

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

Chapter 11

CROSIER FATHERS AND BROTHERS  
PROVINCE, INC., a Minnesota non-profit  
corporation,

Case No. 17-41681

Debtor.

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In re:

Case No. 17-41682

CROSIER FATHERS OF ONAMIA, a  
Minnesota non-profit corporation,

Debtor.

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In re:

Case No. 17-41683

THE CROSIER COMMUNITY OF  
PHOENIX, an Arizona non-profit corporation,

Debtor.

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**DISCLOSURE STATEMENT TO ACCOMPANY JOINT PLAN OF  
REORGANIZATION DATED DECEMBER 22, 2017**

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## **I. INTRODUCTION.**

The Crosier Fathers and Brothers Province, Inc., a Minnesota non-profit corporation (the “**Province**”), the Crosier Fathers of Onamia, a Minnesota non-profit corporation (“**Onamia**”), and The Crosier Community of Phoenix, an Arizona non-profit corporation (“**Phoenix**” and collectively with the Province and Onamia, the “**Debtors**”), each a debtor-in-possession in the above-captioned, jointly-administered Chapter 11 reorganization cases (the “**Reorganization Cases**”), together with the Official Committee of Unsecured Creditors (the “**Committee**”), have prepared this Disclosure Statement (the “**Disclosure Statement**”) in connection with their joint solicitation of acceptances of the Joint Plan of Reorganization Dated December 22, 2017 (the “**Plan**”), a copy of which is attached as **Exhibit 1** to this Disclosure Statement. The purpose of the Disclosure Statement is to provide creditors with adequate information about the Plan as the Debtors and Committee (collectively sometimes referred to herein as the “**Plan Proponents**”) solicit acceptances of the Plan.

Survivors of Abuse<sup>1</sup> are a focal point of the Plan. It is impossible to overstate the tragedy of the Abuse that was inflicted in the past on various young people by certain Crosiers. Such Abuse was perpetrated by men purporting to do the apostolic work of the Roman Catholic Church and the Canons Regular of the Holy Cross of the Province of St. Odilia (“**PSO**”). Instead of fulfilling this mission, such perpetrators inflicted harm and suffering on certain children and teenagers who were exposed to them, many of whom were Crosier seminary students. This inexcusable Abuse impacted not only the survivors, but also the faithful among the Crosiers, and the communities in which the survivors live and the Crosiers serve.

Until recently, the Debtors were able to compensate survivors of Abuse on a one-by-one basis with the assistance of their Insurer, Hartford. However, the recent Minnesota “Child Victims Act” and the bankruptcies of a number of Wisconsin and Minnesota Archdioceses and Dioceses have devastated the Debtors’ remaining insurance and other assets. The Debtors worked for many months before the Reorganization Cases were filed to obtain funding to pay their creditors, and ultimately determined that the Reorganization Cases would maximize the impact of the contribution they could receive from Hartford and the value they could realize from their other Assets. To preserve and fairly distribute these limited resources among the numerous creditors who remain uncompensated, the Plan Proponents jointly propose the Plan. Through the Debtors’ efforts, sales of certain of their Assets as they consolidated operations, and primarily through their settlement with Hartford, the Debtors have assembled a cash fund that will be used to pay the creditors and perform the Debtors’ obligations under the Plan.

Through the Plan, the Debtors will also restructure their financial affairs to continue their apostolic mission and ministry, which is critical to many—especially the elderly, poor, and incarcerated—in their communities. In their works, the Debtors will also continue their already-strong programs intended to protect children and vulnerable adults, and will endeavor to address the spiritual needs of those who were harmed and their communities.

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meaning given to them in the Plan.

In this Disclosure Statement, the Plan Proponents provide adequate information for creditors to evaluate the Plan and decide whether to vote to accept it. Information about the process by which creditors will vote to accept or reject the Plan, and the circumstances under which the Bankruptcy Court may approve the Plan even if some creditors do not vote to accept it, is also provided.

In addition to summarizing the confirmation process and the Plan itself, the Disclosure Statement contains information about the Debtors, their history, Assets, liabilities, events that have occurred prior to, and are expected to occur in, the Reorganization Cases, and business plans for future operations. The Disclosure Statement also provides information regarding the problem of Abuse perpetrated by individuals associated with the Crosiers, the steps taken by the Crosiers to address the injuries inflicted by those individuals, and steps taken to prevent such Abuse from occurring both now and in the future.

## **II. INFORMATION ABOUT DISCLOSURE STATEMENT AND PLAN CONFIRMATION PROCESS.**

### **A. Definitions and Plan Supremacy.**

The capitalized terms used in this Disclosure Statement have the same definitions given to them in the Plan, unless it is expressly stated that a capitalized term will have a different meaning when used in this Disclosure Statement. In addition, unless otherwise stated, terms used in this Disclosure Statement will have the same meanings as in the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules of the Bankruptcy Court. Terms defined in this Disclosure Statement which are also defined in the Plan or the other sources described above, are solely for convenience when reading this Disclosure Statement; the Debtors do not intend to change the definitions of those terms from the Plan or from the otherwise applicable sources. Furthermore, in the event of any inconsistency between the Plan and this Disclosure Statement, the Plan will control. The exhibits attached to this Disclosure Statement are incorporated into and are a part of this Disclosure Statement.

### **B. Limited Representations.**

This Disclosure Statement is submitted in accordance with Bankruptcy Code § 1125 for the purpose of soliciting acceptances of the Plan from holders of certain Claims. This Disclosure Statement has been approved by the Bankruptcy Court as containing information of a kind, and in sufficient detail, which is adequate to enable you to make an informed judgment whether to vote to accept or to reject the Plan.

In determining whether the Plan should be confirmed, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code, including whether it is feasible, and whether it is in the best interests of the holders of Claims. The Bankruptcy Court also will receive and consider a ballot report prepared by the Debtors, concerning the votes for acceptance or rejection of the Plan by parties entitled to vote. Only holders of Allowed Claims that are impaired under the Plan will be allowed to vote to accept or reject the Plan.



THIS DISCLOSURE STATEMENT IS NOT THE PLAN. THE PLAN IS THE OPERATIVE DOCUMENT. THIS DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN, WHICH IS ATTACHED HERETO AS EXHIBIT 1, SHOULD BE READ COMPLETELY. FOR THE CONVENIENCE OF CREDITORS, THE PLAN IS SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES AND OTHER STATEMENTS REGARDING THE PLAN ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

The Bankruptcy Court will hold a hearing on confirmation of the Plan on [REDACTED], 2018, commencing at [REDACTED] Central Time (the “**Confirmation Hearing**”) and continuing thereafter until conclusion of the Confirmation Hearing. The Confirmation Hearing may be adjourned from time to time without further written notice.

Information contained in this Disclosure Statement was obtained from knowledgeable personnel at the Debtors or from the books and records of the Debtors. Financial information developed for purposes of this Disclosure Statement was developed by the Debtors’ personnel working in conjunction with the Debtors’ Professionals. Certain materials contained in this Disclosure Statement are taken directly from other, readily accessible documents or are digests of other documents. While every effort has been made to retain the meaning of such documents, you are urged to rely upon the contents of such documents and only after a thorough review of the documents themselves.<sup>2</sup>

NO REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THE DEBTORS’ OPERATIONS, THE VALUE OF THE DEBTORS’ ASSETS, OR THE FUTURE OPERATIONS OF THE REORGANIZED DEBTORS ARE AUTHORIZED BY THE PLAN PROPONENTS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. UNLESS OTHERWISE EXPRESSLY STATED, PORTIONS OF THIS DISCLOSURE STATEMENT DESCRIBING THE DEBTORS HAVE NOT BEEN SUBJECT TO A CERTIFIED AUDIT, BUT HAVE BEEN PREPARED FROM INFORMATION COMPILED BY THE DEBTORS FROM RECORDS MAINTAINED IN THE ORDINARY COURSE OF THE DEBTORS’ BUSINESS. EVERY EFFORT HAS BEEN MADE TO BE AS ACCURATE AS POSSIBLE IN THE PREPARATION OF THIS DISCLOSURE STATEMENT.

THIS IS A SOLICITATION BY THE PLAN PROPONENTS AND IT IS NOT A SOLICITATION BY THEIR ATTORNEYS OR ANY OTHER PROFESSIONALS EMPLOYED BY ANY OF THEM. THE REPRESENTATIONS MADE HEREIN ARE THOSE OF THE PLAN PROPONENTS AND NOT OF THEIR ATTORNEYS OR ANY OTHER PROFESSIONAL.

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<sup>2</sup> Such documents include, but are not limited to, pleadings filed in the Minnesota state court system, the Bankruptcy Court cases of the Archdiocese of Minneapolis/St. Paul and the Diocese of Duluth, public real property records, and corporate formation documents and records, among other things.

REASONABLE EFFORTS HAVE BEEN MADE TO ACCURATELY PREPARE ALL UNAUDITED FINANCIAL STATEMENTS OR OTHER FINANCIAL INFORMATION WHICH MAY BE CONTAINED IN THIS DISCLOSURE STATEMENT FROM THE INFORMATION AVAILABLE TO THE DEBTORS. HOWEVER, AS TO ALL SUCH FINANCIAL STATEMENTS OR OTHER FINANCIAL INFORMATION, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED THEREIN IS WITHOUT ERROR.

APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE CERTIFICATION BY THE COURT THAT THIS DISCLOSURE STATEMENT IS WITHOUT INACCURACY.

**C. Voting Procedures.**

In accordance with Bankruptcy Code § 1122(a), the Plan classifies Claims into different Classes based on similarities and differences between the legal rights associated with the Claims and provides for how each Class of Claims will be treated. Specifically, the Plan classifies Claims against the Debtors into the following Classes:

Class 1 – Priority Employee Unsecured Claims (Unimpaired; Not Entitled to Vote; Deemed to Accept)

Class 2 – Prepetition Date Secured Tax Claims (Impaired; Entitled to Vote)

Class 3 – Secured Claim of Cindy and Michael Robinson (Impaired; Entitled to Vote)

Class 4 – General Unsecured Convenience Claims (Impaired; Entitled to Vote)

Class 5 – General Unsecured Claims (Impaired; Entitled to Vote)

Class 6 – Other Tort and Employee Claims (Impaired; Entitled to Vote)

Class 7 – Annuity Claims (Unimpaired; Not Entitled to Vote; Deemed to Accept)

Class 8 - Tort Claims (Impaired; Entitled to Vote)

Class 9 – Unknown Tort Claims (Impaired; Entitled to Vote)

Class 10 – Co-Defendant, Diocese and Parish Claims (Impaired; Not Entitled to Vote—Deemed to Reject)

Class 11 - Insurance and Benefit Claims (Impaired; Entitled to Vote)

Class 12 – Penalty Claims (Impaired; Not Entitled to Vote—Deemed to Reject)

Class 13 - Intercompany Claims (Impaired; Entitled to Vote)

In order to confirm the Plan, at least one Class of Claims impaired by the Plan must vote to accept the Plan. In order for a Class of Claims to vote to accept the Plan, votes representing at

least two-thirds (2/3) in amount of the Claims in that Class that vote and more than one-half (1/2) in number of the Claims in that Class that vote must be cast in favor of accepting the Plan. The Plan's treatment of a Class will either "impair" the Claims in that Class or leave them "unimpaired." Claims are impaired if the Plan in any way alters the legal, equitable, or contractual rights associated with the Claims or if the Plan provides for paying less than the full amount of the Allowed Claims. Holders of Claims in Classes which are impaired under the Plan may vote to either accept or reject the Plan; however, unless specifically noted in the Plan with respect to a particular Class, the act of voting and the substance of the vote will not alter a creditor's treatment. As more fully described below, the Debtors are seeking acceptances from holders of Allowed Claims in the Classes designated above as "Impaired; Entitled to Vote." If you are the holder of an impaired Claim, it is important that you vote.

