can be established by providing a written declaration of the applicable classification signed by an officer of the organization, along with a reasoned written opinion of counsel and a copy of Schedule A of Form 990/EZ, if applicable. Large institutional donors, such as private foundations and sponsors of donor-advised funds, may require this verification prior to making a contribution or grant to be assured that the grantee is not a Type III non-functionally integrated supporting organization.³ A subordinate organization included in the Group Ruling may want to file Form 8940, Request for Miscellaneous Determination, with the IRS to request a determination whether it is a publicly supported charity described in sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2), or is a Type I or II supporting organization, in order to satisfy private foundations and sponsors of donor-advised funds regarding its public charity status.

3. **Deductibility of Contributions.** The latest Group Ruling determination letter assures donors that contributions to subordinate organizations listed in the 2014 OCD are deductible for federal income, gift, and estate tax purposes.

4. **Unemployment Tax.** As section 501(c)(3) organizations, subordinate organizations covered by the Group Ruling are exempt from *federal* unemployment tax. However, individual states may impose unemployment tax on subordinate organizations even though they are exempt from federal unemployment tax. Please refer to your local tax advisor any questions you may have about state unemployment tax.

5. **Social Security Tax.** All section 501(c)(3) organizations, including churches, are required to withhold and pay taxes under the Federal Insurance Contributions Act (FICA) for

³ See Notice 2014-4, 2014-2 I.R.B (January 6, 2014).

each employee.⁴ However, services performed by diocesan priests in the exercise of their ministry are not considered "employment" for FICA (Social Security) purposes.⁵ FICA should not be withheld from their salaries. *For Social Security purposes*, diocesan priests are subject to self-employment tax ("SECA") on their salaries as well as on the value of meals and housing or housing allowances provided to them.⁶ Neither FICA nor income tax withholding is required on remuneration paid directly to religious institutes for members who are subject to vows of poverty and obedience and are employed by organizations included in the Official Catholic Directory.⁷

6. **Federal Excise Tax.** Inclusion in the Group Ruling has no effect on a subordinate organization's liability for federal excise taxes. Exemption from these taxes is very limited. Please refer to your local tax advisor any questions you may have about excise taxes.

7. **State/Local Taxes.** Inclusion in the Group Ruling does not automatically establish a subordinate organization's exemption from state or local income, sales or property taxes. Typically, separate exemptions must be obtained from the appropriate state or local tax authorities in order to qualify for any applicable exemptions. Please refer to your local tax advisor any questions you may have about state or local tax exemptions.

8. **Form 990/EZ/N.** All subordinate organizations included in the Group Ruling must file Form 990, Return of Organization Exempt from Income Tax, Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, or Form 990-N, e-Postcard, *unless* they are eligible for a mandatory or discretionary exception to this filing requirement. ***There is no automatic exemption from the Form 990/EZ/N filing requirement simply because an organization is included in the Group Ruling or listed in the OCD.*** Subordinate organizations must use their own EIN to file Form 990/EZ/N. ***Do not*** use the EIN of the USCCB or an affiliated parish, diocese or other organization to file a return. Form 990/EZ/N is due by the 15th day of the fifth month after the close of an organization's fiscal year.⁸ The following organizations are not required to file Form 990/EZ/N: (i) churches and conventions or associations of churches; (ii) integrated auxiliaries;⁹ (iii) the exclusively religious activities of religious orders; (iv) schools below college level affiliated with a church or operated by a religious order;¹⁰ and (v) certain church-affiliated organizations that finance, fund or manage

⁴ Section 3121(w) of the Code permits certain church-related organizations to make an irrevocable election to avoid payment of FICA taxes, but only if such organizations are opposed for religious reasons to payment of social security taxes.

⁵ I.R.C. § 3121(b)(8)(A).

⁶ I.R.C. § 1402(a)(8).

⁷ Rev. Rul. 77-290, 1977-2 C.B. 26. *See also* OGC/LRCR Memorandum on Compensation of Religious, <http://www.usccb.org/about/general-counsel/compensation-of-religious.cfm> (September 11, 2006).

⁸ The penalty for failure to file the Form 990/EZ is \$20 for each day the failure continues, up to a maximum of \$10,000 or 5 percent of the organization's gross receipts, whichever is less. However, organizations with annual gross receipts in excess of \$1 million are subject to penalties of \$100 per day, up to a maximum of \$50,000. I.R.C. § 6652(c)(1)(A). There is no monetary penalty for failing to file or late-filing a Form 990-N.

⁹ I.R.C. § 6033(a)(3)(A)(i); Treas. Reg. § 1.6033-2(h).

¹⁰ Treas. Reg. § 1.6033-2(g)(1)(vii).

church assets, or maintain church retirement insurance programs, and organizations controlled by religious orders that finance, fund or manage assets used for exclusively religious activities.¹¹ Organizations should exercise caution if they choose not to file a Form 990/EZ/N because they believe they are not required to do so. If IRS records indicate that the organization should file a Form 990/EZ/N each year (for example, the organization receives an IRS notice stating that it failed to file a return for a given year), then the organization may appear on the auto-revocation list notwithstanding its claim to being exempt from the filing requirement.

Which form an organization is required to file usually depends on the organization's gross receipts or the fair market value of its assets.

Gross receipts or fair market value of assets	Return required
Gross receipts normally not more than \$50,000 (regardless of total assets)	990-N (but may file a Form 990 or 990-EZ)
Gross receipts < \$200,000, and Total assets < \$500,000	990-EZ (but may file a Form 990)
Gross receipts ≥ \$200,000, or Total assets ≥ \$500,000	990

Special Rules for Section 509(a)(3) Supporting Organizations. Every supporting organization described in section 509(a)(3) included in the Group Ruling must file a Form 990 or Form 990-EZ (and not Form 990-N) each year, unless (i) the organization can establish that it is an integrated auxiliary of a church within the meaning of Treas. Reg. § 1.6033-2(h) (in which case the organization need not file Form 990/EZ or Form 990-N); or (ii) the organization's gross receipts are normally not more than \$5,000, in which case, the religious supporting organization may file Form 990-N in lieu of a Form 990 or Form 990-EZ.

Automatic Revocation for Failure to File a Required Form 990/EZ/N. Any organization that does not file a required Form 990/EZ/N for three consecutive years automatically loses its tax-exempt status under section 6033(j). If an organization loses its tax-exempt status under section 6033(j), it must file an application (Form 1023) with the IRS to reinstate its tax-exempt status. See the IRS website (charities and non-profits) at <http://www.irs.gov/Charities-&-Non-Profits/> for information on automatic revocation, including the current list of revoked organizations and guidance about reinstatement of exemption.

