

# 8

## Banking and Investment Practices

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## 8.1 The St. Louis Archdiocesan Fund

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### Overview

The **St. Louis Archdiocesan Fund**, also known as “SLAF”, or “the Trust,” is an irrevocable charitable trust that was created by the Archbishop of St. Louis on July 1, 1996. Control and management of the Trust rests exclusively with the Trustees who are appointed by the Archbishop. Such Trustees serve without compensation.

Its purpose is to support the religious and charitable purposes of its participants, namely:

- The Archdiocese of St. Louis.
- All parishes of the Archdiocese of St. Louis and their affiliated organizations.
- All schools, agencies and organizations of the Archdiocese of St. Louis which are controlled by the Archbishop.
- All Catholic entities within the Archdiocese of St. Louis which are approved by the Archbishop for participation in the Trust.

The Trust achieves its purpose by providing the following services to its participants:

- Investing the cash deposited by the participants for their use in accomplishing their respective religious and charitable purposes.
- Paying interest and other forms of income or gains to the participants with respect to their deposits.
- Making loans to participants on terms and conditions established by the Trustees.
- Making contributions to the Archdiocese of St. Louis from funds that are not obligated to the participants and are not required to maintain an appropriate reserve level for the Trust.

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## 8.1 The St. Louis Archdiocesan Fund

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### Deposits

Within the Trust there are two separate funds, the Depositors' Fund and the Investment Fund. The Investment Participation Policy, which is located later in this Section, describes both of these Funds in detail. This page provides a very brief description of each Fund.

The Depositors' Fund offers demand accounts, money market accounts, and time deposits which are described in detail below. Participants may have an unlimited number of Depositors' Fund accounts. Each Depositor receives a monthly statement that shows all Depositors' Fund accounts in a single report.

### Demand Accounts

1. No minimum balance required.
2. No overdrafts allowed.
3. Unlimited deposits and withdrawals.
4. Interest rate is subject to change monthly.
5. Generally carries the lowest interest rate of all deposit products.
6. No service charges apply.

### Money Market Accounts

1. Requires minimum balance of \$50,000 at all times.
2. If balance falls below \$50,000, the interest rate reverts to the Demand Account rate.
3. Interest rate is subject to change monthly.
4. Three withdrawals are allowed each month without penalty.
5. A service charge of \$50 applies to each withdrawal after the first three in any month.

### Time Deposits

1. Maturity options available: 3-months, 6-months, 9-months, 1-year, 2-year, 3-year, 4-year, 5-year.
2. Interest rates on new accounts and rollovers are set monthly.
3. Interest rate is fixed for the deposit term selected.
4. Penalties for early withdrawals:
  - 3-months up to 1-year time deposit: one month interest
  - 1-year and 2-year time deposit: three months interest
  - 3-year, 4-year and 5-year time deposit: six months interest

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## 8.1 The St. Louis Archdiocesan Fund

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The **Investment Fund** is designed to hold Participants' deposits that are the subject of planned gifts - gifts that are restricted by the donors:

- In perpetuity.
- Until the occurrence of a particular event or events.
- Until the passage of a stated time period.

Participants may also hold unrestricted funds in the Investment Fund under certain limitations.

Investment Fund accounts receive a pro rata share of earnings and gains or losses derived from the Trust's investment portfolio. These earnings consist of interest and dividends, realized and unrealized net capital gains or losses.

All Investment Fund accounts are charged a periodic fee to cover administrative and investment management expenses.

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## 8.2 Bank Accounts

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Archdiocesan Statute #37 addresses...at least partially... the issue of bank accounts. This statute stipulates the proper titling of all parish bank accounts and expressly forbids parish bank accounts from being titled “...*in the name or personal title of any cleric, layperson or corporation.*”

To clarify the intent of Statute #37, the Archbishop of St. Louis established the following requirements:

- Parishes should keep a balance in their local bank account that equals approximately one month’s operating expenses.
- Surplus funds must be kept on deposit with The St. Louis Archdiocesan Fund.
- All cash accounts and investments must be recorded on the parish’s accounting system.
- All bank accounts, including those of all parish organizations, are the legal property of the parish and must use the parish’s unique tax identification number (usually stated in this format: 43-xxxxxxx). The pastor must be an authorized signer on all bank accounts. *NOTE: No rubber stamps or other methods of facsimile signatures may be used.*
- All bank statements and cancelled checks, or photocopies thereof, must be addressed to the Pastor at the parish office. (and reviewed by the pastor)
- The pastor should open all bank statements and review all checks for propriety and authenticity of signature.

As banking institutions migrate away from paper to electronic statements, it is essential that the pastor exercise due diligence by receiving and reviewing the electronic statement, and by controlling which parish individuals have access to view and print the statement. Electronic statements always should include the ability to view an image of checks charged to the account. (See Section 5.6.5)

Some parish organizations mistakenly believe that the funds in their bank accounts are not parish property. The Archdiocese strongly recommends that all checks and other disbursements from organization accounts are generated by the parish bookkeeper or other designated employee. Clearly the Church does not want to discourage the spirit of volunteers that is so prominent in our parishes, but it is an unfair burden for any parish organization to place financial responsibility for proper cash controls on their officers or other volunteers. Some parishes have instituted centralized control of all parish organizations’ funds, thus providing some degree of personal protection to their volunteers.

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### **8.3 Automated Clearing House (ACH)**

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ACH is the preferred method of transferring funds between accounts held by SLAF and accounts held by local commercial banks.