The following Classes of Claims are not impaired under the Plan, or are deemed to vote in favor or against the Plan, for the reason indicated:<sup>3</sup>

<u><b>Class</b></u>	<u><b>Description</b></u>	<u><b>Status</b></u>
Unclassified <sup>4</sup>	Administrative Claims	Unimpaired—Deemed to Accept
Unclassified	Priority Unsecured Claims	Unimpaired—Deemed to Accept
Unclassified	Priority Tax Claims	Unimpaired—Deemed to Accept
Class 1	Priority Employee Unsecured Claims	Unimpaired—Deemed to Accept
Class 7	Annuity Claims	Unimpaired—Deemed to Accept
Class 10	Co-Defendant, Diocese, and Parish Claims	Receive \$0.00—Deemed to Reject
Class 12	Penalty Claims	Receive \$0.00—Deemed to Reject
Class 13	Intercompany Claims	Insiders—Votes do not Count as Impaired Accepting Class

The specific treatment of each Class under the Plan is set forth in the Plan and is summarized in Article XIII of this Disclosure Statement. It is possible that one or more Classes of Claims will have no creditors in that Class. In that event, under the terms of the Plan, that Class will be deemed to be automatically deleted from the Plan.

Bankruptcy Code § 1129(b) provides that, if the Plan is rejected by one or more impaired Classes of Claims, the Plan nevertheless may be confirmed by the Bankruptcy Court, if: (i) the Bankruptcy Court determines that the Plan does not discriminate unfairly and is fair and equitable

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<sup>3</sup> Holders of Claims which are unimpaired, that is their rights are not altered and they will be paid or satisfied in full, are deemed to have accepted the Plan without voting. *See* Bankruptcy Code § 1126(f). Conversely, holders of Claims who will receive nothing under the Plan are deemed to reject the Plan without voting. *See* Bankruptcy Code § 1126(g).

<sup>4</sup> The treatment of unclassified Claims is prescribed by the Bankruptcy Code and, accordingly, the holders of those Claims do not vote.

with respect to each rejecting Class of Claims; and (ii) at least one Class of impaired Claims has voted to accept the Plan.

**THE DEBTORS AND THE COMMITTEE RECOMMEND THAT THE HOLDERS OF ALLOWED CLAIMS VOTE IN FAVOR OF THE PLAN.**

**III. OVERVIEW OF PLAN.**

As discussed above, the Debtors filed these Reorganization Cases in order to resolve creditors' Claims for Abuse (known and unknown), and, while achieving that goal within the limits of the Debtors' Assets, to restructure their financial affairs to preserve their apostolic ministries and mission. These ministries and missions are critical to Catholics and non-Catholics alike in Arizona, Minnesota, and elsewhere. The Debtors have proposed the Plan to accomplish these ends. The Plan will be funded by the Debtors and Hartford, the Debtors' only known Insurer with any obligation relating to Tort Claims.

The approximately \$25.5 million cash fund to be established under the Plan represents significant efforts to liquidate assets and downsize by the Debtors, and the significant contribution and support of Hartford. Of these funds, approximately \$24 million will be used to fund the Trust that will pay the Tort Claimants pursuant to the Tort Claims Allocation Protocol, and the Unknown Tort Claimants pursuant to the Unknown Tort Claims Allocation Protocol from the Unknown Claims Reserve that will be established within the Trust. The Plan Proponents estimate that administrative fees will be equal to or less than the remaining \$1.5 million.

The Debtors believe that the Plan provides greater compensation to the Tort Claimants and the Unknown Tort Claimants than they would likely receive outside Chapter 11 because of, among other things: (i) limited and, in some instances, disputed insurance coverage for the period during which some of the Tort Claims arose; (ii) exhaustion of limits of insurance; and (iii) the limited resources of the Debtors to respond to judgments outside the Reorganization Cases.

**The Plan incorporates a settlement agreement with Hartford through which the Debtors will obtain a significant amount of the money committed to the Plan. The terms of the settlement involves, among other things, a sale of certain Hartford Policies.**

Additionally, to fund the Plan, the Debtors sold, pre-petition, certain real property that was not critical to the mission and ministry of the Debtors. The Debtors also sold and may sell mission-critical property in an effort to downsize, replacing larger properties with smaller, more economical properties that are still capable of serving the Debtors' mission and ministry, in furtherance of Plan funding. To further generate funds for the Debtors' contribution to the Plan, the Debtors may sell additional real property or use it as collateral for a loan. Again, in certain cases, the Debtors will be utilizing property that is critical to their mission and ministry, but they are committed to being able to consummate a plan that is beneficial to the Tort Claimants and the other interested parties.

Under the Plan, a Trust will be created from which Tort Claims and Unknown Tort Claims will be paid. The Tort Claims and Unknown Tort Claims will receive distributions based on protocols or processes proposed by the Committee, which will be subject to Court approval as part

of the Plan confirmation process. The Trust will be administered by a Trustee who will also be proposed by the Committee and subject to Court approval as part of the Plan confirmation process.

#### **IV. THE DEBTORS.**

##### **A. History of the Debtors and the PSO.**

The Debtors are the Province, Onamia, and Phoenix. The Province is the civil counterpart of the PSO. The PSO is part of the Roman Catholic religious Order known as the Canons Regular of the Holy Cross (the “**Order**,” with individual members of the Order referred to herein as “**Crosiers**”).

The Onamia community is located in Onamia, MN, and the Phoenix community is located in Phoenix, AZ. Both are separate from the Province and all three are civilly incorporated entities. The two communities are also separate entities under Canon Law—specifically, the proper law of the Order.

The PSO is the American division of the Order. Its territory encompasses the entire United States. The first Crosier community was founded in Belgium in 1210, and the Order derives its name from the French word *croisés*—signed with the cross. It is one of the oldest orders of religious men in the Roman Catholic Church.

In 1850, Crosier priests and brothers came to Wisconsin in the United States to work among immigrants who had settled in the Green Bay area. This initial attempt to establish the Order in the United States came to an end when the Crosiers who had been assigned to the United States returned to Europe. The Crosiers again returned to the United States in 1910 to accompany immigrants who settled in northern Minnesota. In 1922, the first permanent American priory and school (still in use today as the modern priory but no longer a school) were established in Onamia, Minnesota.

During this period, Crosiers began missions in the country now known as the Democratic Republic of the Congo in 1920; Indonesia in 1926; and Brazil in 1934. Since 1958, Crosiers have also worked in the Diocese of Agats in what is now known as Papua, Indonesia. Members of the PSO have also been sent to these areas over the years; the last Crosier who was a member of the PSO returned from Papua to the United States several years ago.

Today there are a total of about 350 Crosiers worldwide who live and minister in the United States, the Netherlands, Belgium, Germany, Indonesia, the Democratic Republic of the Congo, Brazil, and in Rome, where the Order’s master general resides. The Order is divided into three Provinces, one proprovince, and one general delegation. The PSO is headquartered in Phoenix and has approximately forty-five members. The other two Provinces are located at St. Agatha Monastery in the Netherlands and in Bandung, Indonesia. These other two Provinces are not debtors in these cases nor are they related or affiliated with the debtors except that their members are also Crosiers. The Crosiers in the Democratic Republic of the Congo are organized as a proprovince, an interim stage toward becoming an independent Province. They are affiliated with the Province of Blessed Theodore de Celles headquartered in the Netherlands. The Crosiers in

Brazil have the status of a general delegation under the direct authority of the Crosier master general in Europe.

**B. Mission and Ministry.**

Crosier lives are spent in service. Crosiers are involved in a wide range of ministries serving the Church and those in need, including parish assistance, retreat work, spiritual direction, elder care, veterans ministry, immigrant outreach, and jail ministry. Crosiers also assist their brothers in charity and unity, by prayer and daily activities.

The ministries of the Crosiers are important to the people in the geographic areas in which they serve; many depend on their services. The Crosiers support numerous urban and other programs that minister not only to the Catholic faithful, but also benefit all people in the communities where they serve through the Crosiers' charitable works and outreach.

Each Crosier takes a vow of poverty in exchange for which the relevant Province agrees to provide for the needs of their members of the particular Province throughout their lives. As part of the formation process, each Crosier relinquishes all his worldly goods and provides a power of attorney to the Province of which he is a member. In turn, the Province of which he is a member vows to provide for his needs and survival. Each Province is a fiduciary in the financial aspects of each Crosier's life. This means the debtors hold certain assets in trust for the individual Crosiers who are part of the PSO.

Any salary that a member receives from any employment is paid to the community or the Province. Rather than accumulating worldly goods, Crosiers share in conventual communal living which is provided and paid for by the Province or community of which he is a member. Crosiers are committed to live and work in community and to serve the people as a sign of hope and glory. The Crosiers follow the Rule of St. Augustine, promoting the common good while respecting each individual.

**C. Structure and Business Operations.**

The territory of the PSO is subject to the jurisdiction and administration of the Prior Provincial. Thomas Enneking, osc, has been the Prior Provincial since 2011. As the Prior Provincial, he is charged with carrying out his canonical duties in accordance with the Canon Law.

Father Enneking is also the civil law President of the Province. The other civil law officers of the Province are: Treasurer: Jeffrey Breer, osc; Secretary: Kermit M. Holl, osc; Directors: David Donnay, osc and Stephan E. Bauer, osc. The Province is the civil entity that, among other things, provides administrative services to the Onamia and Phoenix communities in accordance with Canon Law. In addition to being a separate civil law entity, the Province is also a separate entity under the religious law of the Order.

The Onamia community, located in central Minnesota, has been an important part of Crosier presence in the United States since the Order began its mission in the United States more than 100 years ago. In addition to being a separate civil law entity, the Onamia community is also a separate entity under the religious law of the Order. Onamia's officers are: President: Kermit

Holl, osc; Vice President: David Donnay, osc; Secretary: Thomas Carkhuff, osc; and Director: Jeffrey Breer, osc. Some Onamia Crosiers serve as parish priests as well as serving in a variety of ministries, working as retreat leaders, providing spiritual care to the elderly and hospitalized, and functioning as jail ministers, among other charitable works. Onamia also provides the home for senior retired Crosiers, the development office that serves all three Debtors, and the Crosiers in initial formation.

The Onamia community is also a non-profit member of a Minnesota non-profit corporation—Onamia Area Assisted Living—that owns and operates an elder care center sometimes known as Lake Song and defined in the Plan as Onamia Assisted Living. As a member, Onamia is entitled to any distributions of profit from the operation of Onamia Assisted Living; however, Onamia Assisted Living has historically operated at a loss. Onamia contributed \$45,000 in each of 2015 and 2016 to help it continue operating. Some of the elder members of Onamia are also residents of Onamia Assisted living.