Public Disclosure and Inspection. Subordinate organizations required to file Form 990/EZ¹² must upon request make a copy of the form and its schedules (other than contributor lists) and attachments available for public inspection during regular business hours at the

¹¹ Rev. Proc. 96-10, 1996-1 C.B. 577.

¹² Form 990-N is available for public inspection at no cost through the IRS website at www.IRS.gov.

organization's principal office and at any regional or district offices having three or more employees. Form 990/EZ for a particular year must be made available for a three year period beginning with the due date of the return.¹³ In addition, any organization that files Form 990/EZ must comply with written or in-person requests for copies of the form. The organization may impose no fees other than a reasonable fee to cover copying and mailing costs. If requested, copies of the forms for the past three years must be provided. In-person requests must be satisfied on the same day. Written requests must be satisfied within 30 days.¹⁴

Public Disclosure of Form 990-T. Form 990-T, Exempt Organization Unrelated Business Income Tax Return, for organizations exempt under section 501(c)(3) (which includes all organizations in the USCCB Group Ruling) is subject to similar¹⁵ public inspection and copying rules that apply to Forms 990/EZ.

Group Returns. USCCB does not file a group return Form 990 on behalf of any organizations in the Group Ruling. In addition, no subordinate organization under the Group Ruling is authorized to file a group return for its own affiliated group of organizations.

9. **Certification of Racial Nondiscrimination by Private Schools in Group Ruling.** Revenue Procedure 75-50¹⁶ sets forth notice, publication, and recordkeeping requirements regarding racially nondiscriminatory policies with which private schools, including church-related schools, must comply as a condition of establishing and maintaining exempt status under section 501(c)(3) of the Code. Under Rev. Proc. 75-50 private schools are required to file an annual certification of racial nondiscrimination with the IRS. For private schools not required to file Form 990, the annual certification must be filed on Form 5578, Annual Certification of Racial Nondiscrimination for a Private School Exempt from Federal Income Tax. This form is available at www.irs.gov. Form 5578 must be filed by the 15th day of the fifth month following the close of the fiscal year. Form 5578 may be filed by an individual school or by the diocese on behalf of all schools operated under diocesan auspices. The requirements of Rev. Proc. 75-50 remain in effect and must be complied with by all schools listed in the OCD. *Diocesan or school officials should ensure that the requirements of Rev. Proc. 75-50 are met since failure to do so could jeopardize the tax-exempt status of the school*

¹³ The penalty for failure to permit public inspection of the Form 990 is \$20 for each day during which such failure continues, up to a maximum of \$10,000. I.R.C. § 6652(c)(1)(C).

¹⁴ I.R.C. § 6104(d). Generally, a copy of an organization's exemption application and supporting documents must also be provided on the same basis. However, since organizations included in the Group Ruling do not file exemption applications with the IRS, nor did the USCCB, organizations included in the Group Ruling should respond to requests for public inspection and written or in-person requests for copies by providing a copy of the page of the current OCD on which they are listed. If a covered organization does not have a copy of the current OCD, it has two weeks within which to make it available for inspection and to comply with in-person requests for copies. Written requests must be satisfied within the general time limits.

¹⁵ Only the Form 990-T itself, and any schedules, attachments, and supporting documents that relate to the imposition of tax on the unrelated business income of the organization, are required to be made available for public inspection.

¹⁶ 1975-2 C.B. 587.

and, in the case of a school not legally separate from the church, the tax-exempt status of the church itself.

10. **Lobbying Activities.** Subordinate organizations under the Group Ruling may lobby for changes in the law, provided such lobbying is not more than an insubstantial part of their total activities. Attempts to influence legislation both directly and through grassroots lobbying are subject to this restriction. The term “lobbying” includes activities in support of or in opposition to referenda, constitutional amendments, and similar ballot initiatives. There is no distinction between lobbying activity that is related to a subordinate organization's exempt purposes and lobbying that is not. There is no fixed percentage that constitutes a safe harbor for “insubstantial” lobbying. Please refer to your local tax advisor any questions you may have about permissible lobbying activities.

11. **Political Activities.** *Subordinate organizations under the Group Ruling may not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Violation of the prohibition against political campaign intervention can jeopardize the organization's tax-exempt status.* In addition to revoking tax-exempt status, IRS may also impose excise taxes on an exempt organization and its managers on account of political expenditures. Where there has been a flagrant violation, the IRS has authority to seek an injunction against the exempt organization and immediate assessment of taxes due. The Office of General Counsel memorandum, *Political Campaign Activity Guidance for Catholic Organizations*, available at www.usccb.org/ogc, contains detailed information regarding the prohibition against political campaign intervention. If you have any questions in this regard, please refer them to your local tax advisor.

12. **Group Exemption Number (“GEN”).** The group exemption number or GEN assigned to the USCCB Group Ruling is 0928. *This number must be included on each Form 990/EZ, Form 990-T, and Form 5578 required to be filed by a subordinate organization under the Group Ruling.*¹⁷ We advise *against* using GEN 0928 on Form SS-4, Request for Employer Identification Number, because in the past this has resulted in the IRS improperly including the USCCB as part of the subordinate organization's name in IRS records.

13. **Employer Identification Numbers (“EINs”).** Each subordinate organization under the Group Ruling should have its own EIN. A subordinate organization must use its own EIN. **Do not** use the EIN of the USCCB or an affiliated parish, diocese or other organization in any filings with IRS (*e.g.*, Forms 941, W-2, 1099, or 990/EZ) or other financial documents. In addition, subordinate organizations may *not* use USCCB's EIN in order to qualify for online donations, grants or matching gifts.

¹⁷ The IRS has expressed concern about organizations covered under the Group Ruling that fail to include the group exemption number (0928) on their Form 990/EZ/T filings, particularly the initial filing.

Exhibit 8

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Three Catholic schools to close, 8 under urgent review to remain open

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Before making the opening sign of the cross at Mass last Sunday, Father Thomas Kommers, pastor at St. Joseph in Red Wing, prayed for students and staff at the parish's school after the announcement that it would be closing its doors for good at the end of the 2010-2011 school year.

St. Joseph is one of three Catholic schools in the Archdiocese of St. Paul and Minneapolis that will close at the end of the current school year because they lack long-term sustainability. The other two are St. Mathias in Hampton and San Miguel Middle School in Minneapolis.

