



IT IS ORDERED

Date Entered on Docket: June 23, 2016

The Honorable David T. Thuma  
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

In re:  ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP, a New Mexico corporation sole,  Debtor.	Chapter 11  Case No. 13-13676-t11  <b>Jointly Administered with:</b>
Jointly Administered with:  BISHOP OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP, an Arizona corporation sole.  This pleading applies to:  <input checked="" type="checkbox"/> All Debtors. <input type="checkbox"/> Specified Debtor.	Case No. 13-13677-t11

**ORDER CONFIRMING THE DEBTORS' SECOND AMENDED AND RESTATED  
PLAN OF REORGANIZATION DATED MARCH 21, 2016**

This matter came before the Court pursuant to the “Debtors’ First Amended and Restated Plan of Reorganization dated March 21, 2016” [Dkt. No. 567] as restated with certain non-material, non-adverse modifications in the “Debtors’ Second Amended and Restated Plan of

Reorganization dated March 21, 2016” [Dkt. No. 585] (the “**Plan**”) proposed by the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole (“**RCCDG**”) and the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole (the “**Arizona Entity**,” together with RCCDG, the “**Debtors**”) in the above-captioned Chapter 11 reorganization cases (the “**Reorganization Cases**”), and the “Amended Disclosure Statement to Accompany ‘Debtors’ First Amended and Restated Plan of Reorganization Dated March 21, 2016” [Dkt. No. 568] (the “**Disclosure Statement**”). Unless otherwise expressly stated in this confirmation order (the “**Confirmation Order**”), all capitalized terms used but not defined herein shall have the same meaning ascribed to them in the Plan or the Disclosure Statement Order (defined below).

The Court conducted the plan confirmation hearing on June 21, 2016 (the “**Confirmation Hearing**”). No objections to confirmation of the Plan were filed. In conjunction with the Confirmation Hearing, the Court considered: (i) the Plan, the Disclosure Statement, and the “Certified Ballot Report and Certification of Acceptances and Rejections of ‘Debtors’ First Amended and Restated Plan of Reorganization dated March 21, 2016” [Dkt. No. 582] filed by the Debtors on June 17, 2016 (the “**Ballot Report**”); (ii) the “Certificate of (I) Service of Solicitation Packages and Notice Packages for Debtors’ ‘First Amended Disclosure Statement to Accompany ‘Debtors’ First Amended and Restated Plan of Reorganization dated March 21, 2016’ and (II) Publication of Publication Notice” [Dkt. No. 580] (the “**Certificate of Service and Publication**”) and the “Supplemental Certificate of (I) Service of Solicitation Packages and Notice Packages for Debtors’ ‘First Amended Disclosure Statement to Accompany ‘Debtors’ First Amended and Restated Plan of Reorganization dated March 21, 2016’ and (II) Publication of Publication Notice” [Dkt. No. 584] (the “**Supplemental Certificate**”); (iii) the proffered

testimony of witnesses Christopher G. Linscott and Bishop James S. Wall in support of confirmation of the Plan; (iv) the pleadings filed by the Debtors in support of confirmation of the Plan, including the “Memorandum in Support of Confirmation of the Debtors’ First Amended and Restated Plan of Reorganization dated March 21, 2016” [Dkt. No. 583] (the **“Memorandum”**); (v) the “Unknown Claims Representative’s Report and Recommendations” [Dkt. No. 581] (the **“UCR Report”**); (vi) Exhibits 1-8 proffered and admitted at the Confirmation Hearing in support of confirmation of the Plan; (vii) the items as to which the Court took judicial notice on the record at the Confirmation Hearing; and (viii) the entire record of the Reorganization Cases.

Pursuant to the findings, conclusions and statements of the Court on the record at the Confirmation Hearing, which are incorporated into this Confirmation Order by this reference as if set forth fully herein, the entire record before the Court in the Reorganization Cases, the Plan, the Disclosure Statement and all evidence and statements presented in support of or in opposition to the Plan, the Court further finds and concludes as follows:

1. The Plan complies in all respects with each of the provisions of 11 U.S.C. § 1129(a) to the extent applicable to the Plan and the Reorganization Cases and with respect thereto, the Court specifically finds and concludes as follows:

A. 11 U.S.C. § 1129(a)(1). The Plan properly classifies creditors in accordance with the requirements of 11 U.S.C. § 1122, the provisions of the Plan comply with 11 U.S.C. § 1123, and the Plan complies with each other applicable provision of the Bankruptcy Code. Therefore, the requirements of 11 U.S.C. § 1129(a)(1) have been satisfied.