Onamia earns additional funds from leasing the Holy Cross Center to third parties. The Holy Cross Center, discussed below, is a church and hall that Onamia and the Holy Cross Parish of the Diocese of St. Cloud jointly operate pursuant to a contract. The facility is leased on a short-term basis for weddings, funerals, and other community events and proceeds that are generated by Onamia are retained by Onamia.

The Phoenix community is located in central Arizona. In addition to being a separate civil law entity, the Phoenix community is also a separate entity under the religious law of the Order. Previously, the Crosier priests in Phoenix served as associate pastors and provided part-time assistance in the Diocese of Phoenix, but have limited their involvement to providing weekend assistance based on their availability. In addition, the members of the Phoenix community place their limited resources and focus on their other ministries, including spiritual ministry to veterans, immigration assistance, jail ministry, spiritual direction, visiting and serving memory care patients, and working in other ministries that serve the Church. Father Enneking is the local Superior for the religious community in Phoenix and also serves in the civil capacity of Phoenix's President. Its Directors also serve in the following roles: Robert Rossi, osc, as Secretary; Stephan E. Bauer, osc, as Treasurer, and James Verley, osc, as Vice President.

All three of the Debtors generate income to provide for the needs of the communities and their members and to carry out their mission and ministry in several ways, including salaries and stipends for services provided by Crosiers and also various fund raising programs. Funds are raised in several ways, including through the Crosier Apostolate (a group of donors who commit to give to the Debtors for a year, and renew their commitments annually), direct mail campaigns, charitable gift annuities, and suggested offerings for religious and other articles through their website.

Many of these development functions are conducted by an administrative department—the Service Bureau. These functions include maintenance of donor lists and contact information, donor mailings and related development matters. Additionally, the Service Bureau fulfills orders placed through the website or through mail order forms and maintains the inventory of items offered on the website.

Charitable gift Annuities are another important form of funding for the debtors. The donor gives a charitable gift to the applicable Debtor in exchange for the commitment of the Debtor recipient to make annuity payments to the donor over time (usually for the life of the donor). The Debtors maintain fully funded reserves/accounts from which the regular Annuity payments to the donors are made.

Several years ago, the Province commenced a capital campaign. Beginning in 2013, the Province raised funds for the sole purpose of constructing a building that could be used as a priory and also as a center from which to operate the PSO's mission and ministry and expand the services, programs, and supportive benefits that the Province and Phoenix provide to their surrounds. Each contribution to the capital campaign was restricted for this purpose. If the funds were not used for that purpose, state law requires that they be returned to the donor of the funds. In 2016, a separate Arizona non-profit corporation, the Crosier Village of Phoenix ("**Crosier Village**") was formed for the purpose of fulfilling the capital campaign and operating the new campus. The remaining restricted funds that had been raised through the capital campaign but have not yet been deployed in construction were transferred to Crosier Village. Significant progress has been made remodeling an existing complex. A number of Crosiers moved both their residences and offices out of a building owned by the Phoenix community, which building is being sold to obtain funds for the Plan and reorganization. Those Crosiers moved into the Crosier Village campus and Phoenix leases their residences and office space from Crosier Village; the Province also leases administrative space from Crosier Village.

Additional information about the Debtors' income may be found in the Debtors' Schedules (as amended) and the Debtors' Monthly Operating Reports filed with the Bankruptcy Court. Note, however, that the numbers reported include all income, some of which is restricted and may not be used for purposes other than the restricted purpose. An example of this is seen on the Statement of Financial Affairs filed by the Province [Province Dkt. No. 42], which reports approximately \$3,037,200 in income in 2015 and \$1,718,826 in income for 2016. Most of these funds were capital campaign funds that were restricted for the sole purpose of the building the new Crosier campus in Phoenix. Pursuant to law, restricted funds must be used for the sole purpose for which the donor has restricted their use; failing that, the funds must be returned to the donor.

Each of the Debtors is financially responsible for the members who belong to their respective communities; the Province provides support only for the prior provincial and two sons of the province. Onamia is responsible for the approximately thirty Crosiers assigned to its community; Phoenix is responsible for the approximately ten Crosiers assigned to its community as well as the Prior Provincial, to the extent his expenses are not covered by Province, because he is also the Superior of the Phoenix community. Typically, the Crosiers reside in community houses known as priories unless they are residing in assisted living, nursing care or with or near family members because of unique circumstances.

The Province pays Social Security and Medicare taxes for each Crosier living and working in the Phoenix and Onamia communities which is reimbursed to the Province by Phoenix or Onamia, as the case may be. In turn, the relevant debtor receives the Social Security and Medicare payments for each of the members who has attained the age of 65, consistent with the vow of



poverty taken by each member and the Debtors' obligations for care and support of their respective members.

**D. The Debtors' Assets.**

A description of the Debtors' Assets follows. A balance sheet summarizing the Debtors' Assets and liabilities is also attached to the Disclosure Statement as Exhibit 2.

**1. Real Property.**

**(a) Province.**

The Province owns one residence in Phoenix, Arizona, the Old Southern Building. The house was purchased in 2017 from Cindy and Michael Robinson, who have provided seller carry-back financing to the Province that is classified as a Class 4 secured claim under the Plan, for the amount of approximately \$132,000. The Province then invested approximately \$40,000 in remodeling the property pre-petition to make it suitable for its purposes.

Because this residence is essential to the mission and ministry of PSO, it will not be sold under the Plan. In fact, it was purchased so that the Province and Phoenix could downsize to provide additional funding for the Reorganization Cases. Prior to June, 2017, the Province and Phoenix shared administrative and residential space in a building owned by Phoenix. The Province purchased the Old Southern Building to use for residential space, and now leases its administrative space from Crosier Village. It accomplished the move with the intent to liquidate the Phoenix property to provide funding for the Plan and operations. The Old Southern Building, a much smaller property, will also save money in the future on operating costs such as utilities and landscaping.

The Province also owns a small parcel in Crow Wing County, Minnesota, which is estimated to be worth approximately \$5,900 by the local tax assessor.

**(b) Onamia.**

Onamia owns certain real property that is not essential to its mission and ministries, which it may sell or otherwise monetize under the Plan. This property includes some parcels of undeveloped vacant farm land in Benton County, Minnesota, and Hidalgo County, Texas, varying in size, in which Onamia holds a 1/5 interest. The family members of the donor hold the other 4/5 interests. Because of the minority nature of Onamia's interest, it is believed this property will be difficult to market and sell if the other 4/5 interest holders will not purchase Onamia's interest. Through the efforts of the 4/5 interest holders and with Onamia's cooperation, two of the parcels in Benton County were sold post-petition with Bankruptcy Court approval, but the proceeds were relatively insignificant.

Onamia also has an interest in an older lake house that is in relatively poor condition. This building is located in Isle, Minnesota and the Debtors do not believe it has significant value.

Onamia also owns a portion of a large campus that is essential to its mission and ministry. This campus includes Onamia Assisted Living and its hospital, the Holy Cross Center, and Onamia's priory church, priory, and administrative offices. At one time, prior to the construction of Onamia Assisted Living, this complex was the location of the Crosier Seminary. The former Crosier Seminary building is now Onamia's priory and administrative offices. This was also the Province's headquarters before it moved to Phoenix. Because it is home to the Onamia community and is its administrative base, the priory and related church are essential to the Debtors' mission and ministry. Despite their importance, Onamia is considering downsizing, similar to what the Phoenix community and Province did. If Onamia is able to market and sell the priory, it would replace it with a smaller, more economical space, and use the net proceeds to fund its Plan contribution and its operations.

The Holy Cross Center, as briefly discussed above, consists of a church hall that sits on real estate owned by Onamia. In 2005, Onamia and the Holy Cross Parish entered into the Holy Cross Agreement that provided for Onamia to contribute 75% of the construction costs for the Holy Cross Center, and Holy Cross Parish to contribute 25% of the construction costs. Going forward, this Executory Contract requires Onamia to pay for 75% of the operating costs of the Holy Cross Center. The Holy Cross Parish must pay for 25% of the operating costs. Each party is entitled to the proceeds that it generates from its use of the Holy Cross Center; each has areas within the Holy Cross Center for its exclusive use, as well as common areas that both parties share. The Operating Agreement contains other requirements, including the provision of insurance by both parties, and provides an option for each party to buy out the other's interest in the Holy Cross Center under certain circumstances. The contract is self-renewing from year to year. Given the executory and continuing nature of the obligations it creates, is an Executory Contract that will be assumed.

The Holy Cross Center is central to Onamia's mission and ministry and will be retained under the Plan. In all events, Onamia does not believe that the Holy Cross Parish has sufficient funds to purchase its interest in the Holy Cross Center. Moreover, given the ownership interest of the Holy Cross Parish in the Holy Cross Center, it is unlikely that Onamia's interest in the Holy Cross Center or the underlying real estate (which is owned by Onamia but underlies the Holy Cross Center that is not wholly owned by Onamia) is marketable (or at least, marketable at the price that a wholly owned building and land would command).

(c) **Phoenix.**

Phoenix currently owns a residential complex located at 2617 East Campbell Avenue, Phoenix, Arizona 85016. Previously, the complex served as Phoenix's and the Province's administrative offices and residences. Phoenix listed the property through a real estate broker (whose employment was approved by the Bankruptcy Court), and, although it had believed the property to be worth approximately \$1.5 million, the best offer it could obtain after extensive marketing was in the amount of \$700,000. As discussed above, Phoenix is selling the building in order to downsize and streamline operations while generating cash that may be used to fund operations or Plan obligations. Phoenix is now leasing space from Crosier Village for its members' residence and administrative offices. Phoenix filed a motion to sell the property, which remains pending. The amount for which the property may be sold will not affect the amount of funding that the Debtors have agreed to contribute to the Plan.

## **2. Cash and Investments.**

The Debtors maintain checking and savings accounts at national banks to use for operations. The Province had approximately \$140,000 in its checking and savings accounts as of the Petition Date; Onamia had approximately \$280,000; and Phoenix had approximately \$140,000.

As of the Petition Date, the Debtors also had approximately \$4,010,783 invested with various fund managers at J.R. Baird and Company. The investments are comprised of approximately 66% stocks, 26% bonds, and 8% cash and other investments. The funds are invested in a mix of investments that are appropriate for a relatively conservative, mid-term portfolio. The Debtors have pooled their funds in the investment accounts in order to realize greater returns on the funds and to minimize administrative expenses; however, each of the Debtors' funds are accounted for separately and tracked. These funds will be used to fund the Debtors' obligations under the Plan in addition to operating and other expenses.

The Debtors also hold fully-funded reserves for their Annuity obligations at Baird. These funds are invested in approximately 54% stocks, 31% bonds, and 15% cash and other investments. As of the Petition Date, approximately \$1,452,748.00 was held in the Annuity reserve.

Additionally, Onamia holds approximately \$350,000 in Honeywell stock that was donated to it. Onamia also has an interest in certain oil or gas royalties, but the payments it receives from those are relatively minimal (less than \$1,000 per year).