Local school leaders at St. Joseph School, which has 43 students in kindergarten through fourth grade, and St. Mathias School, with 22 students in pre-K through fifth grade, made the decision to close after participating in an urgent review process outlined in the archdiocesan strategic plan announced last fall. (The pre-kindergarten program at St. Joseph School is not closing.)

San Miguel Middle School, which enrolls 60 students and is independently administered by the DeLaSalle Christian Brothers, completed its own review process in making its determination to close.

"The closing of a Catholic school always involves sad and difficult decisions," Archbishop John Nienstedt said in a letter accompanying the announcement. "Families and school staff are deeply impacted, as is the entire parish and school community. We may take comfort, however, in knowing that when a school building closes, the history and tradition of the school community lives on in the generations of students who walked its halls and were formed in its classrooms."

Father Kommers at St. Joseph said the school's enrollment declined this year when the public school system added fifth grade to its middle schools. The recession also hit school families hard, making it difficult for the school to raise tuition levels.

In a letter to parents after the decision to close the school had been made, Father Kommers said he wrote that "it's a time of change, we're on a different path than we had expected to be on, but I think we have a firm commitment to continuing to raise our children — to form them, to educate them — to be faith-filled followers of Jesus."

The parish, he said, has offered to pay the difference between in-parish tuition and out-of-parish tuition for students to attend St. Elizabeth Ann Seton in Hastings or St. John the Baptist in Vermillion. It also is working on organizing carpooling to the two Catholic schools, which are about 30 miles away from St. Joseph.

Easing the transition

Marty Frauenheim, superintendent of Catholic schools, said the archdiocese is working closely with school leaders to ease the transition for affected families.

Families received letters from school leaders explaining assistance that is available to enroll their children in a nearby Catholic school for the 2011-2012 academic year, according to the archdiocese. Arrangements are being made with neighboring Catholic schools regarding transportation and tuition issues.

Efforts also are under way to help affected employees, including helping them find positions in other Catholic schools.

Despite the closing announcement, "the thing we're very happy about is that, as the schools are realizing that they are not going to be able to provide Catholic education as a Catholic school, they have not put aside their determination to continue to support Catholic education for those children," Frauenheim told The Catholic Spirit. "They are currently looking to see how they can continue to provide that opportunity for those children and those families that want their children to continue in a Catholic school."

Ongoing support from the affected parish communities could take the form of tuition assistance to help students attend another Catholic school and helping to facilitate transportation options, she said.

Initiated by the strategic plan, the urgent review process is part of a broader school review process that includes ongoing evaluation and strengthened accountability requirements.

All Catholic schools were assigned to one of four categories: urgent review schools; sustainability review schools, which will undergo a review process during the next three years; shared resources discussion schools, in which participants will engage in conversations about viability and collaboration with nearby schools and parishes; and schools where there is no change at this time.

Schools evaluations are focused on four categories the strategic plan has identified as criteria for long-term viability: Catholic identity, academic quality, financial management and marketing/development.

Making recommendations

St. Joseph and St. Mathias schools began the urgent review process last October by forming local school task forces, which analyzed and reviewed data related to the long-term viability criteria.

The process included an open meeting with school families and stakeholders at each school during which local task force members detailed the current status of the school as it related to the viability criteria.

The task force then developed a recommendation regarding the school's future based on what they learned through the process. In mid-December, local task forces presented their recommendations to a review board made up of archdiocesan staff and others. The review board reflected with local task force representatives on the sustainability of their schools.

In each case, local school leaders made the final decision about whether to close, Frauenheim said.

"The schools that were designated to do that urgent review had some things in common," she told The Catholic Spirit. "One of those was changing demographics that affected enrollment and finances.

"There just weren't enough children in some of those areas" to help sustain the schools over time, she added. "In terms of [St. Joseph and St. Mathias], they're both fairly small and they've both been looking at that for a while."

Next steps

Eight other urgent-review schools will remain open. Pope John Paul II School in Minneapolis is one of those schools.

When principal Debra King announced to students over the intercom system that the school would remain open, she said the children waved their hands in the air, jumped up and down, and said, "Thank you, Jesus!"

The kindergarten to eighth-grade school, with an enrollment of 105 students, underwent urgent review because of concerns about the impact of parish mergers and expensive upgrades required to bring the school building up to code.

Administrators have devised a marketing plan to draw more students to the school, and an anonymous donor paid for the costs of the upgrades, King said. As a result, the school remains in the black.

One requirement for urgent-review schools to remain open was producing a plan for a balanced budget over the next three years.

"The challenges [the other urgent-review schools] have haven't gone away," Frauenheim said.

"The next steps around that are following up by monitoring and seeing how they're doing along the way," she added.

One of the strategic plan's next steps is set to begin in February when seven schools come together in two different regions for shared resource discussions, Frauenheim said.

"There are a number of schools that will be called together in these round one discussions," she said. "Possible outcomes are a greater collaboration among . . . schools, for example, including some urgent review schools. It also might be sharing programs, sharing staff or even a [single] school within that region," she said.

For more information, please visit http://archspmsschools.org/news_events.aspx. Families seeking assistance in finding a Catholic school that meets their needs are invited to call the Catholic Schools Hotline at 612-SCHOOLS (612-724-6657).

Urgent review schools

The remaining eight Catholic schools that underwent urgent review and have decided to remain open are as follows:

- Academy of Ss. Peter and Paul, Loretto.
- Immaculate Conception, Columbia Heights.
- Our Lady of Peace, Minneapolis.
- Our Lady of the Prairie, Belle Plaine.
- Pope John Paul II, Minneapolis.
- St. Bernard, Cologne.
- St. Francis-St. James United, St. Paul.
- St. Matthew, St. Paul.

