

Proper Proxy Approval Protects You From Personal Liability

Imagine this scenario: you are the Parish Business Administrator or Chair of the church Finance Committee with a new \$1.7 million building project that has just been completed. Unfortunately, fundraising targets were too optimistic and the capital campaign is now coming up \$700,000 short. The contractor is demanding to get paid for the work done and eventually sues you and your family, in addition to the church, for payment of the unpaid construction bills.

Could this really happen? Yes, but it also can be prevented. You will not be personally liable for a parish building project as long as your parish obtains an Archdiocese proxy before undertaking the project and signing contracts. Without proxy approval, you will be bypassing the process for proper legal authorization and may be personally liable through civil litigation for unforeseen problems with the project.

All parish by-laws contain rules governing new construction, major renovation, the acquisition of capital assets, and the acquisition of real estate. Article XVI (and subsequent amendments) states that there shall be no expenditures for equipment, repair, remodeling or new construction costing in excess of \$15,000, without the **unanimous** consent of the Board.

The Archbishop and Vicar General are members of your Board, as they are for every parish, even though they don't attend Board meetings. In order for your Board to have unanimous consent on transactions detailed in Article XIII (real estate transactions) and Article XVI (construction and capital asset purchases), you need their approval by proxy. All proxy requests should be made through Lisa Giefer in the Administration and Financial Services Department of the Archdiocese. For larger church construction projects, the proxy isn't obtained until you've presented your project to the Archdiocesan Building Commission (ABC) at the Chancery and have been recommended by the ABC for approval by the Archbishop and Vicar General. Fr. John Estrem is serving as the interim Chair of the ABC.

If you gain full approval from your Board, including the signed proxy, your parish, as a corporate body, is financially responsible for the project and your personal liability is removed.