## **3. Personal Property.**

The Debtors own various personal property that is useful to them (*i.e.*, desks, beds, chairs, kitchen implements, tables, dishes) and necessary to community life but that does not have significant value if re-sold. The Debtors do not anticipate liquidating these items.

They also maintain an archive of photographs, art work, religious articles, and souvenirs brought back from individual Crosiers' missions and other travels. This includes cultural items from Papua and Indonesia, such as carved wooden figures and other indigenous art, and traditional indigenous garments. These items are not believed to have significant monetary value but are important souvenirs of the Crosiers' mission, ministry, and work. The archive also includes a relic of the PSO's patron saint, St. Odilia. The relic is essential to the mission and ministry of the PSO. The Debtors do not anticipate liquidating these items.

The Debtors were also the beneficiary of a restricted gift from a European Crosier province, the European Province of the Blessed Theodore de Celles. That province provided the Debtors with its religious art and artifacts to display in their places of worship. By letter dated February 1, 2012, the province restricted its gift: "Prior, explicit and written permission of Prior Provincial and Councilors of the European Province Blessed Theodore de Celles or their successors is required if any of these pretiosa are ever to be sold or donated to third parties." They, and the Debtors, regard these items as essential to the Crosier mission, ministry, and heritage. A list of these items is found in the Amended Schedules filed by Onamia.

The Debtors also own approximately twenty Ford, Chevrolet, and Honda passenger vehicles and one pickup truck that are used by the individual Crosiers for mission and ministry-related transportation, and for operations. The make, model, and year of the vehicles is set forth in the Schedules. Onamia owns approximately thirteen of the vehicles; the Province owns one; and the remainder are owned by Phoenix.

**4. Inventory.**

Onamia maintains an inventory of small religious items, such as medals or rosaries, which are for offered on the Debtors' website as memorials a donor may request to receive from the Debtors after making a donation to the Debtors. These items will be distributed and replenished throughout the Reorganization Cases in the ordinary course of the Debtors' business.

**5. Onamia Assisted Living Non-Profit Membership.**

As noted above, the Debtors are a non-profit member of the Onamia Assisted Living non-profit. Onamia Assisted Living currently operates at a loss, has historically operated at a loss, and is not anticipated to turn a profit in the foreseeable future, so the Debtors believe their membership Interest in Onamia Assisted Living is essentially worthless. The rights are, however, important to the Debtors' mission and ministry. One way Onamia cares for the aged and sick, both physically and spiritually, is through its participation in Onamia Assisted Living. Therefore, the Debtors intend to retain these membership rights under the Plan. The Debtors do not believe the Onamia Area Assisted Living Articles of Incorporation or Bylaws are an Executory Contract; but to the extent they may be deemed to be an Executory Contract, the Debtors will assume such Executory Contract under the Plan.

**6. Restricted Beneficial Interest In Hutzell Trust.**

In 1964, a PSO community known as the "Crosier Fathers of Fort Wayne" and a variety of other religious organizations were made remainder beneficiaries of a trust known as the Hutzell Foundation. In 1992, because the "Crosier Fathers of Fort Wayne" Community no longer exists, litigation over whether the Province was entitled to the beneficial interest ensued. A stipulated judgment was ultimately entered that granted the Province a 10% interest in the Trust. The funds from the Trust are restricted under the terms of the Trust Agreement and may only be used for "educating young men for the priesthood."

**7. Restricted STTK Funds.**

Freeport-McMoRan of New Orleans provided the Province with certain restricted funding for a school operated in Indonesia as part of the PSO's international missions. The school is known as STFT, the Interdiocesan School of Theology at Abepura, Irian Jaya, Indonesia. The funding was given to establish and maintain the Bishop Sowada Chair in Cultural Anthropology at STFT. The Province holds this money in trust under a "Statement of Understanding for the Propovince STTK Fund." Under the terms of the Freeport-McMoRan grant, the net yearly proceeds of the principal funds, less 3% intended to remain in principal for growth purposes, shall be released yearly to the Propovince Wahyu Salib, which will then pay the STFT's Board of Regents, known as the STTK. The Propovince is in turn to submit a summary report and financial report relating

to the funds. The Province then reports back to Freeport-McMoRan. The fund contains approximately \$200,000.

**8. Discussion of Avoidance Actions.**

The Debtors have investigated their books and records and do not believe that any of them have any colorable avoidance actions.

**E. The Debtors' Liabilities.**

**1. Tort Claims.**

By far, the largest liabilities of the Debtors are the Tort Claims. Given the nature of the Debtors' insurance and the Hartford Settlement, the Debtors will be providing funds for the payment of Tort Claims without regard to which Debtor entity they are or were asserted against. This is being done only for purposes of the Plan and does not constitute an agreement or admission of any of the Debtors for liability for any Tort Claims, including, but not limited to, those against whom a Tort Claim was filed, or those who were not named in any Proof of Claim or pre-petition claim. Certain of the Co-Defendants have also filed claims against the Debtors that relate to Tort Claims. These and the Tort Claims are discussed at length below.

**2. Annuities.**

As noted above, one way in which the Debtors raise funds is through charitable gift annuities, defined in the Plan as Annuities. These Annuities are often incorporated into retirement portfolios and many Annuitants rely on their Annuity payments as income. Such retirement income reliance is also a reason that it is essential that Annuity payments continue to be made by the Debtors throughout the case. Apart from this basic responsibility, a business reason also exists: if the Debtors default on Annuity payments, they may be barred by various states (which regulate annuities by law) from continuing to raise funds in this manner. The Debtors maintain fully funded reserves/accounts, as discussed above, from which the regular Annuity payments to the Annuitants are made.

Each Annuity is evidenced by a contract, defined in the Plan as the Annuity Agreement, that dictates the payment the Debtors are required to make to the Annuitant. A list of Annuity obligations is attached to the Debtors' Schedules.

Although the exact amount of Annuity liability cannot be predicted (because it is predicated on the life of the donor), the Debtors have estimated the liability based on actuarial calculations and believe that the Province likely has approximately \$50,000 in Annuity liability; Phoenix has approximately \$80,000; and Onamia has approximately \$805,000.

**3. Robinson Secured Claim.**

The Robinsons' financing of the Old Southern Building is evidenced by the Robinson Loan Documents, one of which is a deed of trust under which the Robinsons were granted a security

interest in the Old Southern Building under Arizona law, enforceable through a non-judicial foreclosure process upon default under the Robinson Loan Documents.

**4. Employee Claims.**

The Debtors also owe various employees accrued sick or vacation time, or other benefits. Most of these amounts are subject to priority status; however, because most will likely be used as time off, the Debtors do not expect to pay out dollars on the majority of these claims. If an employee terminates employment during the Reorganization Cases, he or she may be entitled to a cash payout under those circumstances. However, the Debtors do not anticipate any employee termination.

**5. Trade Debt and Other Unsecured Claims.**

The Debtors generally paid their trade debt in the ordinary course of business. However, some amounts remained unpaid as of the Petition Date. The Debtors estimate that these amounts are fairly minimal and will likely total less than \$10,000.

**V. SIGNIFICANT EVENTS PRIOR TO THE REORGANIZATION CASE.**

**A. Abuse Perpetrated By Certain Crosiers.**

Prior to moving to Phoenix, Arizona, the Province was headquartered in St. Paul, Minnesota, for many years. After the establishment of the first American priory in 1922, the PSO grew significantly over many years, once having seminaries, schools, or communities in Minnesota, Illinois (multiple cities), Nebraska (multiple cities), Indiana (multiple cities), Maryland, New York, and Arizona. One of these was the Crosier Seminary in Onamia, which provided four years of high school education and two years of college education for young men who were considering a vocation of religious life or the priesthood.

The Province also sent Crosiers to minister outside of their communities to various states throughout the United States, and to many different countries throughout the world. However, due to declining enrollment and financial troubles, the Province closed many of its communities, schools, and seminaries (including the Crosier Seminary in 1989). Only Phoenix and Onamia, both of which are communities, remain in operation today.

In the early 2000's, the Debtors became aware of claims of sexual abuse by priests, brothers, or other persons affiliated with the Debtors. While many of these claims related to the Crosier Seminary and other seminaries operated by the Debtors, there are also several claims that originated at various other places (including several dioceses and archdioceses) where Crosiers served as teachers or priests.

**B. PSO Response to Abuse.**

The PSO was deeply saddened and devastated in learning of the abuse, and took proactive steps to deal with the crisis, including: (i) attempting to identify others who had been harmed, (ii) implementing policies and programs to prevent future abuse; and (iii) assisting survivors. To

discern a path for the future that would ensure safety of children and vulnerable people, compensate survivors, and ensure accountability going forward, the Debtors gathered information, including consulting with professionals in the field. Representatives of the Debtors attended a gathering of the Conference of Major Superiors of Men that was specifically scheduled to address the response of religious men to the sex abuse crisis. In addition, the Debtors provided counseling and other services to survivors who came forward to them (in addition to compensation to survivors).

In June 2002, the Province hired the Minnesota-based law firm Faegre & Benson, LLP, to conduct an investigation of present and past allegations of abuse by members. In conjunction with that investigation, it was discovered that the most recent allegation was of abuse that had occurred in the early 1980's. In other words, there were not claims or allegations of any current abuse. The prior provincial at the time, Father Carkhuff, sent letters of apology to various groups and invited any unidentified survivors to come forward. These letters were also published in *Crossview*, a Province publication, as were the results of the Faegre & Benson audit. Much information regarding the results of that investigation remains on the Debtors' website today under the topic of "Safe Environment."

The audit identified eight Crosiers against whom credible claims of sexual abuse of a minor existed; four remained living in 2002. For each individual named, the Debtors disclosed the following: (i) his name; (ii) his birth date, ordination date, and if deceased, the year of his death; (iii) his prior assignments; (iv) the date of removal from ecclesiastical ministry; and (v) his current location and status within the debtors. The Debtors continued to investigate claims of sexual abuse of minors after completion of the audit and have continued to disclose their findings. After the audit, the Debtors have since identified additional Crosiers against whom one or more credible allegations of sexual abuse of a minor exists, for which all of the same information is provided.

As mandated by the PSO's sexual misconduct policy, these Crosiers are living under the following restrictions:

- They have been permanently removed from public ministry.
- They cannot perform any work with minors, including volunteer work.
- They cannot be in the presence of a minor without adult supervision.
- They cannot leave the grounds of a Crosier community without the knowledge of their Crosier superior, or, in some instances, without an adult chaperone.

Some of these Crosiers have additional restrictions, based on their individual circumstances. Others must participate in ongoing psychological, spiritual, and behavioral recovery programs. There have been no reported incidents of sexual abuse of a minor by a Crosier after he has been placed on restriction.

The Debtors issue press releases when revising or updating the information on the list of credibly accused Crosiers, which has occurred in March 2014, May 2016, and January 2017, and will continue to do so if further revision or update becomes necessary.