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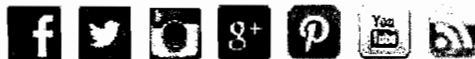
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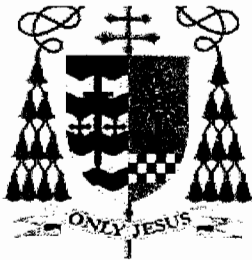
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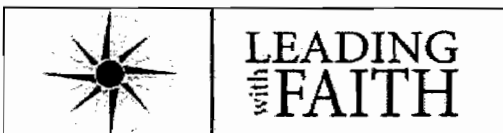
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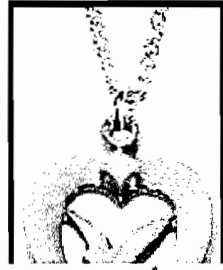


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Exhibit 9

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LATEST» Pressure Washer, Photoshop Elements, Crocs, Texas: Thursday's Best Deals
(<http://patch.com/minnesota/lakeminnetonka/s/fr0dl/pressure-washer-photoshop-elements-crocs-tevas-thursdays-best-deals>)

Tonight: Meeting Planned to Discuss Our Lady of the Lake School Closing

Archdiocese stresses decision to close Our Lady of the Lake Catholic School was made at the parish level and that Archbishop John Nienstedt approved Father Tim Dolan's recommendation.

Lake Minnetonka, MN

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By JAY CORN (Patch Staff) - (<http://patch.com/users/jay-corn-2>) ☺ January 23, 2013 8:26 pm ET



January 15, 2013

Dear Families,

We are writing this letter with heavy hearts. As you know, we have been engaged in an intensive review process aimed at determining our school's future sustainability for some time now. After this review, we have concluded that our school is not financially or demographically sustainable for the long-term. Because of this, it is with great sadness that we announce the closing of Our Lady of the Lake Catholic School at the end of this 2012-2013 school year.

Through the end of this school year, we will continue to provide the same excellent and Christ-centered education and supportive school community that you have come to expect. We will be working with the Archdiocese and neighboring Catholic schools to make our school families' transition to a nearby Catholic school as smooth as possible. We will also be working

with the Archdiocese to help our faculty in their efforts to find new positions.

You are invited to contact Fr. Tim Dolan at 952-472-1284, ext. 172, Ellen Feuling at 952-472-1284, ext. 151 or the archdiocesan Catholic School Hotline at 612-724-6657 and we will help you in any way we can.

We are both very grateful for your support of our school now and in the past. We look forward to working together as your children complete the rest of this school year. While this is a difficult time for all of us, we can take comfort in knowing the legacy of Our Lady of the Lake Catholic School will live on through the many students who have studied, learned and grown in their faith here over the past 61 years.

We are praying for all the staff and families in our Catholic school community during this time of transition. Please also keep us in your prayers during the weeks and months ahead.

Kimberly Hanson has two kids currently attending Our Lady of the Lake Catholic School in Mound. While she was aware the school was struggling with enrollment and finances, she says she was still taken by surprise and "outraged" when a letter arrived in the mail last Wednesday notifying her the school would be closing after this academic year.

"Our priest did not communicate this at all until now," Hanson said. "Many members of the parish have offered help and support to us—trying to save the school. Jack Weist has been at the church for 47 years and runs the food shelf. His grand kids attend the school, and he had no idea. He is outraged, as we all are."



In an effort to rescue the school, a group of concerned parents and parish members formed this year to develop a marketing strategy aimed at boosting enrollment and stabilizing the school's finances.

"This group has invested time and their own money," Hanson said. "They began to market our school, but the priest shelved most of the marketing—reason unknown."

In the last week Hanson, along with dozens of other parents and church members, have turned their group into a School Action Committee that has been soliciting signatures for an appeal to the Archdiocese of Minneapolis and St. Paul (<http://www.archspm.org/>). The committee will be hosting a meeting tonight at 6:30 p.m. to discuss the closing.

Jim Accurso, a spokesman for the Archdiocese of St. Paul in Minneapolis, said tonight's meeting would be a pivotal in the future of Our Lady of the Lake Catholic School.

"There is not an appeal process per say," Accurso said. "If a parish were closing there would be an appeal process, but when there is a school closing there is not an appeal process. Could this (closing the school) change? It could. This meeting Tuesday night is going to be very critical."

If you go:

- When: Tuesday, Jan. 22
- Time: 6:30 p.m.
- Location: 2385 Commerce Boulevard Mound (952) 472-1284

Accurso went on to stress that the decision to close the school was made by the parish—not the Archdiocese.

"A recommendation is made from the pastor to the Archbishop," Accurso said. "The decision itself is not the Archbishop's—it's made on the local level. Unlike other dioceses, every parish here is an individual corporation. The decisions are made at the local level. This was a local decision. It's a parish school, so it's the pastor's decision."

More from Across Patch

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(<http://patch.com/minnesota/washer-photoshop-elements-crocs-tevas-thursdays-best-deals>)
- Morley Safer, Legendary Journalist Of '60 Minutes' Fame, Dead at 84
(<http://patch.com/minnesota/safer-legendary-journalist-of-60-minutes-fame-dead-at-84>)
- Oklahoma Senate Passes Bill Criminalizing Abortion
(<http://patch.com/minnesota/senate-passes-bill-criminalizing-abortion>)
- 'Let My Kids Be Kids': After Slight, Mom Pens Permanent Tree Climbing Permission Slip
(<http://patch.com/minnesota/my-kids-be-kids-after-slight-mom-pens-permission-slip>)

Accurso did say, however, that Archbishop John Nienstedt, signed off on the school closing after reviewing the parish's recommendation. Our Lady of the Lake Catholic School is currently the only school in the Archdiocese of St. Paul and Minneapolis that has been slated to close after the 2012-13 school year.

"This is a unique situation," Accurso said.

Lake Minnetonka Patch requested to speak with Archbishop Nienstedt but was told his schedule was particularly busy this week and an interview was not possible.

permanent-tree-climbing-
permission-slip)

An online petition has been started

(<http://lakeminnetonkaacademy.com/about-us/archdiocese-appeal-letter/>) asking Arch Bishop Nienstedt to reconsider the decision to close Our Lady of Lake Catholic School. The petition, submitted Jan. 17 by Mike Reier, is based on concerns about the "process that was utilized within the sustainability study, the methodology of determination regarding the viability of the school, the failure to consider other business options or business models and the fact that those of us on Parish Counsel and School Advisory Committee were not even consulted or advised of any pending decision."

"As a long time members of Our Lady of the Lake school and parish, we were told the school would remain open in a December letter to parents. The decision to close the school was made abruptly and did not include parents and or parish members." —Chris Johnson

The decision to close Our Lady of the Lake Catholic School was made after the school underwent a sustainability review process. A number of factors go into a sustainability review process, including population, demographics, number of families in the area with school-age children and Catholic families.

Our Lady of the Lake's sustainability study (<http://www.ourladyofthelake.com/files/files/sustainability%20plan.pdf>) was completed in 2011.