Through SLAF's online banking feature, NetTeller, a parish can initiate an ACH transfer through the Internet. Transactions initiated by 4 p.m. will be processed that same day, and the receiving account will be credited the next business day.

ACH transactions greater than the authorized limit require intervention by SLAF personnel and written consent from the pastor. Requests of this magnitude, and certain other transfer types, should be sent to SLAF, either by sending an email message through the encrypted NetTeller email option, email to the SLAF mailbox, SLAF@archstl.org, or by faxing the request to 314.792.7867. Fax and email requests received by 12 p.m. (noon) will be processed that same day. ACH transactions requiring SLAF intervention received after 12 p.m. (noon) will be effective the next business day.

In addition to transferring funds between accounts, loan payments and remittances to Archdiocesan Special Collections can also be accomplished through NetTeller or ACH.

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### **8.3.1 Funds Transfer between SLAF accounts**

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The transfer of funds between SLAF accounts, remittance of a loan payment, or contribution to an Archdiocesan Special Collection from a SLAF account is accomplished through a NetTeller screen without going through the ACH.

All Archdiocesan Special Collection accounts are visible online through NetTeller. Remittance is achieved by selecting the appropriate Collection, entering the amount, and selecting the Parish account from which to withdraw the funds.

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## 8.4 Loans

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Loans are generally approved for capital projects only. All prospective borrowers must complete a loan application.

- If the aggregate amount of committed and outstanding borrowings is less than or equal to \$100,000, the loan application is abridged and can be approved by the Chief Financial Officer.
- If the aggregate amount of committed and outstanding borrowings is greater than \$100,000, the loan application is unabridged and must be approved by the Property and Financing Committee.
- During construction disbursement, interest only needs to be repaid monthly.
- After disbursement is finished, the loan is converted to a conventional permanent payout status.
- Monthly repayments consist of interest and principal, with a level total monthly payment.
- Maximum repayment term is 200 months (16 years and 8 months).
- Interest rates on loans are subject to change quarterly.
- All borrowers are expected to pay interest expense from operating revenue. Capital campaign proceeds are generally expected to be applied to principal reduction only.
- Each account receives a monthly statement combined with the monthly statement for deposit accounts.

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## **8.5 Parish Endowments**

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See Section 10.3 for information on establishing an endowment.

See Section 8.6 for the Investment Participation Policy, which governs how endowment funds are invested.

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## **8.6 Investment Participation Policy**

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# **The St. Louis Archdiocesan Fund Investment Participation Policy 2014 Amendment and Restatement**

**(Initially Adopted August 29, 1997,  
Last Amended and Restated  
November 10, 2010)**

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## 8.6 Investment Participation Policy

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## 8.6 Investment Participation Policy

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### The St. Louis Archdiocesan Fund Investment Participation Policy 2014 Amendment and Restatement

The Trustees of The St. Louis Archdiocesan Fund (the "Trustees"), with the approval of the Archbishop of St. Louis (the "Archbishop"), adopted and issued The St. Louis Archdiocesan Fund Investment Participation Policy (the "Investment Participation Policy") on August 29, 1997, and amended and restated the same on February 3, 1999 (the "1999 Amendment and Restatement"), May 15, 2002 (the "2002 Amendment and Restatement"), May 16, 2007 (the "2007 Amendment and Restatement"), May 21, 2008 (the "2008 Amendment and Restatement"), November 11, 2009 (the "2009 Amendment and Restatement"), November 10, 2010 (the "2010 Amendment and Restatement"), and on May 20, 2014 (the "2014 Amendment and Restatement").

Pursuant to the applicable provisions of the Investment Participation Policy, the Trustees, by affirmative vote, and with the written consent of the Archbishop, may amend the Investment Participation Policy. In view of certain changes pertaining to the administration and operation of The St. Louis Archdiocesan Fund which have been adopted by the Trustees since the issuance of the Investment Participation Policy and each of the Amendments and Restatements identified above, the Trustees deem it appropriate to amend and restate the Investment Participation Policy again, and do hereby amend and restate the Investment Participation Policy, in its entirety, as follows:

#### 1. **Purpose**

The purpose of The St. Louis Archdiocesan Fund ("SLAF") is to provide means by which Archdiocesan financial resources may be invested in ways that enable the further proclamation of the gospel teachings of Our Lord, Jesus Christ. The purpose of this Investment Participation Policy is to set forth the general guidelines pursuant to which Archdiocesan organizations will invest their surplus funds, endowments and planned gifts in SLAF.

Consistent with the Statutes of the Archdiocese ("Statutes") and the policies of the Archdiocese, all Archdiocesan organizations, including parishes, agencies, offices, foundations, incorporated and unincorporated associations, and any other entities deriving existence from the Archbishop's exercise of civil or canonical authority ("Participants"), are required to invest their surplus funds, endowments and planned gifts in SLAF. SLAF is administrated by a Board of Trustees ("Trustees") in accordance with Bylaws which have been adopted by the Trustees and approved by the Archbishop.

#### 2. **SLAF Investments**

All assets of SLAF, except operating cash, loans made to Participants, and minor miscellaneous assets, are invested by the Trustees in accordance with the terms of SLAF's written *Investment Policy*. The administration of the Investment Policy is the responsibility of the Trustees or their designated committee.

Loans made by SLAF to Participants are done so in accordance with the Statutes. The lending policies and interest rates are established by the Trustees or their designated committee.