As a result of their information gathering and the 2002 audit, the Debtors adopted a strengthened sexual misconduct policy, based upon the principles in the statement adopted by the Conference of Major Superiors of Men regarding abuse of minors. The intent of the policy is to ensure the Crosiers are doing all they can to protect the people they serve and earn the trust of the public. The policy, among other things:

- Mandates the notification of civil authorities if there is suspicion that a child or vulnerable adult has been abused;
- Requires the Crosiers to conduct background investigations on those seeking membership in the Order;
- Provides ongoing education about sexual health and sexual misconduct to members, employees, and volunteers;
- Requires disclosure of incidents of sexual misconduct; and
- Defines clear procedures for dealing with a victim and the accused when an allegation is received.

The Debtors take the protection of minors very seriously. They are committed to implementation not only of their sexual misconduct policy, but of other guidelines and procedures to deal proactively and diligently with the protection of minor and allegations of all types of misconduct.

To further ensure accountability, the Debtors took the following additional steps, among other things:

- Established the Personnel and Review Committee, which is responsible for the housing and ministry assignments of all Crosiers, was expanded to include non-Crosiers who have expertise in fields including psychology, sociology, and law. The committee also reviews and evaluate the results of all investigations of sexual misconduct and provides advice to the Prior Provincial.
- Created the First Contact Team, comprised of men and women, clergy and lay persons, who receive reports of sexual misconduct from survivors.
- Continues to work with the dioceses in the areas where they are located to discuss how they can ensure further accountability.

In 2009, the *Mille Lacs Messenger* ran an article about a person who had been abused by a Crosier at the Crosier Seminary. In response, Onamia and the Province purchased a paid advertisement that ran in the *Messenger* encouraging any other victims to reach out to the Province of the Diocese of St. Cloud for assistance, and providing contact information for their Victims' Assistance Coordinators.

### **C. Tort Lawsuits.**

As noted above, numerous formal and informal claims alleging sex abuse by Crosier brothers have been asserted against the Debtors. As further detailed below, as of the filing of the Reorganization Case, more than 40 complaints had been served on the Debtors. Other claims are not currently in litigation at this time, because: (i) the survivor reported abuse to the Crosiers, but was unwilling to pursue any formal claim; (ii) the Crosiers have been advised of a potential claim



but no lawsuit has yet been filed; or (iii) the Crosiers settled the survivor's claim/lawsuit previously.

Although previously the Debtors were able to deal with claims on a case by case basis, they recently received claims from more than forty (40) individuals all at once. This is because, in May, 2013, the Minnesota state legislature passed the Minnesota Child Victims' Act, Minn. Stat. § 541.073. This Act extended the time for people who were abused before they reached the age of majority to file certain previously time-barred claims relating to the abuse. Such claims considered to be timely if filed on or before May 25, 2016. The Hawaii legislature also instituted similar legislation.

After the enactment of the MCVA, personal injury attorneys, including Jeff Anderson & Associates, PA, the attorneys representing all but three of the Tort Claimants with pending lawsuits, ran statewide newspaper notifications which informed survivors about the statute of limitations extension. The Debtors understand that the Anderson firm also did limited radio notifications to survivors and limited outreach letters to former students who may have attended a school where one of the credibly accused perpetrators worked. The Debtors also sent letters to various groups, which included former students, inviting them to come forward if they had claims. Therefore, there has already been a significant amount of publicity and notice to potential claimants as a result of the efforts of the Debtors as well as personal injury lawyers.

Since 2014, eight lawsuits have been filed against the Province. Of these, five were settled pre-petition, and another two complaints that were served but not filed as lawsuits were settled pre-petition. Another forty-two (42) complaints have been served against the Province and Onamia but the time for filing such suit in the courts has not yet run; forty-three (43) pre-petition claims therefore remain pending. Various Co-Defendants also filed cross-claims or third-party claims against the Province and/or Onamia in the eight pending lawsuits.

The various named Co-Defendants (including third-party plaintiffs) in the State Court Cases include:

- Diocese of St. Cloud
- Diocese of Honolulu
- Order of Preachers aka the Dominicans, Province of St. Albert the Great
- James Moeglein, osc
- Fr. Gerald Funcheon
- Thomas Lee Johnson
- The Church of St. Peter of St. Cloud, Minnesota a/k/a The Church of Saint Peter a/k/a The Church of St. Peter
- Holy Family Church, Moose Lake, a/k/a Holy Family ("**Holy Family**")
- Holy Angels Catholic Church, a/k/a Holy Angels ("**Holy Angels**")
- The Church of Saint Albert the Great of Minneapolis, a/k/a St. Albert the Great, a/k/a The Church of St. Albert the Great ("**St. Albert**")
- St. Odilia, a/k/a The Church of St. Odilia, of Shoreview, Minnesota, a/k/a St. Odilia Catholic Church ("**St. Odilia**")

- Church of Epiphany, a/k/a The Church of Epiphany of Coon Rapids, Minnesota (“**Epiphany**”)
- Palma High School
- The Congregation of the Christian Brothers of Hawaii, Inc. t/a Damien Memorial School

The Debtors lack the financial ability to deal with the large number of contemporaneous claims now pending against them. Moreover, certain of the Co-Defendants, including Parishes within Archdiocese of Minneapolis/St. Paul (“**AM/SP**”) are attempting to insulate themselves from cross- or counter-claims by the Debtors. Certain of the Debtors’ Co-Defendants are proposed to have status as “protected parties” under the plan of reorganization proposed by AM/SP (to which the Debtors have objected), meaning all claims against them will be channeled to a trust and the Debtors’ claims against them will be disallowed (although the Co-Defendants arguably retain their claims against the Debtors). Specifically, St. Albert, St. Odilia, and Epiphany are all proposed to be protected parties under the proposed AM/SP plan, as are St. Stephen Catholic Church and the Church of St. Joseph of West Saint Paul, Minnesota (“**Saint Joseph**”), two other potential AM/SP protected parties who may be implicated in various Tort Claims. Prior to the Bar Date, AM/SP, St. Albert, St. Joseph, and St. Odilia each filed Proofs of Claim against each of the Debtors for, among other things, contribution and indemnification. The Dominicans, Province of St. Albert the Great, U.S.A., also filed Proofs of Claim against each of the Debtors for, among other things, contribution and indemnification.

Holy Family and Holy Angels are both within the Diocese of Duluth, which has also filed for bankruptcy protection; they too may therefore become protected parties under a plan that the Diocese of Duluth may propose.

Additionally, the Debtors have limited ability to pay the Tort Claims because the Debtors have limited insurance. Their sole insurers, Twin City Fire Insurance Company, Hartford Accident and Indemnity Company and Hartford Casualty Insurance Company (collectively defined as “**Hartford**” in the Plan and herein) paid numerous claims in the past. They undertook defense of the Debtors with respect to the many recent claims under a reservation of rights, and eventually became embroiled in a declaratory judgment action in which the Hartford and the Province filed claims against each other, as described further, below.

This concatenation of circumstances forced the Debtors to find a way to deal with the claims all at once, rather than allowing them to deal with them on a one-on-one basis as they had in the past. They filed the Reorganization Cases in an effort to provide just compensation to all abuse claimants and other creditors while preserving their ministry and mission.

#### **D. Hartford Declaratory Judgment Action.**

As noted above, the Debtors have depended for many years on their insurer, Hartford, in their efforts to provide compensation to the Abuse claimants. In recent years, as the number of claims and litigation against the Debtors has mounted, disputes have arisen with respect to the amount and coverage that Hartford would provide under the policies. On December 21, 2015, Hartford filed a Complaint for Declaratory Relief in the District of Minnesota, commencing Case

No. 0:15-cv-04437-MJD-BRT, seeking a declaratory judgment regarding Hartford's and the Province's respective rights and obligations under a number of insurance policies that the Hartford either had issued to Province or which Province asserted had been issued. The Province answered the complaint and filed a counterclaim against Hartford seeking declaratory judgment in their favor. One of the numerous areas of dispute was whether the abuse constituted multiple occurrences of bodily injury under the language of the Hartford policies, or a single occurrence.

As of the Debtors' Petition Date, the parties were facing impending fact and expert discovery cutoffs in the next several months and a trial date early the following year. As a result, the Debtors were facing the necessity to expend substantial resources to litigate the issues with Hartford and run the risk of not only a decision that would severely limit insurance coverage but also that years of litigation through trial and possibly appeals would also delay the ultimate resolution of the remaining sex abuse claims and divert the Debtors' limited resources to litigation costs rather than in compensating survivors.

After extensive negotiations, the Province and Hartford have been able to settle the declaratory judgment action. However, Hartford is only willing to settle if it can be assured of total finality, that is, if the Province and any party claiming through it will release the Hartford in exchange for Hartford's settlement payment. Without such finality, Hartford would not offer as generous a sum as it has. Similarly, it is not in the Debtors' interests to give up future insurance coverage under the Hartford insurance policies if the Debtors cannot also obtain finality. They must have assurance that claims will not be brought in the future that would implicate coverage under the Hartford policies to be released under the settlement. The Debtors have therefore determined that the most prudent way to assure compensation to claimants and finality for both the Hartford and the Debtors is to fund a Chapter 11 plan under which all claims can be administered, and under which a fund may be set up for claimants whose injuries are presently unknown to them, to ensure they will receive compensation if and when they come to know of their injuries. The funds to be contributed by Hartford are in a previously negotiated lump sum that was hard won after difficult negotiations. Hartford has made clear that such funding is not subject to further increase or negotiation.

The Hartford litigation is currently stayed as a result of the Reorganization Cases.

## **VI. CHAPTER 11 FILINGS.**

### **A. First Day Motions.**

Upon filing their Chapter 11 petitions, the Debtors filed certain "first day" motions. The Court granted the following motions:

A motion to file certain documents and creditor lists under seal. Because of the sensitive nature of the Tort Claims and the Debtors' desire to protect the privacy of the Tort Claimants, the Debtors requested that certain information regarding the Tort Claimants be filed and maintained under seal. ["Notice of Hearing and Motion for an Order Under 11 U.S.C. § 107 and Fed. R. Bankr. P. 1007(j) and 9018 (I) Granting Expedited Relief, (II) Authorizing the Debtors to File Portions of Their Schedules F, Master Mailing Lists and Other Pleadings and Documents Under

Seal, and (III) Requesting Related Relief.” Province Dkt. No. 18; Onamia Dkt. No. 18; Phoenix Dkt. No. 17.]

A motion to pay certain pre-petition wages, compensation and honor employee benefit plans and programs under 11 U.S.C. §§ 105, 363 and 507 in order to retain current employees. [“Notice of Hearing and Motion for an Order Under 11 U.S.C. §§ 105, 363, and 507 (I) Granting Expedited Relief, (II) Authorizing the Debtors to Pay Pre-Petition Wages (to the Extent Necessary), and (III) Authorizing the Debtors to Continue to Pay Wages and Honor Employee Benefit Plans and Programs Post-Petition.” Province Dkt. No. 21; Onamia Dkt. No. 21; Phoenix Dkt. No. 20.]

An application to employ Quarles & Brady LLP as general reorganization and restructuring counsel for Debtors. [“Application for an Order Authorizing the Employment of Quarles & Brady LLP as General Reorganization and Restructuring Counsel for the Debtors and Debtors-in-Possession.” Province Dkt. No. 10; Onamia Dkt. No. 10; Phoenix Dkt. No. 10.]