- **KSTP: Catholic School Announces Closure at End of School Year** (<http://kstp.com/news/stories/s2904138.shtml>)

An emergency meeting, attended by about 100 people, was called last week to discuss the school closing and to construct a plan on how to best move forward. A decision was made to begin the process of opening a new school in the Lake Minnetonka area in time for the 2012-13 school year and naming it the Lake Minnetonka Academy.

Members of the parish and other community members involved with the new school's formation [created a Facebook page](https://www.facebook.com/LakeMinnetonkaAcademy?ref=ts&fref=ts) (<https://www.facebook.com/LakeMinnetonkaAcademy?ref=ts&fref=ts>) last week in an effort to keep parents and the community informed on their progress.

Lake Minnetonka Patch will have additional updates to this story in the coming day.

More from Lake Minnetonka Patch (/minnesota/lakeminnetonka)



Rock 'N' Roll Xmas At Chanhassen Theatres

(<http://patch.com/minnesota/lakeminnetonka/rock-n-roll-xmas-spectacular-chanhassen-theatres>)



Celebrate New Year's Eve At Old Log Theater

(<http://patch.com/minnesota/lakeminnetonka/celebrate-new-years-eve-old-log-theater>)

Stages Theatre To Hold Auditions For The Snow Queen

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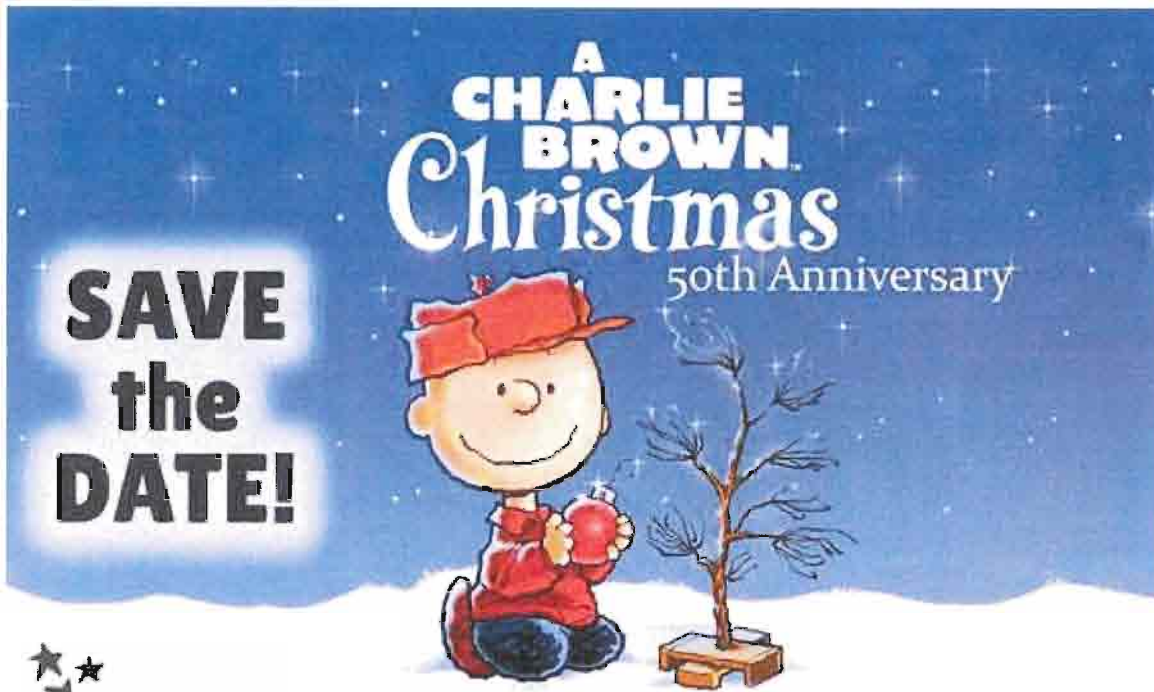
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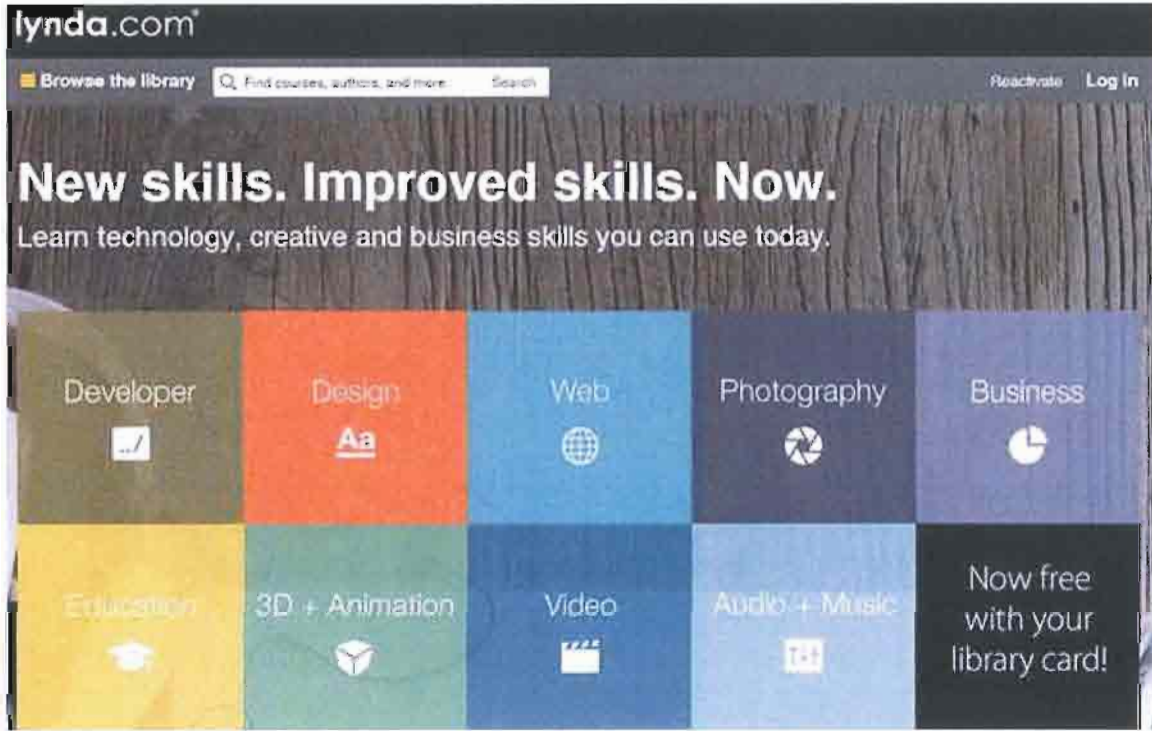
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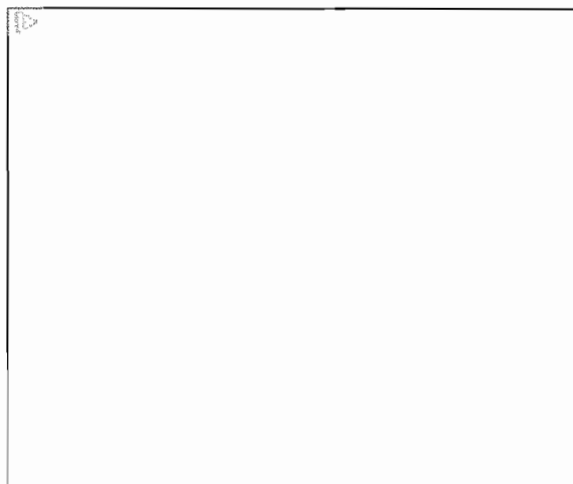
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Exhibit 10