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### 3. Two Separate Subfunds

SLAF is comprised of two separate subfunds, a Depositors' Fund and an Investment Fund. Participants may have deposit accounts in either fund or both funds, simultaneously. As a general matter, accounts within the Depositors' Fund earn a fixed rate of interest and can be long or short-term type investments; accounts within the Investment Fund earn a rate of return tied to the market performance of SLAF investments and are generally long-term type investments. The Trustees encourage, and generally limit, the use of the Investment Fund for the investment of planned gifts, endowments and other long-term investments of Participants. Further, the Trustees, from time to time, may designate minimum amounts and other restrictions for accounts in either of such subfunds.

#### (a) **Investment Fund**

##### (1) Endowments and Planned Gifts

The Investment Fund is designed to hold the deposits of or for Participants which are the subject of endowments and planned gifts, that is, gifts for which the principal is restricted by the donors to be preserved by the donee-Participants (i) in perpetuity, (ii) until the occurrence of a particular event or events, or (iii) until the passage of a stated time period. The subject funds of each endowment and planned gift which are deposited in the Investment Fund shall be designated as a separate Investment Account of the Participant. Before establishing an Investment Account, the Participant shall file with the Archdiocese a copy of the operating policy governing the endowment or planned gift which is to be the subject of the Investment Account.

The Trustees have the absolute right not to accept the property offered by a donor or a Participant for transfer to the Investment Fund. Under no circumstances are capital campaign funds for building additions, expansions, renovations, land acquisition or debt reduction drives eligible to be included in the Investment Fund.

##### (2) Non-Endowed Asset Accounts

While the Investment Fund was created primarily for the investment of Participants' endowments and planned gifts, a Participant may also, under limited circumstances, deposit a portion of its unrestricted funds (i.e., its funds which are not the subject of endowments or planned gifts) in the Investment Fund. The Participant may do so as an investment in the Investment Fund called a Non-Endowed Asset Account. Such deposits of unrestricted funds (known as "Board Designated" funds) are subject to the following terms and conditions.

Pursuant to the rules set forth in this Section, a Participant may invest a portion of its unrestricted funds in the Investment Fund. Such investment shall be called a Non-Endowed Asset Account.

The initial investment of unrestricted funds of the Participant in the Investment Fund may be made only with the approval of the Trustees or their designated committee and must be at least Five Hundred Thousand Dollars (\$500,000.00) or such other amount as established by the Trustees.

The governing board or Pastor, as applicable, of the Participant must request, in writing, the permission of the Trustees or their designated committee to make the Participant's initial investment of its unrestricted funds in the Investment Fund.

With the approval of the Archdiocesan Finance Office, a Participant may make additional deposits of its unrestricted funds to its Non-Endowed Asset Account in amounts not less than

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One Hundred Thousand Dollars (\$100,000.00), or such other amount as accepted by the Trustees.

A Participant will not be permitted to invest unrestricted funds in the Investment Fund, as an initial deposit or as an addition to an existing Non-Endowed Asset Account, unless it is established to the satisfaction of the Trustees or their designated committee, or the Archdiocesan Finance Office in the case of additional deposits, that, after making the proposed investment, the Participant will have other unrestricted cash reserves on hand of an amount not less than the equivalent of six months' projected total operating expenses of the Participant.

A Participant will be entitled to make withdrawals from its Non-Endowed Asset Account in January of each year with an effective date of July of the same calendar year. In certain cases the Trustees may authorize withdrawals with greater frequency or at different times. However, any withdrawal that causes the value of the Non-Endowed Asset Account to fall below Five Hundred Thousand Dollars (\$500,000.00) in value, as well as any withdrawal from a Non-Endowed Asset Account whose value is less than Five Hundred Thousand Dollars (\$500,000.00) in value, will disqualify the account from further participation in the Investment Fund and require transfer of the assets of the account to the Depositors' Fund. If the value of a Non-Endowed Asset Account falls below Five Hundred Thousand Dollars (\$500,000.00) in value owing exclusively to market fluctuations, the account will not be so disqualified.

### (b) Depositors' Fund

The funds of Participants held in the Depositors' Fund shall be deemed Deposit Accounts. Participants may have an unlimited number of Deposit Accounts. Deposit Accounts are either Demand, Money Market or Time deposits depending upon the term of maturity selected by Participants. The amount deposited is payable on demand or according to the term selected by the Participant. If the Trustees permit a withdrawal from a Time deposit prior to its stated maturity, the Participant may forfeit all or a portion of the interest earned on the deposit according to the rules established periodically by the Trustees or their designated committee.

### 4. Administrative Expenses

SLAF is authorized to incur administrative expenses associated with its operations. The Trustees may utilize a bank or other financial institution as a custodian for some or all of SLAF's marketable security investments. The Trustees also may utilize the services of investment advisors for managing SLAF's investments and computer and software firms to assist with the production of appropriate account statements to send Participants. The Trustees are specifically authorized to compensate such custodians, advisors and firms for custodial, accounting, safekeeping, advisory, computer, software and other services and products.

Services performed on behalf of SLAF by other Archdiocesan entities are reimbursable expenses.

### 5. Participant Income

Participants' Investment Accounts share in the Income of the Investment Fund (as defined below). Deposit Accounts earn interest based on rates established for the type of the deposit selected by the Participant. Income of the Investment Fund is, for the particular period for which it is being determined, the sum of the interest and dividends earned by the assets of the Investment Fund during such period, plus any realized or unrealized investment gains of the Investment Fund during such period, less any realized or unrealized investment losses of the Investment Fund during such period.