B. 11 U.S.C. § 1129(a)(2). The Debtors have complied with all applicable provisions of the Bankruptcy Code with respect to the Plan and solicitation of acceptances or rejections thereof. In particular, the Plan complies with the requirements of 11 U.S.C. §§ 1125 and 1126 as follows:

i. Compliance with 11 U.S.C. § 1125 (Solicitation and Notice).

a. On May 3, 2016, the Court entered the “Order (A) Approving the Disclosure Statement in Support of Plan of Reorganization; (B) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan; (C) Approving the Form of Ballots and the Inclusion of the Releases and Certifications Therein; (D) Approving the Form and Manner of Notice of the Insurance Settlement Agreements and the Participating Party Agreements; and (E) Setting the Confirmation Hearing” [Dkt. No. 571] (the **“Disclosure Statement Order”**). As set forth in the Disclosure Statement Order, the Disclosure Statement provides creditors with adequate information in accordance with the requirements of 11 U.S.C. § 1125.

b. The Debtors timely mailed Notice Packages and Solicitation Packages to all persons and entities required by the Disclosure Statement Order, the “Order Clarifying ‘Order (A) Approving the Disclosure Statement in Support of Plan of Reorganization; (B) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan; (C) Approving the Form of Ballots and the Inclusion of the Releases and Certifications Therein; (D) Approving the Form and Manner of Notice of

the Insurance Settlement Agreements and the Participating Party Agreements; and (E) Setting the Confirmation Hearing’” [Dkt. No. 575], the Bankruptcy Code, Rule 3017(d) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and all other applicable procedural rules.

- c. The Debtors published notice of the Confirmation Hearing, the Insurance Settlement Agreements and the Participating Party Agreements in the applicable publications in accordance with the Disclosure Statement Order (the “**Publication Notices**”) and the deviation from the publishing schedule approved by the Disclosure Statement Order in publishing the Publication Notice in *USA Today* and the *Alamogordo Daily News* described in the Memorandum and the Supplemental Certificate was not material and did not affect the reasonableness, adequacy and sufficiency of the Publication Notices.
- d. The notice given by the Debtors (as evidenced by the Certificate of Service and Publication and Supplemental Certificate) of the Plan and the transactions contemplated by the Plan, including, but not limited to the Insurance Settlement Agreements and the Participating Party Agreements was reasonable, adequate, and sufficient to: (i) give notice of the opportunity to vote on and/or object to the Plan, the Insurance Settlement Agreements, the Participating Party Agreements, and the Confirmation Hearing; and (ii) to give notice of all other relevant dates,

- deadlines, procedures and other information relating to the Plan and/or the solicitation of votes thereon.
- e. The Debtors have provided notice of the Disclosure Statement, the Plan, the Insurance Settlement Agreements, the Participating Party Agreements and the Confirmation Hearing (the “**Notice**”) to: (i) all Persons and Entities entitled to receive the Notice; (ii) other parties in interest listed on the master mailing list or as required by the Plan, the Insurance Settlement Agreements and Participating Party Agreements; and (iii) to other Entities pursuant to the Publication Notice, all of which constitutes due, proper, timely and adequate notice in accordance with the Disclosure Statement Order and applicable provisions of the Bankruptcy Code and the Bankruptcy Rules.
- f. The Notice and the Publication Notices clearly identify and give notice of each of the Entities to be released and enjoined under the Plan and Confirmation Order; every Entity on the master mailing list was provided with a copy of the Plan and Disclosure Statement; and the Notice and the Publication Notices were sufficient to inform those whose rights could be affected by the Plan or Insurance Settlement Agreements of that fact, and of the fact that such Entity would need to take further steps to protect such Entity’s Interests if any Entity objected to the treatment or terms of the Plan, the Insurance Settlement Agreements or the Participating Party Agreements. Accordingly, all such Entities have

had adequate notice and an opportunity to appear and be heard with respect to all matters related thereto.

- g. The Debtors solicited votes with respect to the Plan in good faith and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules and the Disclosure Statement Order. Accordingly, the Debtors are entitled to the protections afforded by 11 U.S.C. § 1125 and the exculpation provisions set forth in the Plan.
- ii. Compliance with 11 U.S.C. § 1126 (Plan Acceptance).
  - a. Claims in Class 1 are unimpaired under the Plan, and such Classes are deemed to have accepted the Plan pursuant to 11 U.S.C. § 1126(f).
  - b. Claims in Class 13 are impaired, are to receive no distribution under the Plan and, therefore, are deemed to have rejected the Plan.
  - c. There were eleven (11) impaired Classes entitled to vote: Classes 2-12.
  - d. No holders of Claims in Classes 3 or 12 voted on the Plan.
  - e. The holders of Claims in Classes 2, 4, 5, 6, 7, 9, 10, and 11 voted to accept the Plan.
  - f. The holders of Claims in Class 9 (Tort Claims) accepted the Plan by one hundred percent (100%) in amount and number of those who voted.
  - g. The holders of Claims in Class 8 voted to reject the Plan.
  - h. The Ballot Report sets forth the tabulation of votes as required by the Bankruptcy Code, the Bankruptcy Rules and the Disclosure Statement Order.