**ARTICLES AND PLAN OF MERGER OF
THE CHURCH OF ST. PHILIP OF MINNEAPOLIS, MINNESOTA
AND
THE CHURCH OF THE ASCENSION OF MINNEAPOLIS, MINNESOTA**

**ARTICLES AND PLAN OF MERGER OF
THE CHURCH OF ST. PHILIP OF MINNEAPOLIS, MINNESOTA
AND
THE CHURCH OF THE ASCENSION OF MINNEAPOLIS, MINNESOTA**

The Church of St. Philip of Minneapolis, Minnesota, a Minnesota religious parish corporation organized pursuant to Minnesota Statutes Section 315.15 and The Church of the Ascension of Minneapolis, Minnesota, a Minnesota religious parish corporation organized pursuant to Minnesota Statutes Section 315.15, do hereby adopt in accordance with Minnesota Statutes Section 315.365, the following Articles and Plan of Merger:

Article 1. The parties hereto agree to effect this Merger.

Article 2. The corporation to survive this Merger shall be known as “The Church of the Ascension of Minneapolis, Minnesota”, and it shall continue as a Minnesota religious parish corporation organized pursuant to Minnesota Statutes Section 315.15.

Article 3. The parties to these Articles and Plan of Merger are The Church of St. Philip of Minneapolis, Minnesota and The Church of the Ascension of Minneapolis, Minnesota, each incorporated in the State of Minnesota as religious parish corporations. The purpose of these Articles and Plan of Merger is to combine, merge, unite and consolidate each such religious parish corporation into a single surviving corporation as set forth herein.

Article 4. The location of the principal office of the surviving corporation to this merger and consolidation is as follows: 1723 Bryant Avenue North, Minneapolis, Minnesota 55411.

Article 5. Persons who constitute the members and Board of Directors of the surviving corporation shall be the Archbishop of The Archdiocese of Saint Paul and Minneapolis, the Vicar General of said Archdiocese, the Pastor assigned to The Church of the Ascension of Minneapolis, Minnesota, and two lay members of the Roman Catholic Church, both belonging to said parish, selected and designated as provided in the Articles of Incorporation for the parish known as The Church of the Ascension of Minneapolis, Minnesota.

Article 6. The general purposes of the surviving corporation are to take charge of and manage all of the temporal affairs of the Roman Catholic Church in said parish formed through the merger of the parishes as designated herein; to promote the spiritual, educational and other interests of the said Roman Catholic Church in said parish; including all the charitable, benevolent and eleemosynary work of said Church in said parish; to take charge of, uphold and manage all property, personal and real, that may at any time or in any manner come to or vest in the surviving corporation for any purpose whatsoever, whether by purchase, gift, grant, devise or otherwise, and to mortgage the same, sell or otherwise dispose of the same as the necessities of the surviving corporation may require. The general area to be served by the parish is the area located in the County of Hennepin, State of Minnesota, generally described as follows:

To the North- North Lowry Avenue, beginning at Mississippi River and continuing west to North Logan Avenue;

To the West- South on Logan to the intersection of Golden Valley Road, then west along Golden Valley Road to Xerxes Avenue North, then south along Xerxes to North Plymouth Avenue;

To the South- East on North Plymouth Avenue to the Mississippi River; then

To the East- North along the Mississippi River.

Article 7. These Articles and Plan of Merger were duly adopted and approved by all of the members and the Board of Director of The Church of St. Philip of Minneapolis, Minnesota on December 21, 2012 and by all the members and Board of Directors of The Church of the Ascension of Minneapolis, Minnesota on December 21, 2012, and effective the date when these Articles and Plan of Merger are accepted for recording by the Hennepin County Recorder, the county where the surviving corporation has its principal place of business.

Article 8. The Plan of Merger is as follows:

8.1 The Church of St. Philip of Minneapolis, Minnesota shall be merged into The Church of the Ascension of Minneapolis, Minnesota and consolidated into a single surviving corporation, which shall continue as a Minnesota religious parish corporation organized and existing pursuant to Minnesota Statutes Section 315.15, known as The Church of the Ascension of Minneapolis, Minnesota.

8.2 The Articles of Incorporation of The Church of the Ascension of Minneapolis, Minnesota shall be and remain the Articles of Incorporation of the surviving corporation until the same is altered, amended or repealed as provided therein.

8.3 The Bylaws of The Church of the Ascension of Minneapolis, Minnesota shall be and remain the Bylaws of the surviving corporation until the same be altered, amended or repealed in accordance with the provisions of the surviving corporation's

Articles of Incorporation, or in the manner permitted by the applicable provisions of the law.

8.4 Persons who constitute the members and Board of Directors of the surviving corporation shall be the Archbishop of The Archdiocese of Saint Paul and Minneapolis, the Vicar General of said Archdiocese, the Pastor assigned to The Church of the Ascension of Minneapolis, Minnesota, and two lay members of the Roman Catholic Church, both belonging to said parish, selected and designated as provided in the Articles of Incorporation for the parish known as The Church of the Ascension of Minneapolis, Minnesota.