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## 8.6 Investment Participation Policy

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### (a) Investment Accounts

Income of the Investment Fund is credited periodically and proportionately to each Investment Account consistent with each such Account's investment allocation. For periods after December 31, 2003, most Participants in the Investment Fund have an opportunity to select an investment allocation (or "mix") for their Investment Fund Account. Effective March 1, 2004, Participants may select from among the following five investment allocation options:

- A. 75% equities and 25% fixed income
- B. 65% equities and 35% fixed income
- C. 50% equities and 50% fixed income
- D. 35% equities and 65% fixed income
- E. 25% equities and 75% fixed income

If a Participant fails to select an investment allocation in the manner designated by the Trustees of SLAF, the "default" investment allocation shall be 65% equities and 35% fixed income. The Archdiocesan Investment Committee and the Trustees of the SLAF may change these investment allocation options and the "default" allocation with reasonable written notice to Participants. If the purpose of an Investment Fund Account changes, or a significant change in circumstances occurs, Participants may submit a request to change their investment allocation. Requests should be in writing addressed to SLAF. All requests will be reviewed by the Trustees, or their delegated committee, and no properly substantiated request will be unreasonably denied. In certain cases a Participant may not be permitted to select an allocation because of the nature of the account or the terms of the account's governing documents.

Past income returns on Investment Accounts are not indicative of future returns. The Trustees cannot offer assurance that future income on Investment Accounts will always be equal to or greater than that pertaining to prior periods or that Investment Accounts will only experience positive returns over a given period of time. Negative returns are always a possibility.

Management fees, as determined in the discretion of the Trustees from time to time, will be assessed against each Investment Account on a periodic basis.

### (b) Deposit Accounts

The Depositors' Fund is designed to hold the surplus funds of Participants. Participants have the option to deposit funds in Demand, Money Market or Time deposit accounts.

#### (1) Interest Rates

Deposit Accounts earn interest from the day of deposit until the day of withdrawal at rates established periodically by the Trustees or their designated committee. Interest rates will vary according to the terms of Deposit Accounts and shall be reviewed at least annually. Demand and Money Market deposit rates will apply until such rates are next changed by the Trustees, or their designee. The rate of a Time deposit will not change during the term of the deposit, but may change upon the maturity of the deposit.

#### (2) Deposit Withdrawals

Participants may withdraw some or all Deposit Account balances at any time, provided that such withdrawals are in compliance with the Statutes and policies of the Archdiocese. Further, in the case of Time deposits, withdrawals prior to maturity are subject to interest forfeiture at rates established from time to time for such purposes by the Trustees or their designated committee.

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Participants are required to deposit funds raised for approved construction purposes in Deposit Accounts named “Construction Disbursement Accounts” and may withdraw these funds only in compliance with regulations established by the Archdiocesan Office of Building and Real Estate. An American Institute of Architect’s Application and Certificate for Payment form, signed by the architect and approved by the Archdiocesan Office of Building and Real Estate, usually is sufficient to effect withdrawals.

A Participant’s governing board may designate a Deposit Account for a specific use. However, the Trustees and SLAF assume no responsibility for seeing to it that such accounts or the income earned thereon will be used by Participants for the designated uses.

### 6. Investment Fund Distribution

Distributions shall be made from an Investment Fund Account pursuant to the terms of the governing operating policy.

The operating policy of each endowment whose assets are invested in the Investment Fund shall define Endowment Fund Income, in substance, as that portion of Investment Fund Income periodically allocated to the endowment. Further, such operating policy shall provide for distribution from such endowment in accordance with the Endowment Operating Policy.

Soon after December 31 of each year, the Trustees (or their designee) shall provide Participants with Election Statements on which Participants shall submit their determinations as to the amounts to be distributed and the amount to be left in the account. If a Participant completes and returns the Election Statement in the manner and within the time frame set forth by the Trustees, the Trustees (or their designees) shall cause the determinations stated on the Election Statement to be disbursed as of July 1 following return of the Election Statement.

If a Participant fails to complete and return the Election Statement in the manner and within the time frame set forth by the Trustees (or their designees), the Participant will be deemed to have elected to do nothing and the current Undistributed Income and Contribution Base will remain unchanged and no distribution will be made.

Distribution of earnings as directed by the Election Statement received in January, will be credited the following July. This timing provides for a known distribution amount prior to beginning the Budget process, and delivers the elected earnings in the budgeted fiscal year, removing the need to anticipate an investment return in the budget.

### 7. Total Return Spending Policy

The Trustees have adopted, and from time to time may revise, a written Total Return Spending Policy (TRSP), which provides recommendations as to the manner in which Participants should distribute the undistributed income of their endowments in order to protect the value of the endowments and allow for a reasonable stream of distributions. All endowments established by the Archdiocese are required to adopt the TRSP. Other Participants, such as parishes, are strongly encouraged to adopt the Total Return Spending Policy with respect to their endowments.

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## 8.6 Investment Participation Policy

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### 8. **Participants' Use and Application of Assets of Planned Gifts and Endowments**

The Trustees and SLAF assume no responsibility to enforce the terms and conditions of the documents governing the administration of the planned gifts and endowments which have been invested in SLAF.

### 9. **Account Statements**

The Trustees shall cause periodic account statements to be provided to Investment Fund and Depositors' Fund Participants. Such account statements shall reflect all receipts, disbursements, transfers and other account activity occurring since the last account statement. In addition, for Investment Accounts, the account statements shall reflect the respective amounts of the contribution base, undistributed income and total value of the accounts.