- C. 11 U.S.C. § 1129(a)(3). The Plan has been proposed in good faith and not by any means forbidden by law. The Plan is the result of extensive good faith, arms' length negotiations among the Debtors, the Committee, the attorneys for a substantial number of the Tort Claimants, the Settling Insurers, and the Participating Parties, among others, and is the result of a court-ordered mediation and cooperation of such Entities in the negotiation and presentation of the Plan. In addition, the Plan's exculpation, release and injunctive provisions have been negotiated in good faith and are consistent with 11 U.S.C. §§ 105, 1123(b)(6), 1129 and 1142. The Plan achieves a result consistent with the objectives and purposes of the Bankruptcy Code. Accordingly, the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(3).
- D. 11 U.S.C. § 1129(a)(4). No payment for services or costs and expenses in or in connection with the Reorganization Cases, or in connection with the Plan and incident to the Reorganization Cases, has been or will be made by the Debtors other than payments that have been or will be authorized by order of the Court. All payments for fees and Professional Charges for services rendered before the Effective Date will be subject to approval by the Court. Accordingly, the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(4).
- E. 11 U.S.C. § 1129(a)(5). The Debtors have disclosed (i) the identity of the sole director of the Reorganized Debtor and (ii) the identity of the only insider as defined in 11 U.S.C. § 101(31) who will be employed or retained by the Reorganized Debtor, which is Bishop James S. Wall, whose continuance as Bishop of the Reorganized Debtor is in the best interests of creditors and



comports with public policy. The Debtors and the Committee have disclosed the identity of the Trustee, Omni Management Acquisition Corporation (“**Omni**”), and the terms of its compensation, and the Abuse Claims Reviewer, William L. Bettinelli, and the terms of his compensation. Accordingly, the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(5).

- F. 11 U.S.C. § 1129(a)(6). There are no governmental regulatory commissions with jurisdiction, after confirmation of the Plan, over the rates of the Debtors and this Section is not applicable to the Debtors or the Plan.
- G. 11 U.S.C. § 1129(a)(7). Based upon the proffer of the testimony of Christopher G. Linscott, the financial advisor to the Debtors, and Exhibit 3 admitted at the Confirmation Hearing, each holder of an impaired Claim in each impaired Class of Claims that has not accepted the Plan will, on account of such Claim, receive or retain property under the Plan having a value, as of the Effective Date, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. Accordingly, the requirements of 11 U.S.C. § 1129(a)(7) have been satisfied.
- H. 11 U.S.C. § 1129(a)(8). The Plan is deemed rejected by Class 13, which will receive nothing under the Plan. Additionally, Class 8 voted to reject the Plan; however, as set forth below, the Debtors have satisfied the requirements of 11 U.S.C. § 1129(b).
- I. 11 U.S.C. § 1129(a)(9). The Plan provides treatment for Administrative Claims, Priority Tax Claims and Priority Claims that is consistent with the requirements of 11 U.S.C. § 1129(a)(9).

- J. 11 U.S.C. § 1129(a)(10). The Plan has been accepted by eight (8) Classes of impaired Claims that are entitled to vote on the Plan as described above and in the Ballot Report, without including any acceptance of the Plan by any insider. Accordingly, the requirements of 11 U.S.C. § 1129(a)(10) have been satisfied.
- K. 11 U.S.C. § 1129(a)(11). The Plan is feasible within the meaning of 11 U.S.C. § 1129(a)(11). The proffer of testimony of Christopher G. Linscott and Bishop James S. Wall together with Exhibits 1, 2, and 4, establish that the Debtors' business plan, projections and financial information regarding the Reorganized Debtor as of the Effective Date are reasonable, made in good faith, and confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Reorganized Debtor. Accordingly, the requirements of 11 U.S.C. § 1129(a)(11) have been satisfied.
- L. 11 U.S.C. § 1129(a)(12). The Plan provides that Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930 will be paid on or before the Effective Date (to the extent any are due as of the Effective Date). After the Effective Date, all fees payable pursuant to 28 U.S.C. § 1930 will be paid by the Reorganized Debtor in accordance with the terms of the Plan and applicable provisions of the Bankruptcy Code. Accordingly, the requirements of 11 U.S.C. § 1129(a)(12) have been satisfied.
- M. 11 U.S.C. § 1129(a)(13). The provisions of 11 U.S.C. § 1129(a)(13), to the extent applicable to the Debtors, have been complied with.
- N. 11 U.S.C. §§ 1129(a)(14)-(15). The provisions of 11 U.S.C. § 1129(a)(14) and (15) do not apply to the Debtors.

O. 11 U.S.C. § 1129(a)(16). The Debtors are not moneyed entities. Due and proper notice of the Plan, the Insurance Settlement Agreements, the Participating Party Agreements and the Confirmation Hearing was given to the Attorneys General for the States of Arizona and New Mexico. The Plan provides for the ability of the Debtors to transfer legal title in property that the Debtors contend is held in trust for the Parishes to an express trust as set forth in Section 31.4 of the Plan. Such a transfer, when it occurs, is in compliance with applicable non-bankruptcy law. Accordingly, the provisions of 11 U.S.C. § 1129(a)(16), to the extent applicable, have been satisfied.

P. 11 U.S.C. § 1129(b). The Plan does not “discriminate unfairly” because each dissenting Class is treated substantially equally to similarly situated Classes. With respect to the Classes of Unsecured Claims, to the extent that 11 U.S.C. § 1129(b)(B)(ii) applies, it has been satisfied. There are no Interests in the Debtors because of their status as religious corporations sole organized under Arizona and New Mexico law.

Q. To the extent not specifically addressed above and, to the extent applicable, all other provisions of 11 U.S.C. § 1129 have been complied with by the Debtors.