The directors and officers of the surviving corporation, until their respective successors have been elected and qualified, shall be as follows:

<u>Name</u>	<u>Office</u>
Most Reverend John C. Nienstedt, Archbishop	President
Very Reverend Peter A. Laird, Vicar General	
Reverend Michael J. O'Connell, Pastor	Vice President
Michael Dols, Lay Member	Treasurer
Elizabeth Sullivan, Lay Member	Secretary

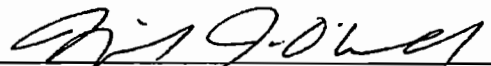
8.5 On the effective date of the merger, the separate corporate identity of The Church of St. Philip of Minneapolis, Minnesota, a Minnesota religious parish corporation shall be merged into, consolidated with and continue in The Church of the Ascension of Minneapolis, Minnesota, the surviving corporation and all of the legal title to assets held or owned by The Church of St. Philip of Minneapolis, Minnesota shall vest in the surviving corporation, and all of its property, rights, privileges, of whatsoever nature and description, including any subsequent and/or future gifts, bequests, trusts or the like, shall

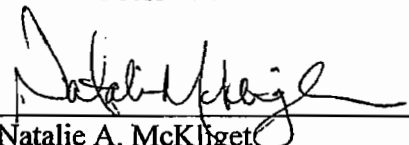
be transferred to, vest in, and devolve upon the surviving corporation, without further act or deed.

8.6 The effective date of the Merger shall be the date when these Articles and Plan of Merger are accepted for recording by the Hennepin County Recorder, the county where the surviving corporation has its principal place of business.


IN WITNESS WHEREOF, the parties have executed these Articles and Plan of Merger on the 21 day of December, 2012.

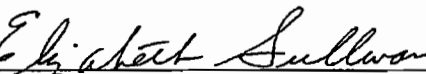
THE CHURCH OF ST. PHILIP OF
MINNEAPOLIS, MINNESOTA
a Minnesota religious parish corporation

By: 
Reverend Michael J. O'Connell
Its Vice President

By: 
Natalie A. McKilget
Its Secretary

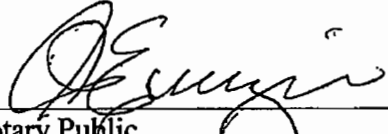
THE CHURCH OF THE ASCENSION OF
MINNEAPOLIS, MINNESOTA,
a Minnesota religious parish corporation

By: 
Reverend Michael J. O'Connell
Its Vice President

By: 
Elizabeth Sullivan
Its Secretary

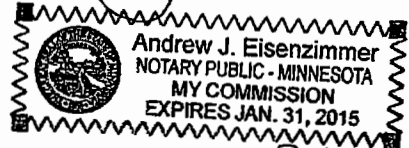
STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 21 day of December, 2012, by Reverend Michael J. O'Connell the Vice President of The Church of St. Philip of Minneapolis, Minnesota, a Minnesota religious parish corporation on behalf of the corporation.

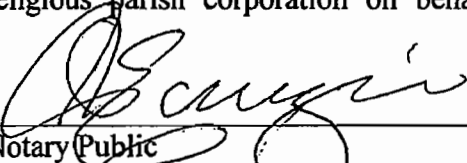


Notary Public

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

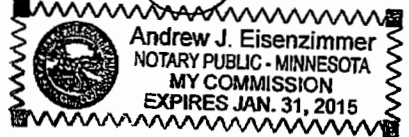


The foregoing instrument was acknowledged before me this 21 day of December, 2012, by Natalie A. McKliget, the Secretary of The Church of St. Philip of Minneapolis, Minnesota, a Minnesota religious parish corporation on behalf of the corporation.

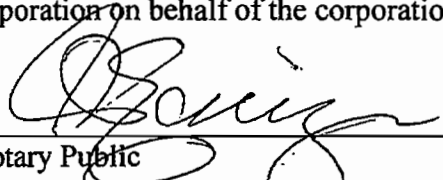


Notary Public

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)



The foregoing instrument was acknowledged before me this 21 day of December, 2012, by Reverend Michael J. O'Connell and Elizabeth Sullivan the Vice President and Secretary respectively of The Church of the Ascension of Minneapolis, Minnesota, a Minnesota religious parish corporation on behalf of the corporation.



Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
 Meier, Kennedy & Quinn, Chartered
2200 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101-2137

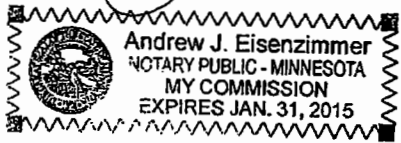


Exhibit 11

VARIETY

Indian church, archdiocese clash over mass elements

Archdiocese questions use of special wine.

By ROSE FRENCH Star Tribune | DECEMBER 13, 2010 — 10:27PM

Buffalo hide adorns the altar. Sage is burned to help cleanse the heart, soul and mind. Ojibwe and Lakota languages are used in many of the prayers and songs. Traditional Indian elements like these have been part of the worship service for decades at the Church of Gichitwaa Kateri in Minneapolis, the only Twin Cities Catholic parish with a predominantly Indian congregation.

The future use of Indian practices, however, is being questioned by the Archdiocese of St. Paul and Minneapolis, which temporarily suspended mass at the church last month after conflict arose over the use of specialized wine.

The unrest at Gichitwaa Kateri comes at a time when Pope Benedict has called for renewed emphasis on tradition and uniformity in the Catholic church, leaving churches like Kateri wondering how many, if any, of their traditions may be compromised. Twin Cities Archbishop John Nienstedt also has a history of strongly adhering to orthodox church doctrine.

"Without question there likely will be some changes because, first and foremost, it's a Catholic mass," said Dennis McGrath, archdiocese spokesman. "And then only within that context ... can the native rituals be incorporated."

Maureen Headbird, 54, a church trustee, said the nearly 100 members of the tight-knit parish would be greatly saddened and disappointed if their church lost its distinctive elements, because they are an important part of their Indian heritage.

"We want to make sure our community stays the way it is," said Headbird, who is Indian and was raised Catholic. "When you come to our parish, you really have to have an open mind to see what we do. Sometimes that doesn't work out for everybody."

Conflict follows new pastor

The conflict over the wine began after the arrival of a new pastor in June following the retirement of the Rev. James Notebaart, who served the community for close to 20 years.

Headbird said that before, the congregation typically drank mustum, grape juice that is only minimally fermented, instead of wine because some members of the congregation are alcoholics or recovering alcoholics.

She said the new pastor, the Rev. Stephen Hoffman, questioned the use of mustum and told congregants that wine or mustum would not be distributed during mass. That upset many in the church.