An application to employ Larkin Hoffman Daly & Lindgren Ltd. as local counsel for Debtors. [“Application for Order Authorizing Employment of Local Counsel for the Debtors.” Province Dkt. No. 34; Onamia Dkt. No. 34; Phoenix Dkt. No. 33.]

An application to employ Keegan, Linscott & Kenon, P.C. as accountant and financial consultant for Debtors. [“Application for an Order Authorizing the Employment of Keegan, Linscott & Kenon, P.C. as Accountant and Financial Consultant for the Debtors and Debtors-in-Possession.” Province Dkt. No. 11; Onamia Dkt. No. 11; Phoenix Dkt. No. 11.]

An application to employ the law firm of Gaskins Bennett Birrell Schupp LLP as special insurance counsel for Debtors. [“Debtors’ Application for an Order Authorizing the Employment of Gaskins Bennett Birrell Schupp LLP as Special Insurance Counsel for the Debtor and Debtor-in-Possession.” Province Dkt. No. 12; Onamia Dkt. No. 12; Phoenix Dkt. No. 12.]

An application to employ the law firm of Larson King LLP as special litigation counsel for Debtors. [“Application for an Order Authorizing the Employment of Larson King LLP as Special Litigation Counsel for the Debtor and Debtor-in-Possession.” Province Dkt. No. 13; Onamia Dkt. No. 13.]

An application to employ JND as noticing agent for the Debtors. [“Debtors’ Application for an Order Authorizing Retention and Appointment of JND Corporate Restructuring as Noticing Agent for the Debtors and Debtors in Possession.” Province Dkt. No. 14; Onamia Dkt. No. 14; Phoenix Dkt. No. 13.]

An application to appoint a legal representative for Unknown Tort Claimants and to employ The Hon. (Ret.) Michael R. Hogan as the Unknown Claims Representative. [“Notice of Hearing and Motion for an Order (I) Granting Expedited Relief and (II) Appointing a Legal Representative to Represent the Interests of Unknown Tort Claimants, Including Minors, in the Reorganization Cases; and (III) Granting the Application to Employ Michael R. Hogan as Unknown Claims Representative.” Province Dkt. No. 20; Onamia Dkt. No. 20; Phoenix Dkt. No. 19.]

The Debtors filed two additional “first day” motions that warrant separate discussion. The first was a motion seeking to jointly administer the Debtors’ cases, which was denied. [“Notice of Hearing and Motion for an Order (I) Granting Expedited Relief and (II) Authorizing Joint Administration” Province Dkt. No. 15; Onamia Dkt. No. 15; Phoenix Dkt. No. 14.]

The other was a motion that sought to excuse the Debtors from complying with certain United States Trustee obligations relating to the Debtors’ bank accounts. Although this Motion was granted, Bank of America, which was the bank where most of Phoenix’s and the Province’s checking and savings accounts were held, unilaterally determined to close the Debtors’ bank accounts. Although the Debtors attempted to work with Bank of America to keep the accounts there, ultimately they were unsuccessful. Therefore, Phoenix and the Province each opened new checking and saving accounts at Wells Fargo Bank, N.A., post-petition. [“Notice of Hearing and Motion for Order (I) Granting Expedited Relief and (II) Authorizing Continued Use of the Debtors’ Cash Management System, and (III) Authorizing Maintenance of the Debtors’ Existing Bank Accounts” Province Dkt. No. 16; Onamia Dkt. No. 16; Phoenix Dkt. No. 15.]

**B. Schedules & Statements.**

The Debtors filed their Schedules on June 15, 2017, and amended them on October 31, 2017. The information in these documents was drawn from the Debtors’ books and records, and other sources. The Debtors did not include the Tort Claims on their publicly filed Schedules. Rather, the Debtors submitted confidential Schedules E/F to protect the privacy of the Tort Claimants.

**C. Claims Bar Date and Notice.**

The Bankruptcy Court also entered the Bar Date Order, which the Debtors requested in an effort to further determine the universe of claims that will be dealt with under the Plan. The Bar Date Order set December 15, 2017, as the date by which all Tort Claimants and other creditors must file their Proofs of Claim or have their claims forever barred. In the Bar Date Order, the Court also approved Proof of Claim forms, form of notices and an extensive publicity and publication campaign and other procedures for giving notice of the deadline to file Proofs of Claim. [“Order (I) Altering Time for Filing Proofs of Claim; (II) Approving Claim Forms; (III) Approving Manner and Form of Notice; and (IV) Approving Confidentiality Procedures,” Province Dkt. No. 77; Onamia Dkt. No. 70; Phoenix Dkt. No. 67.]

After entry of the Bar Date Order, the Debtors engaged in the extensive publicity and publication campaign they had designed to reach the maximum number of potential Tort Claimants, which was approved by the Bankruptcy Court in the Bar Date Order. Information regarding the publicity and publications undertaken can be found in the Bar Date Order. This publicity supplemented the prior efforts undertaken by the PSO in 2002 and by various personal injury lawyers, including Jeff Anderson & Associates, PA, after the enactment of the MCVA. Approximately 68 separate individuals filed Proofs of Claim asserting Tort Claims against one or more of the Debtors on or before December 15, 2017.

**D. Formation of Official Committee of Unsecured Creditors.**

On June 22, 2017, the United States Trustee (“UST”) formed an Official Committee of Unsecured Creditors that includes various holders of Tort Claims. The Committee retained Stinson Leonard Street LLP as its reorganization counsel. [Province Dkt. No. 59; Onamia Dkt. No. 54; Phoenix Dkt. No. 51.] It has participated actively in the Reorganization Cases and is a joint proponent of the Plan.

**E. Executory Contracts.**

The Debtors have several executory contracts. Perhaps the most significant are between the Province and Crosier Village, and between Phoenix and Crosier Village. The Province leases space from Crosier Village for its administrative operations, and (as noted above) Phoenix leases space from Crosier Village for housing of its members. The Holy Cross Center contract has been discussed above. The Debtors also have unexpired leases of copiers, and executory contracts for cell phone and internet service, maintenance of major systems at the Onamia campus (i.e., elevators, heating, refrigeration, exhaust fans). The Debtors have requested, and the Court has granted, an extension of time to assume or reject these contracts through confirmation of the Plan; however, the Debtors expect to assume most if not all of them. None of the contracts is in default, so no cure payments are required.

**F. Sales of Property.**

As noted briefly above, Onamia was presented with the opportunity to monetize its 1/5 interest in certain real property co-owned with four others. It filed a motion to approve these transactions, which was granted. [Onamia Dkt. No. 75.] Also as noted above, Phoenix obtained court approval to employ Levrose Real Estate, LLC as its real estate broker to market its real property for sale. Phoenix did so and has now filed a motion to approve the sale of such property. [Phoenix Dkt. No. 75.]

The Debtors anticipate that the sale of the Hartford Policies under 11 U.S.C. § 363 will be approved through the Confirmation Order and/or through an order granting a motion to approve the Hartford Settlement.

**VII. ANTICIPATED CHAPTER 11 EVENTS.**

In addition to the motions already filed, the Debtors anticipate that they will file certain motions described below, or that certain events described below are likely to occur in the Chapter 11 cases.

**A. Removal of State Court Cases.**

The Debtors may remove certain non-settled pending state court litigation to the Bankruptcy Court. The Debtors have sought and obtained a stay of such litigation pending confirmation proceedings, but reserve the right to remove any cases in which the stay may lift or otherwise become ineffective.

**B. Plan Confirmation.**

The Debtors worked closely with the Committee throughout the Plan process in an attempt to jointly propose a plan that will be acceptable to their creditors. The Plan Proponents are now seeking approval of the Disclosure Statement, balloting procedures, and scheduling of Plan confirmation proceedings.

The Bankruptcy Court granted the Debtors' motion to extend their exclusive period to file a plan and solicit it so that the bar date for filing Proofs of Claim could pass and the Debtors could obtain creditor constituency buy-in; the Debtors will file another such motion approximately contemporaneously with this Disclosure Statement, given that the current exclusive period will expire on December 31, 2017.

**C. Fee Applications.**

All professional persons that the Debtors or the Committee have requested the Bankruptcy Court allow them to employ must have their Professional Charges approved by the Court prior to being paid. The Debtors have budgeted approximately \$1.5 million for total Professional Charges in the Reorganization Cases. This is a "worst-case" estimate and the Debtors hope that fees will be lower than the budgeted projection. Because fee applications will not be approved until after the Trust has been funded, prior to the Confirmation Date the Debtors and Committee will stipulate to an amount for the Debtors to retain as a reserve for the payment of Allowed Administrative Claims, including Professional Charges. Once all pending applications for such Claims are approved or denied by a Final Order and the Allowed Claims are paid, the Debtors will remit the balance of this Administrative Claims Reserve, if any, to the Trust. To the extent the Administrative Claims Reserve proves insufficient in amount, the Debtors will pay Allowed Administrative Claims from other Assets.

**VIII. DESCRIPTION OF PLAN AND MEANS FOR EXECUTION.**

*THE FOLLOWING DESCRIPTION OF THE PLAN IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN ITSELF, WHICH CONTROL.*

As stated above, the Plan is premised on the contribution of approximately \$25 million to fund the Plan and related expenses. Hartford will contribute \$19,788,000 to fund the Plan, pursuant to the Plan, and the Hartford Agreement (which is an exhibit to the Plan and should be reviewed in addition to this Disclosure Statement; further description is also provided below). The Debtors' contribution will be \$5,712,000. These funds will be used for, among other things, payment of Claims, which will be treated as follows:

**A. Claims Description and Treatment.**

Treatment of different Classes of Claims and unclassified Claims is described below. However, whether or not any payment is made on account of a Claim under the Plan depends on whether it is a Tort Claim (the definition of which includes Unknown Tort Claim for this purpose), or, if not, whether it is allowed by the Bankruptcy Court. Tort Claim determination and distribution will be governed by the Allocation Protocols and Trust Agreement to be developed by

the Committee and the Unknown Claims Representative, as applicable. A Claim that is not a Tort Claim may be Allowed in one of three ways: (1) it was listed in the Debtors' Schedules as undisputed and in a liquidated amount even if no Proof of Claim was filed by the holder of the Claim; (2) a timely Proof of Claim was filed by the holder of the Claim and no objection to the Proof of Claim was timely filed in accordance with the treatment the applicable Class of Claims; or (3) if an objection was filed to a Proof of Claim, then upon entry of a Final Order allowing the Claim.

As of the Confirmation Hearing, any Class of Claims which does not contain any creditor's Claims will be deemed deleted automatically from the Plan, and any Class of Claims which does not contain an Allowed Claim (or a Claim temporarily or provisionally Allowed by the Bankruptcy Court for voting purposes) will be deemed automatically deleted from the Plan with respect to voting on confirmation of the Plan only.

**B. Unclassified Claims.**

The Plan identifies several types of Claims as unclassified and treats those Claims in accordance with the Bankruptcy Code and applicable law: Administrative Claims, Priority Unsecured Claims, and Priority Tax Claims.