2. The secured financing to be obtained under the Plan is necessary in order for the Debtors to fund the amount of the Debtors’ contribution to the Plan and comply with their obligations under the Plan, is in the best interests of creditors and the Estates, and is essential to the implementation of the Plan. The terms of the financing were negotiated in good faith, and at arm’s length and are within the exercise of the Debtors’ reasonable business judgment.

3. The sales of property of the Estates under the Plan and the Insurance Settlement Agreements, including the sale of the statutory rights pursuant to the NMPCIGA Settlement Agreement, were negotiated in good faith, and at arm's length. The consideration to be paid for each sale of property is fair and reasonable and is the result of extended negotiations pursuant to the Court-ordered mediation and otherwise. The sale proceeds to be received pursuant to the Insurance Settlement Agreements and the Participating Party Agreements are necessary components of the Plan and essential to funding the Plan.

4. The Debtors have exercised appropriate business judgment in resolution of Claims against the Settling Insurers and the Participating Parties as evidenced by the Insurance Settlement Agreements and the Participating Party Agreements, the proceeds of which are necessary and essential components of the Plan and are the result of extensive negotiation as part of the Court-ordered mediation. It is, therefore, in the interests of the Estates, the creditors and other parties in interest to resolve all such Claims without incurring the delay, asset depletion, and risk that litigation would cause to the Estates, its creditors and other parties in interest.

5. Upon payment by NMPCIGA of the NMPCIGA settlement amount as set forth in the NMPCIGA Settlement Agreement, NMPCIGA shall have a subrogation claim against Home Insurance in the amount of the NMPCIGA settlement amount and, pursuant to the Home Settlement Agreement and the motion to allow the Home Liquidation Allowed Claim, NMPCIGA shall have an Allowed Claim in the Home Liquidation in the amount of the NMPCIGA settlement amount.

6. The releases and injunctions provided pursuant to the Plan, the Insurance Settlement Agreements, and the Participating Party Agreements are critical components of the Plan and the settlements embodied therein. Each of the Protected Parties has made a substantial

contribution to the Plan and the Estates. Such contributions are critical and significant contributions to the effective implementation of the Plan, and the Plan would not be feasible without such contributions. The Debtors and Protected Parties would not release their Interests under the Insurance Policies unless they obtained the benefits of the releases and injunctions under the Plan. Resolution of the Reorganization Cases would not have been possible without such releases and injunctions, and the Protected Parties would not have made contributions to the Plan without the protections, releases, and injunctions provided in the Plan, Insurance Settlement Agreements and Participating Party Agreements. All Entities that cast Ballots have agreed to the releases and injunctions provided for in the Plan. As found and concluded above, the Debtors provided specific notice of: (i) the releases and injunctions provided for in the Plan and the Insurance Settlement Agreements, (ii) the manner in which a creditor or interested party could take steps to obtain additional information regarding, or object to such, releases or injunctions, and (iii) the names of the Settling Insurers and Participating Parties; the Debtors published and/or mailed such notice broadly.

7. The Settling Insurers' payments under the Insurance Settlement Agreements and the Participating Parties' payments under the Participating Party Agreements provide good and valuable consideration to the Estates, and enable the holders of Tort Claims and Channeled Claims to realize certainty of distributions on their Claims. The Insurance Settlement Agreements and Participating Party Agreements are necessary and essential components of the Plan. Therefore, the injunctions and releases in the Plan, the Insurance Settlement Agreements, and the Participating Party Agreements are essential components of the Plan and are hereby approved.

8. The Unknown Claims Certificate entered into evidence as Exhibit 1 at the Confirmation Hearing is also attached as Exhibit Q to the Plan. The terms and amount of the Unknown Claims Certificate are satisfactory and have been approved by the Unknown Claims Representative in the UCR Report (admitted into evidence as Exhibit 2) as such. Additionally, the Unknown Claims Representative has reviewed the 2014 and 2015 statements of CM and has represented to the Court that he believes CM “is easily able to fund the Certificate.” UCR Report at p. 7.

9. The UCR Report has been considered by the Court and is accepted. The UCR has acted diligently in examining the potential for Unknown Tort Claims arising after the Confirmation Date. The Debtors gave wide notice of the Bar Date and also of the Plan as found in Paragraph 1.B above. The Reorganization Cases have been pending since November 2013. No additional Tort Claims have been filed since shortly after the Bar Date. Accordingly, the time during which the Unknown Claims Certificate remains in effect is reasonable and protects any Unknown Tort Claimants who may assert Unknown Tort Claims after the Confirmation Date.

10. The Creditors, including the Tort Claimants, have overwhelmingly voted in favor of the Plan, have executed the releases contained in the Ballots and have agreed to the injunctions contained in the Plan.

11. The Debtors and Pinnacle Bank filed the “Non-Material Modification of Debtors’ Plan Dated March 21, 2016 to Resolve Creditor Pinnacle Bank’s Class 4 Secured Claim” [Dkt. No. 579] (the “**Pinnacle Stipulation**”). The Pinnacle Stipulation is a non-adverse, non-material modification to the Plan that is authorized by 11 U.S.C. § 1127 and by Article 29 of the Plan, and which has been incorporated into the substance of the Plan. The Pinnacle Stipulation complies

with the requirements of 11 U.S.C. §§ 1122 and 1123, does not affect any creditor other than Pinnacle Bank and will not affect the Debtors' ability to perform under the Plan. Therefore, the Pinnacle Stipulation is approved and its inclusion in the Plan does not necessitate any re-solicitation of the Plan under 11 U.S.C. § 1125.