### 10. **Amendments**

Any amendment of the Investment Participation Policy shall require the affirmative vote of the Trustees and the written consent of the Archbishop of St. Louis.

This 2014 Amendment and Restatement of The St. Louis Archdiocesan Fund Investment Participation Policy is adopted this 20th day of May, 2014.

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L. B. Eckelkamp  
Chair of the Board of Trustees

Approved \_\_\_\_\_, 2014.

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Most Reverend Robert J. Carlson  
Archbishop of St. Louis

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## 8.7 Building and Loan Protocol

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### **ARCHDIOCESAN BUILDING, DEVELOPMENT AND LOAN PROTOCOL FOR PARISHES, SCHOOLS OR AGENCIES**

Clearly define with parish leadership the nature and scope of the project. Agencies should involve their Board of Directors.

Write to the Archbishop requesting approval for the project concept.

Contact the Director of the Office of Building and Real Estate to become acquainted with Archdiocesan building policies and procedures. It will be necessary to follow these policies and procedures throughout the entire project. In consultation with the Office of Building and Real Estate, select an architect to develop cost projections and preliminary drawings.

For any renovation of churches or the building of new churches, it is necessary to submit preliminary drawings to the Archbishop and the Director of the Office of Worship. All church designs, especially those affecting the tabernacle, need to be reviewed for liturgical and pastoral suitability. The Archbishop must grant written approval for all Church designs. Any change made in the course of the project also needs the approval of the Archbishop.

#### **IF THE PROJECT CAN BE FULLY FINANCED FROM EXISTING FUNDS**

Once the project costs are identified, the Pastor or Agency Director writes to the Archbishop, requesting authorization to execute the project and to finance the project by utilizing reserve funds.

Once the Archbishop gives authorization to proceed with the project, the Parish, School or Agency (P/S/A), in consultation with the Office of Building and Real Estate, is ready to request bids and select contractors. The Director of the Office of Building and Real Estate shall negotiate and sign all construction contracts.

#### **IF THE PARISH, SCHOOL OR AGENCY WILL CONDUCT A CAPITAL CAMPAIGN OR BORROW MONEY FOR THE PROJECT**

Contact the Executive Director of Stewardship and the Annual Catholic Appeal for guidance in the selection of a professional consultant to conduct a feasibility study to ascertain the level of donor support, the potential for a capital campaign and the optimum timing for a campaign. The feasibility study results may indicate that the project should be scaled back or possibly could be expanded.

When the campaign feasibility results are available, the Parish, School or Agency should write to the Archbishop informing him of the results, provide a detailed description of the project, request permission to begin the capital campaign and, if debt is required, request permission to borrow from The St. Louis Archdiocesan Fund.

You are encouraged to contact the Finance Office to obtain a Preliminary Analysis of Debt Service. This will be a preliminary indication of the amount the parish can borrow based on historical financial performance. It is not a firm commitment to lend but will allow the Parish or Agency to plan for project funding.

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## 8.7 Building and Loan Protocol

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In consultation with the Executive Director of Stewardship and the Annual Catholic Appeal, the Parish or Agency selects a Capital Campaign Consultant (often it will be the same consultant who did the feasibility study, but not necessarily). The Capital Campaign then is implemented.

**Note:** *All Capital Campaign Funds are donor-restricted and can only be used for the purpose intended. Since Capital Campaign Funds cannot be used for operations, they are considered to be surplus funds, which by statute should be kept on deposit with The St. Louis Archdiocesan Fund.*

The Parish, School or Agency should notify the Executive Director of Stewardship and the Annual Catholic Appeal of any extraordinary donations during the capital campaign. These might include “matching gifts” or “challenge grants”. The Executive Director of Stewardship and the Annual Catholic Appeal will assist the P/S/A in monitoring and complying with any requirements to qualify for a matching gift or challenge grant.

Considering refined cost projections and the results of the Capital Campaign, the P/S/A determines the loan amount needed. The P/S/A now supplies the Archbishop with an updated description of the project, the project costs, campaign results and, if approval has not been previously granted, requests permission to apply to The St. Louis Archdiocesan Fund (the Trust) for a loan.

The P/S/A, having received loan application permission from the Archbishop, contacts the Finance Office to receive a loan application package. The P/S/A completes the loan application form and provides other required documentation to the Property and Financing Committee (PFC) of The St. Louis Archdiocesan Fund (SLAF). This Committee requires that 50% of the cost of the project be on deposit with SLAF at the time of application for a loan. The Parish (Pastor and Lay Leaders) may be requested to make an oral presentation to the PFC, requesting a loan amount and proposing a repayment plan. The PFC also may request leadership of a School or Agency to present their plans in person.

The Property and Financing Committee, as delegated by The St. Louis Archdiocesan Fund Trustees, will make a recommendation to the Archbishop relative to the loan application. The Archbishop will communicate to the Parish or Agency the decision of the Trust regarding the loan, as well as any conditions the Trust has required for loan approval.

If loan approval is granted, the Pastor, as officer of the Parish Corporation, will be asked to sign a promissory note and loan agreement that sets the maximum loan amount and articulates the loan repayment principles. The Chair of the Parish Council and the Parish Finance Committee will be requested to acknowledge, by written signature, their knowledge and acceptance of the promissory note and loan agreement. A promissory note to a School or Agency will require the signature of the Director or Administrator, along with acknowledgement by at least one Board member or other appropriate party. The initial note will require that interest only be paid monthly during the period of construction. The Borrower is required at this time to authorize the Trust to segregate the project-designated cash reserves into a special project disbursement account restricted for the payment of approved project costs.