Administrative Claims include any actual and necessary costs or expenses of administration of the Estates under Bankruptcy Code § 503, post-petition operating expenses, certain post-petition property tax claims (of which the Debtors believe there are none), and charges assessed under Chapter 123 of Title 28, United States Code. Administrative Claims also include Professional Charges (which, by definition, include only Allowed professional fees and expenses. Administrative Claims will be paid in full: (i) on the Effective Date or Claim Payment Date, (ii) in the case of Professional Charges, within ten (10) Business Days of entry of a Final Order approving such charges, (iii) by any alternative arrangement agreed to by the Claim holder or ordered by the Bankruptcy Court, or (iv) in the case of post-petition operating expenses, in the ordinary course of the Debtors' businesses.

Priority Unsecured Claims include any Claim entitled to priority under Bankruptcy Code § 507 that is not an Administrative Claim, a Professional Charge, a Priority Tax Claim or a Priority Employee Unsecured Claim. The Plan provides that Priority Unsecured Claims will be paid in Cash in full on the Claim Payment Date, or by any alternative arrangement agreed to by the Claim holder or ordered by the Bankruptcy Court.

Priority Tax Claims include all unsecured Claims entitled to priority pursuant to Bankruptcy Code § 507(a)(8) and are provided the treatment authorized by Bankruptcy Code § 1129(a)(9)(C).



C. **Classified Claims.**

1. **Class 1 – Priority Employee Unsecured Claims (Unimpaired; Not Entitled to Vote; Deemed to Accept).**

- (a) **Definition.** This Class is defined to include the Claims of the Debtors' employees for vacation or sick leave pay which are entitled to priority under Bankruptcy Code § 507(a)(4)(A).
- (b) **Allowance and Treatment.** Priority Employee Unsecured Claims will not be paid in Cash, but will instead be honored in the ordinary course in accordance with the Debtors' policies at the time the Claims mature. These Claims are unimpaired and will be treated as Allowed; in other words, they will be paid in full under the Plan in accordance with the holders' existing contractual rights.
- (c) **Reservation of Rights.** However, the Plan does not alter the Debtors' ability to review the policies and procedures regarding vacation and sick leave pay and to propose modifications to those policies and procedures to become a part of the Plan. To the extent the Debtors propose any changes to such policies and procedures that would be retroactive, the Debtors will modify the Plan to include such changes and give notice to the holders of any Priority Employee Unsecured Claims at least ten (10) days before the Confirmation Hearing. In that event, the holders of the Priority Employee Unsecured Claims will be impaired and the Plan will be modified to so state.

2. **Class 2 – Prepetition Date Secured Tax Claims (Impaired; Entitled to Vote).**

- (a) **Definition.** Class 2 is defined to include the prorated portion of a Secured Tax Claim arising before and up to the Petition Date. Secured Tax Claims include the Claims of any federal, state, or local governmental unit secured by Estate property by operation of applicable non-bankruptcy laws, including, but not limited to, unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes, but only to the extent of the validity, perfection, and enforceability of the claimed lien or security interest. As of the Petition Date, the Debtors are unaware of any Class 2 Claims.
- (b) **Allowance and Liquidation.** Secured Tax Claims will be prorated depending on the date when the tax arises: Taxes arising before the Petition Date will be treated under Class 2. Secured Tax Claims arising after the Petition Date but before the Effective Date will be treated as unclassified Administrative Claims. Secured Tax Claims

that arise on or after the Effective Date will be paid in the ordinary course of business of the Reorganized Debtors. Class 2 Claims may be determined by the Bankruptcy Court notwithstanding the existence of any appeals to state or local taxing authorities of property tax or assessment determinations on the Petition Date.

- (c) **Treatment.** Allowed Class 2 Claims will bear interest from and after the Effective Date until they are paid in full at the rate of two percent (2%) per annum and will be paid in three (3) equal installments, with the first (1st) installment paid on the first Business Day that is ninety (90) days after the Effective Date or the Claim Payment Date, the second (2nd) installment paid on the first Business Day after the first (1st) anniversary of the Effective Date or the applicable Claim Payment Date, and the third (3rd) and last installment paid on the first Business Day after the second (2nd) anniversary of the Effective Date or the applicable Claim Payment Date. Each holder of an Allowed Class 2 Claim will retain its liens until its Claim is paid in accordance with the Plan.

3. **Class 3 – Secured Claim of Robinsons (Impaired; Entitled to Vote).**

- (a) **Definition.** This Class includes the Secured Claim of the Robinsons, which is secured by the Province building located at 720 E. Old Southern Avenue, Phoenix, Arizona 85042.
- (b) **Allowance and Treatment.** The Class 3 Claim shall be Allowed and paid fully and in Cash. The Robinson Promissory Note will be amended to allow the Province, at its sole election, to extend the payment date of one or more of the payments due under the terms of the Robinson Promissory Note as follows:
- (i) The Province shall give written notice to the Robinsons no later than sixty (60) days prior to the payment date of the intent of the Province to extend the applicable payment date;
  - (ii) The payment date may be extended for no more than sixty (60) days after the applicable payment date set forth in the Robinson Promissory Note;
  - (iii) The extension notice shall be accompanied by an extension fee of \$440, which is the amount equal to one percent (1%) of the payment of

\$44,000 that would then be due under the Robinson Promissory Note; and

- (iv) Pursuant to the prepetition terms of the Robinson Promissory Note, no interest will be payable and, so long as payments are made timely in accordance with the Plan, no default interest shall accrue or be Allowed.

(c) **Further Modification of Robinson Loan Documents.**

Notwithstanding anything in the Robinson Loan Documents to the contrary, such documents will be further modified to allow the Province, as a Reorganized Debtor, to grant additional liens secured by the Old Southern Building so long as such liens are junior and subordinate to the Class 3 Claim. All other aspects of the Robinson Loan Documents not expressly modified by the Plan will remain in full force and effect.

- (d) **Retention of Liens.** The holders of the Class 3 Claim will retain their lien(s) on their existing collateral to the extent of the Class 3 Claim until it is fully paid in accordance with the Plan.

4. **Class 4 – General Unsecured Convenience Claims (Impaired; Entitled to Vote).**

- (a) **Definition and Election.** This is Class includes all General Unsecured Claims that are in an amount less than \$500, inclusive of interest; or into which holders of General Unsecured Claims in excess of \$500 may elect to reduce their Claims to \$500. Any general unsecured creditor may, through its Ballot, elect to waive its General Unsecured Claim, and instead obtain payment as a General Unsecured Convenience Claim holder.

- (b) **Treatment.** All Class 4 Claims that are in an amount less than \$500, inclusive of interest, will be paid in full. All Class 4 Claims that resulted from the election of a holder of a General Unsecured Claim to be paid as a General Unsecured Convenience Claim will receive \$500 total, without interest. Holders of Class 4 Claims, as and when Allowed, will be paid on the first Business Day which is six (6) months after the Effective Date or the Claim Payment Date.

5. **Class 5 – General Unsecured Claims (Impaired; Entitled to Vote).**

- (a) **Definition.** Class 5 includes every Claim against the Debtors (including, but not limited to, every Claim arising from the rejection of an Executory Contract, every Claim which is the undersecured portion of any Secured Claim, and every personal or bodily injury

Claim that is not a Tort Claim), which (1) is not an unclassified Claim, and (2) is not classified in any other Class under the Plan.

- (b) **Treatment.** Each holder of a Class 5 General Unsecured Claim, as and when such General Unsecured Claim is or becomes an Allowed Claim, will be paid the principal amount of its Claim (without interest or penalties) in Cash in two (2) installments with the first (1st) installment to be paid on the first Business Day which is six (6) months after the Effective Date or the Claim Payment Date, and the next installment on the first Business Day that is twelve (12) months after the previous payment.

6. **Class 6 – Other Tort and Employee Claims (Impaired; Entitled to Vote).**

- (a) **Definition.** Class 6 includes any and all Unsecured Claims against the Debtors for property damage, liability or workers compensation, whether arising from tort, contract, or workers compensation, for which there is Insurance Coverage or a self-insured retention, but excluding Tort Claims and any Claims of employees entitled to priority pursuant to Bankruptcy Code § 507. As of the Petition Date, the Debtors do not believe any Class 6 Claims exist.
- (b) **Treatment.** Each holder of a Class 6 Claim, as and when such Claim becomes an Allowed Claim, will be paid solely (without interest or penalties) from any Insurance Coverage applicable to such Other Tort and Employee Claim. To the extent that such Claims may not be satisfied in full by the foregoing, then such Other Tort and Employee Claims, to the extent not so satisfied, will receive no distribution under the Plan.

7. **Class 7 – Annuity Claims (Unimpaired; Not Entitled to Vote).**

- (a) **Definition.** Class 7 includes any and all Claims against the Debtors arising under any Annuity Agreements with the Debtors.
- (b) **Distribution.** The legal, equitable, and contractual rights of each holder of a Class 7 Claim will be reinstated in full on the Effective Date. The Reorganized Debtor who is the party to the Annuity Agreement will continue to pay the Annuity payments in accordance with the terms of the applicable Annuity Agreement.

8. **Class 8 - Tort Claims (Impaired; Entitled to Vote).**

- (a) **Definition.** Class 8 includes any and all Claims for damages, including punitive damages for attorneys' fees and other expenses, fees or costs for any equitable remedy asserted against the Debtors

and any Protected Parties, related to bodily injuries or personal injuries arising from:

- (i) Acts of Abuse committed by any cleric, employee, volunteer or other Person associated with the Debtors, the PSO, or any affiliated Entity within the territory of the PSO;
- (ii) The failure of the Debtors or the PSO to properly hire, install and/or supervise any cleric, any volunteer, or any other employee of, or Person associated with, the Debtors, the Debtors, the PSO, or any affiliated Entity within the territory of the PSO;
- (iii) The processing, adjustment, defense, settlement, payment, negotiation or handling of any Claims, demands, suits, proceedings or causes of action based upon or relating in any way to the Claims made as a result of any Abuse or other Tort Claim asserted by a Tort Claimant; or
- (iv) The failure to warn, disclose or provide information concerning the Abuse or other misconduct of clergy, other employees or volunteers or persons associated with the Debtors, the PSO, or any affiliated entities within the territory of the PSO.

- (b) **Treatment.** On the Effective Date, the Trust shall assume all liability for and will pay all Class 8 Claims pursuant to the provisions of the Plan, Plan Documents, Confirmation Order, Tort Claims Allocation Protocol, and Trust Documents. The Tort Claimants shall have their Class 8 Claims treated pursuant to the Tort Claims Allocation Protocol, which will be developed by the Committee and submitted to the Court for approval after notice and opportunity for those with standing to be heard.

Nothing in the Plan is intended to affect, diminish or impair any Tort Claimant's rights against any Co-Defendant, but solely with respect to any direct liability of such Co-Defendant. Under no circumstances will the reservation of such Tort Claimant's rights against any Co-Defendant impair the releases, discharge or injunctions with respect to any Protected Party and the Reorganized Debtors against whom all such rights and/or Claims shall be released and enjoined as provided in in Sections 26.5-26.9 of the Plan. The rights of Tort Claimants against any Co-Defendant, including joint tortfeasors, who remain severally liable on any Class 8 Claims, are expressly preserved under the Plan.