Soon after, parish members received a letter from Hoffman dated Nov. 24, which stated "Archbishop [John] Nienstedt has asked me to relay to you, that given the present situation, there will be no Sunday Mass here ... until further notice. The Chancery will be notifying the elders of the community to set up a meeting to discuss the situation."

Mass was not celebrated at the church Nov. 28, Headbird said, and Hoffman was not present.

Kateri church leaders then met on Friday with Auxiliary Bishop Lee Piche, who came to the church last Sunday to celebrate mass. He also plans to do the same next Sunday as well, said McGrath.

Piche made few references to Hoffman during mass, and asked the congregation on Sunday that "during this time of transition ... pray to send a pastor here to meet your needs." Neither wine nor mustum was shared at communion.

"This whole situation is now in the hands of Bishop Piche," McGrath said. "He's been designated by the archbishop to handle this. They can celebrate mass at this site, and they will."

As far as potential changes to the Indian elements incorporated in the mass, McGrath said, "that's part of what will be discussed by Piche and the elders."

A long-standing practice

Founded in 1975, Gichitwaa Kateri has added Indian elements to the Catholic ceremony for nearly two decades. A lodge made of willow, structured like a dome-shaped Ojibwe wigwam, contains a bundle that holds sacred things, including the Eucharist. Traditional Ojibwe medicines such as tobacco, cedar, sage and sweet grass are used as regular parts of the Sunday Eucharist. Drums and prayers and songs in Ojibwe and Lakota are also prominent.

Eric Michael Mazur, a religious studies professor at Virginia Wesleyan College, who has written about Indian religion, said it's not uncommon for ethnic groups to combine elements from their own cultures with the Catholic mass. Most Indians practiced either some form of Christianity or some blend of Christianity and their native traditions, he said.

He notes that much of the church's history with Indians is tainted with strife, death and destruction, and that church officials should be especially sensitive when dealing with parishes like Gichitwaa Kateri. At the same time, however, wine is a crucial and sacred element to the mass and is a key difference between Catholic and many Protestant faiths that use grape juice instead of wine, he added.

"In some ways, the wine may be an irreconcilable difference," Mazur said. "In the Catholic church, the wine becomes the actual blood of Christ. In Protestant churches, mostly, it's a recollection of an event and not the mystery of the sacrament that it is for Catholics."

Rose French • 612-673-4352

Exhibit 12

VARIETY

Strange case of priest vs. flock rocks Buffalo parish

The Rev. Thomas Rayar, involved in a long-running tiff with his congregation at the Church of St. Francis Xavier, quit Friday and filed a defamation of character suit against parishioners, who allege he had an affair.

By Jeff Strickler (<http://www.startribune.com/jeff-strickler/10646056/>) Star Tribune |

FEBRUARY 2, 2008 — 8:24AM

A telephone call intercepted by a baby monitor, charges of an affair and a long-running war of words between a Roman Catholic priest and disgruntled parishioners has rocked a church in Buffalo and could land the participants in court.

The Rev. Thomas Rayar resigned Friday from the Church of St. Francis Xavier, but not until he had sued 11 members of the congregation for defamation of character, saying that they "threatened to publicly humiliate me" at a sit-in scheduled for Sunday.

The planned protest, in which parishioners had said they would occupy the church until Rayar was removed by the Archdiocese of St. Paul and Minneapolis, has been canceled. On Jan. 25, Archbishop Harry Flynn sent a strongly worded letter to the parishioners cautioning against staging the protest, saying, "It is inappropriate and disrespectful to make threats to your archbishop."

The primary issue, according to the court documents filed by Rayar, 48, was a letter circulated among church members alleging that he was having an affair with a woman he had counseled at a previous parish.

That is "false and defamatory," his suit says.

The allegation "will expose me to hatred, contempt, ridicule [and] degradation."

Rayar's lawyer, Ted Buselmeier, said that the archdiocese "has reviewed all of the available evidence and has concluded that the rumor [of an affair] is false. Furthermore, such defamatory statements are illegal both criminally and civilly."

But the church members claim to have proof of the affair, including a call Rayar made using a cordless phone whose signal was picked up by a nearby parishioner's baby monitor. Rayar's suit argues that reporting the contents of the call constitutes "illegal wiretapping by private individuals."

Dave Shamba, who is representing all 11 defendants, said they had decided as a group not to comment. Those listed in the suit are Natasha Bjorback, Simone Brovege, Jonathan Davis, Joseph DesMaris, Jan and Larry Hance, Robert Pahl, James and Patricia Whalen, Nell Wohlenhaus and Marjorie Zrust.

Copies of letters obtained by the Star Tribune indicate that the suit is the latest skirmish in a war of words that has been going on for months, perhaps even longer. As far back as March, parishioners were writing to the archdiocese complaining about Rayar. Among the complaints are charges that he intimidated parishioners who disagreed with him, created a hostile work environment for staff members and, according to one writer, "acted like some kind of rock star ... pompous and proud."

Back copies of the church bulletin imply that the friction between Rayar and the congregation started almost immediately upon his arrival in 2001. In his pastor's letter of Aug. 19, 2007, he wrote, "I am saddened to say that from the beginning of my ministry here, some individuals are constantly trying to cause a disturbance in our faith community."

He goes on to accuse parishioners of sabotage: "For an example, last Tuesday there was a gentleman [who] brought a tape-recorder to the Parish Pastoral Council meeting [for] taping secretly the proceeding of the meeting. Such intimidation of the council members cannot be and should not be tolerated." (See the complete letter online at startribune.com/local (<http://startribune.com/local>).

In 2004, the Catholic Spirit, the official newspaper for the archdiocese, published an article about Rayar when he became a U.S. citizen. According to that report, he is from Tamil Nadu in southeastern India. He was ordained in India in 1993 and came to the United States two years later. He has served at the Church of St. Raphael in Crystal and St. Rose of Lima Church in Roseville, and before his assignment to St. Francis he served at St. Luke's Catholic Church in Clearwater. Archbishop Flynn stated that he and Rayar were discussing his future.

The organizers of Sunday's protest now are restructuring their gathering as "an informational meeting" about how the church can move forward.

"There's a lot of pain," said parishioner Jane Muntifering. "We've had people who have been friends for years and years fighting with each other. In my 50-plus years, I've never spent so much time praying for the wellbeing of my own church. Hopefully, now something positive can happen."

Jeff Strickler • 612-673-7392

jstrickler@startribune.com 612-673-7392 StribStrick