12. For purposes of clarity and avoidance of any doubt, and as set forth in the Plan, the term Protected Parties includes St. Michael's Mission, but does not include St. Michael School. The two are separate entities. Only St. Michael's Mission is a Participating Party and Protected Party under the Plan. St. Michael's School is not related to, affiliated with, or operated by any of the Protected Parties.

13. The Court has jurisdiction pursuant to 28 U.S.C. § 1334(a) and (b), 11 U.S.C. § 105, and Bankruptcy Rule 9019 to approve the exculpation, release, and limitation of liability provisions of the Plan and the Plan Documents and to issue the Channeling Injunction and other injunctions, as provided in Article 28 of the Plan.

**Therefore, after due deliberation and based on good cause appearing, IT IS HEREBY ORDERED AS FOLLOWS:**

A. Confirmation. The Plan is confirmed. A copy of the Plan, incorporating all amendments and modifications to the Plan, is attached to this Order as **Exhibit 1** and was admitted into evidence at the Confirmation Hearing as Exhibit 8. All formal and informal objections, responses, statements, and comments in opposition to the Plan, other than those withdrawn with prejudice in their entirety prior to the Confirmation Hearing or by way of stipulation and order with the Debtors or resolved on the record during the Confirmation Hearing, are overruled on the merits. The Debtors are hereby authorized and directed to: (a) take such actions as may be necessary or appropriate to carry out the Plan, and (b) execute such

documents and instruments as required to implement the Plan including, without limitation, the Plan Documents.

B. Binding Effect of Plan. Immediately upon the entry of this Order, the terms of the Plan, the Insurance Settlement Agreements, the Participating Party Agreements and the Plan Documents, all exhibits thereto and all other relevant and necessary documents are approved, effective and binding, including without limitation upon any and all Entities acquiring property under the Plan, any and all holders of Claims and Interests, any and all non-debtor parties to Executory Contracts, any and all Tort Claimants, Unknown Tort Claimants, and other creditors, whether or not such creditor has filed a Proof of Claim in the Reorganization Cases, whether or not the Claim of such creditor is impaired under the Plan, and whether or not such creditor has accepted or rejected the Plan. All Entities shall act or refrain from acting as set forth in the Plan.

C. Authority. By entry of this Order, the Debtors, the Committee, the Trustee, the Unknown Claims Representative, the Abuse Claims Reviewer and their Representatives are authorized and empowered to take all actions necessary or appropriate to consummate the transactions contemplated by the Plan and the Plan Documents and to perform thereunder. The Bishop and any other authorized officer of the Debtors is authorized and empowered to execute and deliver the Plan Documents in substantially the form submitted, subject to such amendments as may be agreed to by the parties thereto or approved by the Court, provided such amendments shall be consistent with the Plan.

D. Omission of Reference to Particular Plan Provisions. Failing to specifically describe or include any provision of the Plan in this Order shall not diminish or impair the effectiveness of such provision, as this Court intends that the Plan be approved and confirmed in its entirety. Each provision of the Plan shall be deemed authorized and approved by this Order



and shall have the same binding effect of every other provision of the Plan, whether or not mentioned in this Order. If any inconsistencies occur between the Plan and this Order, this Order shall govern.

E. Discharge. Except as otherwise expressly provided in the Plan or in this Order, on the Effective Date, the Debtors and the Diocese will be discharged from and their liability will be extinguished completely in respect of any Claim and debt, whether reduced to judgment or not, liquidated or unliquidated, Contingent or non-contingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or future, that arose from any agreement of the Debtors or the Diocese entered into or obligation of the Debtors or the Diocese incurred before the Confirmation Date, or from any conduct of the Debtors or the Diocese prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such Claims and debts, whether such interest accrued before or after the Petition Date, and including all Claims and debts of the kind specified in 11 U.S.C. §§ 502(g), 502(h), and 502(i), whether or not a Proof of Claim is filed or is deemed filed under 11 U.S.C. § 501, such Claim is Allowed under 11 U.S.C. § 502, or the holder of such Claim has accepted the Plan.

F. Cancellation of Notes, Instruments, and Debentures. On the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, debentures, certificates and other documents evidencing Claims shall be canceled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are surrendered for cancellation to the appropriate indenture trustee or other such Entity). The holders of or parties to such canceled notes, and other agreements and instruments shall have no rights against the Debtors, their Estates or the Trust arising from or relating to such

notes, and other agreements and instruments or the cancellation thereof, except for the rights provided to the holders of Claims under the Plan and this Order.