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## 8.7 Building and Loan Protocol

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The P/S/A, in consultation with the Office of Building and Real Estate, is ready to request bids and select contractors. All change orders must be submitted to the Office of Building and Real Estate for approval. Before change orders can be approved, the Borrower must be able to satisfactorily demonstrate to the Office of Building and Real Estate its ability to either fund the additional amount from its own reserves or service the resulting increase in debt. Any increase in debt must be presented to and approved by the Property and Financing Committee. Advances from the loan can only be requested after cash raised and designated for the project has been disbursed.

All construction invoices must be submitted to the Office of Building and Real Estate for approval. Approved invoices will be forwarded to the Finance Office for payment, and charged to the project account or approved loan. An acknowledgement of the paid invoice will be returned to the P/S/A for its files.

After the Parish has completed construction, a renewal note will be sent to the Borrower, specifying the monthly payment required to repay the debt within the time approved, and any other terms of repayment.

### INTEREST ON LOANS

A borrower is required to invest its capital funds into a project first and to draw against an approved loan only when required. There is no interest cost to a borrower for the amount of credit approved, only on the amount drawn. Interest is calculated daily on the outstanding balance at the rate in effect on each day, based on the actual days in the year, 365 or 366.

The St. Louis Archdiocesan Fund (SLAF) requires that interest accrued on a loan be paid monthly during the construction phase of a project. Loans from SLAF for capital expansion or renovation carry a variable interest rate established by the Property and Financing Committee. The rate is set at approximately three percent (3%) above SLAF's internal cost of funds. The internal cost of funds is a weighted average of interest paid on Demand, Money Market and Time Deposit funds held by SLAF. Interest rates paid on deposits are adjusted monthly based on rates of comparable deposits in local commercial banks. Therefore, as the commercial interest rate environment changes, rates offered on SLAF deposits generally will follow, and the borrowing rate may be adjusted accordingly.

On any capital related loan on which the required monthly payment is automatically debited as a recurring entry from a SLAF account or a commercial bank account, the established rate will be discounted by 0.25% per annum. If the recurring payment is discontinued, the interest rate will revert to the full borrowing rate established by the PFC.

Following the construction period, SLAF will request a new promissory note be signed by the borrower establishing a fixed payment sufficient to repay the outstanding balance in the number of months approved. In determining the fixed payment, a rate of 8.0% is used currently. Therefore the payment established, unchanged for the life of the loan as long as rates do not exceed 8%, would retire the debt at 8% within the term approved. For any period in which the established borrowing rate is less than 8%, a greater portion of each payment will be applied to principal and less to interest. The borrower receives the benefit of a lower interest rate through a quicker payoff than maximum term. Further, when the interest rate changes during the life of the loan, the monthly payment usually does not change, giving the borrower a known cash requirement for a multiple year budget.

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## **8.7 Building and Loan Protocol**

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Once a loan is in repayment mode, if no adjustment to the loan record is required, then a payment received will be applied first to interest accrued through remainder to principal reduction. If a loan record is adjusted for any reason, a payment made in the following month will be applied to interest accrued through the date of payment, with the remainder applied to principal. The interest/principal split of each payment will be shown on the monthly SLAF statement.

In addition to a scheduled payment, principal may be reduced at any time and in any amount without penalty. Because interest is calculated daily on an outstanding balance, an accelerated principal reduction provides the benefit of immediately reducing interest expense, and shortens the repayment period of the loan.

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## 8.7.1 Lien Waivers

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### CONSTRUCTION PROJECT LIEN WAIVER PROTOCOL

The Archdiocese of St. Louis requires that contractors submit a lien waiver with each request for payment. Three examples of lien waivers are attached:

- (a) Conditional Partial Waiver of Claims and Liens
- (b) Unconditional Partial Waiver of Claims and Liens
- (c) Conditional Final Waiver of Claims and Liens

Conditional lien waivers are submitted with a corresponding invoice and for the invoiced amount. Upon receipt of payment by check or electronic payment (ACH or wire), the condition is satisfied and the lien waiver becomes effective.

If materials or supplies were purchased for the project, a Waiver of Claims and Liens from the supplier must accompany the invoice. If materials or supplies invoiced have been fully paid, the Waiver should be unconditional.

If the project involves more than one subcontractor, a schedule of values with each subcontractor and subcontract amount must be submitted no later than submission of the first invoice. If subcontractors were paid for work submitted on prior invoices, an Unconditional Waiver should be submitted from those subcontractors. Likewise, if large subcontracts involving purchased materials, such as electrical switchgear, or heating and air conditioning equipment, etc., have been paid, then an Unconditional Waiver should be submitted by the supplier.

Invoices submitted without the requisite Waiver will not be paid until the appropriate Waiver is received.

Any questions regarding Waivers or required schedules should be directed to the Office of Building and Real Estate.