G. Appointment of Trustee. The Trust Agreement attached as Exhibit P to the Plan is approved. Omni is appointed as the Trustee of the Trust from and after the Effective Date. As the Trustee, Omni will be an officer of the Bankruptcy Court, with the immunities customarily enjoyed by bankruptcy trustees, in addition to the provisions of the Trust Agreement. The Bankruptcy Court will have sole jurisdiction over Claims and causes of action against Omni and its members, officers, directors, employees, professionals, agents, heirs and assigns (solely in Omni's capacity as the Trustee) arising out of performing its duties, and Omni (in such capacity) may not be sued, or have Claims asserted against it, in any other forum without leave of this Court. The compensation for the Trustee and its professionals as set forth in the Plan and Trust Agreement is hereby approved.

H. Distributions under the Plan. The classification of Claims for purposes of distribution shall be governed solely by the terms of the Plan. Notwithstanding the foregoing, the elections, if any, made on the Ballots tendered to or returned by the holders of Class 7 Claims to reduce their Claim to become a Class 5 Claim, or holders of Class 5 or Class 7 Claims who elected to waive their Claim in full, are binding and constitute the actual classification of such Claims under the Plan for distribution.

I. Withholding and Reporting Requirements. Each holder of an Allowed Claim to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, for such distribution.

J. Vesting of Estates' Assets. Except as otherwise provided herein or in the Plan, and as of the Effective Date of the Plan, under 11 U.S.C. §§ 1141(b) and 1141(c), all property of the Debtors' Estates and all property dealt with by the Plan is vested in the Trust or the Reorganized Debtor, or as may be otherwise set forth in the Plan, free and clear of all liens, Interests and Claims of creditors of the Debtors.

K. Applicability of 11 U.S.C. § 1146. In accordance with Section 28.13 of the Plan, under 11 U.S.C. § 1146(a), the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, whether occurring prior or subsequent to the Confirmation Date, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan, shall not be subject to any stamp tax, real estate transfer tax, excise tax, sales tax, use tax or other similar tax.

L. Assumption of Remaining Executory Contracts and Unexpired Leases. Subject to the requirements of 11 U.S.C. § 365 and under Article 22 of the Plan, all executory contracts and unexpired leases of the Debtors not rejected by order of the Bankruptcy Court or that are not the subject of a motion to reject pending on the Confirmation Date will be deemed assumed and assigned to the Reorganized Debtor on the Effective Date. To the extent that the grazing permits issued to the Debtors by the federal Bureau of Land Management and/or the State of Arizona are licenses that constitute Executory Contracts, they are hereby assumed as Executory Contracts, and, to the extent vested in the Arizona Entity, assigned to the Reorganized Debtor as of the Effective Date.

M. Causes of Action/Objections. The Reorganized Debtor shall retain and exclusively enforce the Retained Claims as provided in the Plan, including in Article 25 of the Plan, whether arising before or after the Petition Date, in any court or other tribunal, including,

without limitation, a bankruptcy court adversary proceeding filed in the Reorganization Cases. The Reorganized Debtor shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise all such Retained Claims, without obtaining Bankruptcy Court approval. The Debtors have no Retained Claims against the Diocese of Phoenix.

N. Deadline for Filing Professional Fee Claims. Professionals requesting compensation or reimbursement of expenses under 11 U.S.C. §§ 327, 328, 330, 331, 503(b) and 1103 for services rendered prior to the Effective Date must file and serve an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the Effective Date. The Fee Reduction set forth in the Plan shall be the only reduction applicable to those Professionals subject to the Fee Reduction; however, all such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Court.

O. United States Trustee Fees. All fees due under 28 U.S.C. § 1930 and not paid prior to the Effective Date shall be paid in Cash as soon as practicable after the Effective Date. After the Effective Date, the Reorganized Debtor shall pay quarterly fees to the U.S. Trustee, in Cash, until the Reorganization Cases are closed, and a final decree is entered. In addition, the Reorganized Debtor shall file post-Confirmation Date reports in conformance with the U.S. Trustee guidelines. The U.S. Trustee shall not be required to file a request for payment of its quarterly fees, which will be deemed Administrative Claims against the Debtors and the Debtors' Estates.

**P. Exculpation and Limitation of Liability. Except as expressly provided in the Plan, none of the Protected Parties will have or incur any liability to, or be subject to any**

right of action by, any claimant, any other party in interest, or any of their respective Representatives, financial advisors, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Reorganization Cases, including the exercise of their respective business judgment and the performance of their respective fiduciary obligations, the pursuit of confirmation of the Plan, or the administration of the Plan or the property to be distributed under the Plan or the Trust created hereunder, except for their willful misconduct or gross negligence and in all respects such parties will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan or the Reorganization Cases. Without limiting the generality of the foregoing, the Debtors and their financial advisors and other professionals shall be entitled to and granted the benefits of 11 U.S.C. § 1125(e). The Protected Parties, the Trust, the Trustee, and professionals employed by the foregoing shall not have any liability to any Entity, including any governmental entity or insurer, on account of payments made to a Tort Claimant, including any liability under the MSPA.