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**8.7.1 Lien Waivers**

STATE OF \_\_\_\_\_ )  
 ) SS.  
 COUNTY OF \_\_\_\_\_ )

**CONDITIONAL PARTIAL WAIVER OF CLAIMS AND LIENS**

The undersigned has been employed by \_\_\_\_\_ (Owner) to furnish labor, services, materials, equipment and/or other good and valuable work at or for the following location: \_\_\_\_\_ (Project). In consideration of a progress payment for such work, the undersigned hereby waives all rights to claim a mechanic's, materialman's or other lien against the property described above, or any improvement thereon, to the extent of payment in the amount of \$ \_\_\_\_\_, which represents payment of the following: *(list application of payment numbers, invoice numbers or other basis for which payment is made)*

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

except that this waiver does not waive lien rights for any retention withheld or other amounts not identified and included in the undersigned's payment request listed above.

Acceptance of the aforesaid amount by the undersigned shall constitute a waiver of claims by the undersigned except those previously made in writing and identified by the undersigned to the Owner as unsettled as of the date of the payment request above.

It is understood that this waiver is submitted to induce payment of the sum stated above and that said sum has not at the time of execution and delivery of this affidavit actually been received by the undersigned and that at such time as said payment is actually and finally received by the undersigned. this lien waiver shall be effective.

Furthermore, the undersigned hereby certifies that there are no known mechanic's, materialman's or other liens outstanding to date, due and payable bills with respect to the Project have been paid to date or are included as part of the amount set forth above, and that except for such bills not paid but so included, there is no known basis for the filing of any mechanic's, materialman's or other liens for work or material supplied by or on behalf of the undersigned, and that waivers from all subcontractors subconsultants or materialman have been obtained in such form as to constitute an effective waiver of lien under the laws of the State where the Project is located.

The undersigned further agrees to fully indemnify, defend and hold harmless Owner against any and all claims or liens filed against the Project by subcontractors, subconsultants, suppliers, persons or firms supplying services, labor, material and/or equipment at the request of and on behalf of the undersigned, including reimbursement of all attorneys' fees and costs incurred by Owner as a result of such claims or liens, covered by the payment request above.

Dated: \_\_\_\_\_ (Company Name)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn to before me, this \_\_\_ day of \_\_\_\_\_, 20\_\_ .

\_\_\_\_\_  
 Notary Public

My commission expires:

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**8.7.1 Lien Waivers**

STATE OF \_\_\_\_\_ )  
 ) SS.  
 COUNTY OF \_\_\_\_\_ )

**UNCONDITIONAL PARTIAL WAIVER OF CLAIMS AND LIENS**

The undersigned has been employed by \_\_\_\_\_ (Owner) to furnish labor, services, materials, equipment and/or other good and valuable work at or for the following location: \_\_\_\_\_ (Project). In consideration of a progress payment for such work, the receipt of which is hereby acknowledged, the undersigned hereby waives all rights to claim a mechanic's, materialman's, or other lien against the properly described above, or any improvement thereon, to the extent of payment in the amount of \$ \_\_\_\_\_ which represents payment of the following: *(list invoice numbers or other basis for which payment is made)*

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

except that this waiver does not waive mechanic's, materialman's or other lien rights for any retention withheld or other amounts not identified and included in the undersigned's payment request listed above.

Acceptance of the aforesaid amount by the undersigned shall constitute a waiver of claims by the undersigned except those previously made in writing and identified by the undersigned to the Owner as unsettled as of the date of the payment request above.

Furthermore, the undersigned hereby certifies that there are no known mechanic's, materialman's or other liens outstanding to date, due and payable bills with respect to the Project have been paid to date or are included as part of the amount set forth above, and that except for such bills not paid but so included, there is no known basis for the filing of any mechanic's, materialman's or other liens for work or material supplied by or on behalf of the undersigned, and that waivers from all subcontractors, subconsultants or materialmen have been obtained in such form as to constitute an effective waiver of lien under the laws of the State where the Project is located.

The undersigned further agrees to fully indemnify, defend and hold harmless Owner against any and all claims or liens filed against the Project by subcontractors, subconsultants, suppliers, persons or firms supplying services, labor, material and/or equipment at the request of and on behalf of the undersigned, including reimbursement of all attorneys' fees and costs incurred by Owner as a result of such claims or liens, covered by the payment request above.

Dated: \_\_\_\_\_ (Company Name)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn to before me, this \_\_\_ day of \_\_\_\_\_, 20\_\_ .

\_\_\_\_\_

Notary Public

My commission expires:

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**8.7.1 Lien Waivers**

STATE OF \_\_\_\_\_ )  
 ) SS.  
 COUNTY OF \_\_\_\_\_ )

**CONDITIONAL FINAL WAIVER OF CLAIMS AND LIENS**

The undersigned has been employed by \_\_\_\_\_ (Owner) to furnish labor, services, materials, equipment and/or other good and valuable work at or for the following location: \_\_\_\_\_ (Project). In consideration of the payment in the sum of \$ \_\_\_\_\_ and other good and valuable consideration for such work, the undersigned hereby fully, completely and forever waives any and all rights and claims to a mechanic's, materialman's or other lien, and all other claims whatsoever, against the Owner or the Owner's property described above, or any improvement thereon.

It is understood that this waiver is submitted to induce payment of the sum stated above and that said sum has not at the time of execution and delivery of this affidavit actually been received by the undersigned and that at such time as said payment is actually and finally received by the undersigned, this lien waiver shall be effective.

Furthermore, the undersigned hereby certifies to the Owner that the undersigned has paid all debts incurred by the undersigned in connection with the Project, including all amounts owed to the undersigned's subcontractors, suppliers, subconsultants and employees for the Project, and the undersigned warrants to Owner that no claimants will assert any mechanic's, materialman's or other lien or other claims against the Owner on account of work, labor, services or materials furnished to the Project through the undersigned.