**Q. Channeling Injunction.** In consideration of the undertakings of the Protected Parties under the Plan, the Participating Party Agreements, the Insurance Settlement Agreements, and other consideration, and to further preserve and promote the agreements between and among the Participating Parties, the Settling Insurers, and the Debtors which also benefit the Tort Claimants and Unknown Tort Claimants and the protections afforded the Protected Parties under the Bankruptcy Code, including 11 U.S.C. § 105:

- i. Any and all Channeled Claims are channeled into the Trust and shall be treated, administered, determined, and resolved under the procedures**

and protocols and in the amounts as established under the Plan, the Unknown Claims Certificate, the Allocation Protocols and the Trust Documents as the sole and exclusive remedy for all holders of Channeled Claims (as stated in the Plan, and for purposes of Plan Section 28.5(a) only, the definition of Protected Parties does not include the Committee and each of its members; the Committee's Professionals; the Unknown Claims Representative; AlixPartners LLP, Michael Murphy, and Young Kim; and all of their respective present or former members, managers, officers, directors, employees, Representatives, attorneys, and agents acting in such capacity); and

- ii. All Entities who have held or asserted, hold or assert, or may in the future hold or assert, any Channeled Claim are hereby permanently stayed, enjoined, barred and restrained from taking any action, directly or indirectly, for the purposes of asserting, enforcing, or attempting to assert or enforce any Channeled Claim, including:
  - a. Commencing or continuing in any manner any action or other proceeding of any kind with respect to any Channeled Claim against any of the Protected Parties or against the property of any of the Protected Parties;
  - b. Enforcing, attaching, collecting or recovering, by any manner or means, from any of the Protected Parties, or from the property of any of the Protected Parties, with respect to any such Channeled

- Claim, any judgment, Award, decree, or order against any of the Protected Parties;**
- c. Creating, perfecting or enforcing any lien of any kind against any Protected Parties, or the property of any of the Protected Parties with respect to any such Channeled Claim;**
  - d. Asserting, implementing or effectuating any Channeled Claim of any kind against:**
    - (1) Any obligation due any of the Protected Parties;**
    - (2) Any Protected Party; or**
    - (3) The property of any Protected Party;**
  - e. Taking any act, in any manner, in any place whatsoever that does not conform to, or comply with, the provisions of the Plan; and**
  - f. Asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due any of the Protected Parties or the property of any of the Protected Parties.**

**R. Supplemental Injunction Preventing Prosecution of Claims against Settling Insurers. Pursuant to 11 U.S.C. §§ 105(a) and 363 and in consideration of the undertakings of the Settling Insurers pursuant to the Insurance Settlement Agreements, including any of the Settling Insurers' purchases of Insurance Policies free and clear of all Interests pursuant to 11 U.S.C. §§ 363(f) and 1123, any and all Entities who have held, now hold or who may in the future hold any Interests (including all debt holders, all equity holders, all Entities holding a Claim, governmental, tax and regulatory authorities, lenders, trade and**

**other creditors, Tort Claimants, Unknown Tort Claimants, perpetrators, Non-Settling Insurers, and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Insurance Settlement Agreements) against any of the Protected Parties, Insured Entities, or the Insurance Policies, which, directly or indirectly, relate to, any of the Insurance Policies, any Tort Claims or any Related Insurance Claims, are hereby permanently stayed, enjoined, barred, and restrained from taking any action, directly or indirectly, to assert, enforce or attempt to assert or enforce any such Interest against the Settling Insurers, Insured Entities, and/or the Insurance Policies, including:**

- i. Commencing or continuing in any manner any action or other proceeding against the Settling Insurers or the Insured Entities or the property of the Settling Insurers or the Insured Entities;**
- ii. Enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, Award, decree or order against the Settling Insurers or the Insured Entities or the property of the Settling Insurers or the Insured Entities;**
- iii. Creating, perfecting, or enforcing any lien of any kind against the Settling Insurers or the Insured Entities or the property of the Settling Insurers or the Insured Entities;**
- iv. Asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due the Settling Insurers or the Insured Entities or the property of the Settling Insurers or the Insured Entities; and,**



- v. Taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan.

S. Effectiveness of Releases and Injunctions. Except as otherwise expressly provided in the Plan and the Unknown Claims Certificate, for the consideration described therein, or described in any agreement by which an Entity becomes a Settling Insurer or a Participating Party, or if such Entity is a Protected Party on the Effective Date, all Entities who have held, hold, or may hold Channeled Claims or Claims against the Protected Parties, whether known or unknown, and their respective civil law and Canon Law officers, directors, officials, Representatives, council members, employees, accountants, agents, attorneys, and all others acting for or on their behalf, will be permanently enjoined on and after the Effective Date from: (i) commencing or continuing in any manner, any action or any other proceeding of any kind with respect to any Claim, including, but not limited to, any Tort Claim or any Unknown Tort Claim against the Protected Parties or the property of the Protected Parties; (ii) asserting a Claim against any Entity if as a result of such Claim such Entity has or may have a Claim against one or more of the Protected Parties; (iii) seeking the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or order against the Protected Parties or the property of the Protected Parties, with respect to any discharged Claim or Channeled Claim; (iv) creating, perfecting, or enforcing any encumbrance of any kind against the Protected Parties or the property of the Protected Parties with respect to any discharged Claim or Channeled Claim; (v) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Parties with respect to any discharged Claim or Channeled Claim; and (vi) taking any act, in any manner and in any place whatsoever, that

does not conform to or comply with provisions of the Plan or the Plan Documents, including, the Trust Agreement. Any and all currently pending court proceedings, the continuation of which would violate the provisions of this Section, shall be dismissed with prejudice.

T. **Injunctions Shall Be Permanent; Existing Injunctions and Stays Remain in Effect until Effective Date.** On the Effective Date, the injunctions provided for in the Plan shall be deemed issued, entered, valid and enforceable according to their terms and shall be permanent and irrevocable. All injunctions and/or stays provided for in the Plan, the injunctive provisions of 11 U.S.C. §§ 524 and 1141, and all injunctions or stays protecting any Settling Insurer that has purchased its Insurance Policies in a 11 U.S.C. § 363 sale, are permanent and will remain in full force and effect following the Effective Date and are not subject to being vacated or modified.

U. Approval of Settlement Agreements. In consideration of the classification, distributions, injunctions, releases, and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan. The Court hereby approves each of the Insurance Settlement Agreements, Participating Party Agreements and any other agreements, compromises and settlements provided for in the Plan, including each agreement attached to the Plan as an Exhibit and incorporated therein. The Insurance Settlement Agreements and Participating Party Agreements are binding on the parties thereto, including or in addition to the Trust, the Reorganized Debtor, and any successors to the Trust or the Reorganized Debtor, as well as all holders of Interests in the subject matter thereof and parties in interest.

V. Approval of Sales Free and Clear of all Liens, Claims, and Interests. Pursuant to the Insurance Settlement Agreements and Participating Party Agreements, and the provisions of 11 U.S.C. §§ 363 and 1123, the Debtors are authorized to sell free and clear of all liens, Claims, encumbrances, and Interests: (i) any Insurance Policies to be purchased by a Settling Insurer pursuant to the terms of the applicable Insurance Settlement Agreement, and (ii) any property to be purchased by a Participating Party under a Participating Party Agreement. The Settling Insurers and Participating Parties that purchase such property pursuant to the Plan or their respective Insurance Settlement Agreements or Participating Party Agreements are hereby granted the protections of good faith purchasers under 11 U.S.C. § 363(m). Notwithstanding the foregoing, nothing herein, in the Plan, or in the Home Settlement Agreement or the NMPCIGA Settlement Agreement shall affect any of the Debtors' or Reorganized Debtor's Claims against the Arizona Fund, which are expressly preserved.

W. Approval of Financing. The financing to be provided by the Catholic Order of Foresters (“**Foresters**”) as set forth in Exhibits 5-7, and pursuant to the Plan, is authorized and approved. The assignment by the Debtors to Foresters of all their rights and Interests in appraisals of the collateral for the loan is approved, effective upon the closing of the financing transaction. The Debtors are authorized and directed to execute such documents as may be necessary to complete the transaction.

X. Approval of Allocation Protocols. The Allocation Protocols as set forth in the Plan are authorized and approved.

Y. Judgment Reduction. The provisions of Article 28 of the Plan are approved. The Bankruptcy Court shall retain non-exclusive jurisdiction to determine the amount, if any, of any judgment reduction pursuant to the terms of Plan Section 24.3. In addition, any court of

competent jurisdiction may determine the amount, if any, of any judgment reduction pursuant to the terms of Plan Section 24.3. Notwithstanding any other provision of the Plan or this Order, Sections 24.2 and 24.3 of the Plan shall not (i) affect or be construed to restrict or limit the scope or application of the Settling Insurer Injunction, or (ii) alter, impair, or diminish any of the protections afforded to Settling Insurers or Participating Parties under the Plan and Confirmation Order, the Insurance Settlement Agreements, or the Participating Party Agreements.

Z. Dissolution of Arizona Entity. All Assets of the Arizona Entity shall be deemed assigned to and vested in the Reorganized Debtor as of the Effective Date. The exemption provided in 11 U.S.C. § 1146 and Section 32.18 of the Plan shall apply with regard to any tax or other liability that would otherwise arise from such transaction. Immediately following such assignment and vesting, the Arizona Entity shall be dissolved pursuant to applicable non-bankruptcy law and shall no longer have any corporate existence. Such assignment and vesting shall be completed without the necessity of any further documents of transfer, recording, or other official action.

AA. Termination of Committee. On the Effective Date, the Committee shall cease to exist and its members and Representatives shall, subject to those matters set forth below, be released and discharged from any further authority, duties, responsibilities and obligations relating to, arising from, or in connection with the Committee; provided, however, that Committee may continue to exist after the Effective Date with respect to any and all applications for Professional Charges but not for any other purpose.

BB. Notice of Effective Date. The Debtors shall send via email a copy of this Order and a notice of the Effective Date to all Professionals retained by the Debtors and the Committee

and employed at the expense of the Estates within five (5) business days after the occurrence of the Effective Date.

CC. Retention of Jurisdiction. Notwithstanding the entry of this Order and the Effective Date, this Court shall retain and have exclusive jurisdiction after the Effective Date over any matter arising under the Bankruptcy Code, arising in or relating to the Reorganization Cases or the Plan, including, without limitation, all categories specifically set forth in Article 30 of the Plan (which provisions are incorporated by reference), in each case to the greatest extent permitted by applicable law.

**XXX END OF ORDER XXX**

Submitted by:

/s/ Susan G. Boswell

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