The undersigned further agrees to fully indemnify, defend and hold harmless Owner against any and all claims or liens filed against the Project by subcontractors, subconsultants, suppliers, persons or firms supplying services, labor, material and/or equipment at the request of and on behalf of the undersigned, including reimbursement of all attorneys' fees and costs incurred by Owner as a result of such claims or liens.

Dated: \_\_\_\_\_ (Company Name)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn to before me, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ .

\_\_\_\_\_  
 Notary Public

My commission expires:

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## 8.8 Procedures for Donating Securities

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### Introduction

Donating appreciated securities to tax-exempt organizations such as the Archdiocese of St. Louis, its Parishes or Agencies can produce tax-advantaged charitable deductions for the donor.

The information that follows herein can be viewed on the Archdiocese of St. Louis Web site. In the search field, enter "SLAF", and select "How to donate securities".

Most securities donated to Parishes and Agencies are either common stocks or mutual funds. Very few common stocks are issued in physical certificate form. The majority of stocks today are held in "book entry" form. Mutual funds are almost always held in book entry form. The owner's financial institution keeps a record of how much of each stock is owned by each of its customers, and holds that stock in "street name", that is, the name of the registered financial institution. Generally, holding securities in street name provides a level of safety and can expedite its sale or transfer of ownership.

The Archdiocese has a policy of liquidating all donated securities upon receipt. The Finance Office will liquidate donated securities for any parish and credit a parish account with the proceeds.

### Procedures:

Few companies today continue to issue physical stock certificates. Paper certificates should be delivered by the donor to:

Archdiocesan Finance Office, The  
St. Louis Archdiocesan Fund  
20 Archbishop May Drive  
St. Louis, MO 63119

The back of the certificate should be signed by the owner exactly as it appears on the face. The donor should not write the name of the donor organization on the certificate. Doing so may unnecessarily delay the gift. On a separate sheet (not the certificate) please show the donor(s) Social Security Number and Date of Birth. This data is required for liquidation.

If stock is to be transferred from a broker, mutual fund or commercial bank or trust company, the broker and donor should contact the Archdiocesan Finance Office, Attention Pat Griffaw.

Contact: Archdiocese of St. Louis  
Attn: Pat Griffaw  
20 Archbishop May Dr.  
St. Louis, MO 63119  
Phone: 314.792.7123  
Email: [patriciagriffaw@archstl.org](mailto:patriciagriffaw@archstl.org)

To assure that a donor's gift is credited to the desired parish or agency, the donor is requested to send notice of the donation to the Archdiocesan Finance Office, Attn. Patricia Griffaw. Notice of a gift may be emailed to [SLAF@archstl.org](mailto:SLAF@archstl.org), or faxed to 314.792.7867. Further information may be obtained by contacting Patricia Griffaw at 314.792.7123, or Carrol Biddle at 314.792.7104.

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## 8.8 Procedures for Donating Securities

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### Valuation of Gift for Tax Purposes

The donor should be aware of the date on which the stock is valued for purposes of getting a charitable tax deduction. The Archdiocesan Finance Office will issue the IRS-required tax substantiation letter, following these rules.

- If the donor unconditionally delivers in person a properly endorsed certificate to the donee organization or the Finance Office (agent of the donee organization), the gift is completed (and therefore valued) on the date of delivery.
- If the donor unconditionally mails a properly endorsed certificate, the gift is completed on the date of mailing, provided the certificate is received in the ordinary course of the mail. A word of advice... Before mailing, the donor should write "Smith, Moore & Co." on the line of the stock power that precedes the word "Attorney." This minimizes the possibility of fraud.
- If the donor delivers the certificate to his financial representative or to the issuing corporation as his agent, for transfer into the donee's name, the gift is completed when the stock is transferred on the corporation's books. Similarly, the donation of stock held in book entry form is completed when the stock is transferred to an account of the Archdiocese.

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**8.8 Procedures for Donating Securities**

**FOR VALUE RECEIVED,** \_\_\_\_\_ the undersigned does (do) hereby sell, assign and transfer to \_\_\_\_\_

**IF STOCK,)** \_\_\_\_\_ Shares of the \_\_\_\_\_ stock of  
**COMPLETE )** \_\_\_\_\_  
**THIS )** represented by Certificate (s) No(s)  
**PORTION )** inclusive, standing in the name of the undersigned on the books of said Company.

**IF BONDS )** \_\_\_\_\_ bonds of \_\_\_\_\_  
**COMPLETE )** in the principal amount of \$ \_\_\_\_\_, No (s) \_\_\_\_\_  
**THIS )** inclusive, standing in the name of the undersigned on the books of said  
**PORTION )** Company.

The undersigned does (do) hereby irrevocably constitute and appoint  
**Smith, Moore & Co.**, attorney  
for the said stock or bond (s), as the case may be, on the books of said  
Company with full power of substitution in the premises.

**DATED**.....

\_\_\_\_\_ **SSAN** \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
\_\_\_\_\_ **SSAN** \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

**Signature(s) (exactly as shown on Certificate)**

**Owner's Social Security Number or Tax ID No. must be included.**

**IMPORTANT--READ CAREFULLY**

The signature (s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or bond(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee should be made by a member organization of the New York Stock Exchange, members of other Exchanges having signatures on file with transfer agent or by a commercial bank or trust company having its principal office or correspondent in the City of New York.

.....  
**SIGNATURE GUARANTEED**