The right of any Tort Claimant to a trial by jury or otherwise against the Reorganized Debtors and any of the Protected Parties is waived and

released upon the occurrence of the Effective Date, and the Tort Claim of a Tort Claimant will be solely determined by the Abuse Claims Reviewer in accordance with the Tort Claims Allocation Protocol, and shall be a Channeled Claim to be paid solely from the Trust and/or Trust Assets.

The Trustee shall pay Class 8 Claims in accordance with the terms of the Plan, Plan Documents, Allocation Protocols, Confirmation Order, Tort Claims Allocation Protocol, and Trust Documents. Notwithstanding the foregoing, no Tort Claimant shall receive any payment on any Award unless and until the Tort Claimant has executed a written release of any and all past, present, and future Claims against all of the Protected Parties, the Reorganized Debtors, all of Hartford's reinsurers or retrocessionaires; and made the certifications set forth in the Class 8 Ballot. The release and certifications included in the Class 8 Ballot for voting on the Plan are sufficient for this purpose. A Tort Claimant who does not timely submit a Ballot must personally execute the release and certifications required by Article 13.5. Notwithstanding the foregoing, nothing in Article 13 requires any Tort Claimant to release any Claims against any Co-Defendants, and such Claims are reserved, except as expressly provided in Article 13. The eventual release of these Class 8 Claims will be pursuant to the principles set forth in *Pierringer v. Hoyer*, 124 N.W.2d 106 (Wis. 1963) and *Frey v. Snelgrove*, 269 N.W.2d 918 (Minn. 1978). The Trust shall be obligated to provide copies of the Tort Claimants' releases and certifications to any of the Protected Parties upon request.

If a Tort Claim is denied payment pursuant to the Tort Claims Allocation Protocol, the holder of such Tort Claim will nevertheless have no further rights against the Protected Parties, the Trust, the Trustee, or the Reorganized Debtors arising out of, relating to, or in connection with such Tort Claim and such Tort Claim shall be a Disallowed Claim and shall be discharged and subject to the Channeling Injunction as provided in the Plan.

None of the Protected Parties or the Reorganized Debtors will have any liability for any fees and expenses of attorneys representing any of the Tort Claimants.

Except for any payment that may be provided from the Trust as part of the Tort Claims Allocation Protocol, Penalty Claims relating to Tort Claims will receive no distribution and will be Disallowed Claims.

If a Tort Claim is withdrawn, it may not be reasserted against the Protected Parties or the Reorganized Debtors, including as an Unknown Tort Claim. All other procedures and implications relating to withdrawal of a Tort Claim shall be set forth in the Tort Claims Allocation Protocol.

9. **Class 9 – Unknown Tort Claims (Impaired; Entitled to Vote).**

- (a) **Definition.** Class 9 includes any Tort Claim for which no Proof of Claim is filed or deemed filed on or before the Bar Date by a Tort Claimant (as opposed to the Proof of Claim filed by the Unknown Claims Representative) or for which a Proof of Claim is filed after the Bar Date if the Person asserting the Tort Claim:
- (i) Has a Tort Claim that was barred by the applicable statute of limitations as of the Bar Date but is no longer barred by the applicable statute of limitations for any reason, including for example the passage of legislation that revives such previously time-barred Tort Claims; or
  - (ii) Turns 18 on or after the date which is thirty (30) days prior to the generally applicable Bar Date in the Reorganization Cases; or
  - (iii) As to which the applicable Arizona or Minnesota tort claim statute of limitations, for any reason, has not expired or has been tolled as of the date which is thirty (30) days prior to the generally applicable Bar Date in the Reorganization Cases, as determined under applicable Arizona or Minnesota federal law, but without regard to federal bankruptcy law; and
  - (iv) Submits a Proof of Claim in accordance with the procedures set forth in the Plan.
- (b) **Treatment.** On the Effective Date, the Trust shall establish the Unknown Claims Reserve, assume all liability for and the Trust will pay all Unknown Tort Claims pursuant to the provisions of the Plan, Plan Documents, Confirmation Order, the Unknown Tort Claims Allocation Protocols, and Trust Documents. Unknown Tort Claimants shall have their Class 9 Claims treated pursuant to the Unknown Tort Claims Allocation Protocol, including review of such Claims by the Abuse Claims Reviewer in accordance with the Unknown Tort Claims Allocation Protocol, which will be developed by the Committee and the Unknown Claims Representative and submitted to the Court for approval after notice and opportunity for those with standing to be heard.

Nothing in the Plan is intended to affect, diminish or impair any Unknown Tort Claimant's rights against any Co-Defendant, but solely with respect to any direct liability of such Co-Defendant. Under no circumstances will the reservation of such Unknown Tort Claimant's rights against any Co-Defendant impair the releases, discharge or injunctions with respect to any

Protected Party and the Reorganized Debtor against whom all such rights and/or Claims shall be and are hereby released and enjoined as provided in Sections 26.5-26.9 of the Plan. The rights of Unknown Tort Claimants against any Co-Defendant, including joint tortfeasors, who remain severally liable on any Class 9 Claims, are expressly preserved under the Plan.

The right of any Unknown Tort Claimant to a trial by jury or otherwise against the Reorganized Debtors and any of the Protected Parties is waived and released upon the occurrence of the Effective Date, and the Class 9 Claim of an Unknown Tort Claimant will be solely determined in accordance with the Unknown Tort Claims Allocation Protocol, and shall be a Channeled Claim to be paid solely from the Trust and/or Trust Assets.

No Unknown Tort Claimant shall receive any payment from the Trust unless and until the Unknown Tort Claimant has personally executed a written release of any and all past, present, and future Claims against all of the Protected Parties, the Reorganized Debtors, and all of Hartford's reinsurers or retrocessionaires; and made the same certifications set forth in the Class 8 Ballot. The release and certifications included in the Class 8 Ballot for voting on the Plan are sufficient for this purpose. Notwithstanding the foregoing, nothing in Article 14 of the Plan requires any Tort Claimant to release any Claims against any Co-Defendants except as expressly provided in that Article. The eventual release of these Class 9 Claims will be pursuant to the principles set forth in *Pierringer v. Hoger*, 124 N.W.2d 106 (Wis. 1963) and *Frey v. Snelgrove*, 269 N.W.2d 918 (Minn. 1978). The Trust shall be obligated to provide copies of the Unknown Tort Claimants' releases and certifications to any of the Protected Parties upon request. The Trust shall be obligated to provide copies of the Unknown Tort Claimants' releases and certifications to any of the Protected Parties upon request.

In the event all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Allocation Protocol are less than the amount of the Unknown Claims Reserve, in the aggregate, the Unknown Claims Allocation Protocol shall govern the distribution of any funds remaining in the Unknown Claims Reserve. If all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Allocation Protocol are greater than the amount of the Unknown Claims Reserve, no further payment or compensation will be paid to the Trust or to the Unknown Tort Claimants by the Debtors, the Reorganized Debtors or any other Protected Parties.

If a Class 9 Claim is disallowed or denied payment pursuant to the Unknown Tort Claims Allocation Protocol, the holder of such Unknown Tort Claim will have no further rights against the Protected Parties, the Reorganized Debtors, the Trust, or the Trustee arising out of, relating to, or in connection with such Unknown Tort Claim and such Unknown Tort Claim shall be a



Disallowed Claim and shall be discharged and subject to the Channeling Injunction as provided in the Plan.

None of the Protected Parties or the Reorganized Debtors will have any liability for any fees and expenses of attorneys representing any of the Unknown Tort Claimants.

Except for any payment that may be provided from the Trust as part of the Unknown Tort Claims Allocation Protocol, Penalty Claims relating to Unknown Tort Claims will receive no distribution and will be Disallowed Claims.

If an Unknown Tort Claim is withdrawn, it may not be reasserted against the Protected Parties or the Reorganized Debtors. All other procedures and implications relating to withdrawal of an Unknown Tort Claim shall be set forth in the Unknown Tort Claims Allocation Protocol.

**10. Class 10 – Co-Defendant, Diocese, and Parish Claims (Impaired; Not Entitled to Vote—Deemed to Reject).**

(a) **Definition.** Class 10 includes any Claims of any Co-Defendants, which the Plan defines to include Entities that have brought third-party claims or cross-claims against any of the Debtors or who are otherwise alleged to be fully or partially responsible for a Tort Claim, including an Unknown Tort Claim asserted, or which may be asserted in the future, against such Entity. Class 10 also includes any Claims of any Dioceses and/or Parishes against the Debtors. This class includes the Claims asserted against the Debtors by AM/SP, St. Albert, St. Odilia, St. Joseph, and the Dominicans, Province of St. Albert the Great, U.S.A.

(b) **Treatment.** All Class 10 Claims will be Disallowed Claims and there will be no distribution to the holders of any Class 10 Claims.

**11. Class 11 - Insurance and Benefit Claims (Unimpaired; Not Entitled to Vote).**

The Class 11 Claims will be treated and satisfied by the Reorganized Debtors in accordance with the past practices and policies of the Debtors. Unless otherwise provided or required pursuant to the best practices and policies of the Debtors, no interest will accrue or be paid on any Insurance and Benefit Claims.

**12. Class 12 – Penalty Claims (Impaired; Not Entitled to Vote—Deemed to Reject).**

(a) **Definition.** Class 12 includes any Claims for any fine, penalty, forfeiture, multiple damages, punitive damages, or exemplary

damages, including, but not limited to, any such Claims not meant to compensate the claimant for actual pecuniary loss, and including, but not limited to, any Claims created by the Patient Protection and Affordable Care Act, 42 U.S.C. § 18001 et seq., and related regulations.

- (b) **Treatment.** No Penalty Claims will be Allowed. All Penalty Claims will be Disallowed Claims, and there will be no distribution to the holders of any Penalty Claims.

**13. Class 13 - Intercompany Claims (Impaired; Entitled to Vote—Insiders)**

- (a) **Definition.** The Class 13 Claims are pre-petition Claims the Debtors have against one another for various operating expenses or reimbursements incurred in the ordinary course of their businesses.
- (b) **Treatment.** No payments shall be made on account of the Class 13 Claims until the Trust has been funded in accordance with the Plan and Confirmation Order and until all Claims in Classes 1, 2, 3, 5, and 6 are paid in accordance with the Plan and Confirmation Order.

**IX. MEANS FOR PLAN IMPLEMENTATION.**

**A. Establishment of Trust Account.**

After the Confirmation Date, the Trustee will establish the Trust Account, which will be held and administered in accordance with the Plan, the Hartford Agreement, and the Confirmation Order. The Trust Account will include the following:

- 1. **Debtors' Funding.** The Debtors will transfer \$5,712,000, less the agreed amount of the Administrative Claims Reserve, to the Trust Account. Within ten (10) days after full payment of all Allowed Administrative Claims, including Professional Charges, the Debtors will transfer the balance of the Administrative Claims Reserve, if any, to the Trust Account.
- 2. **Hartford Funding.** Pursuant and subject to the Hartford Agreement between the Debtors and Hartford, Hartford will transfer \$19,788,000 to the Trust Account.

**B. Establishment of Disputed Claims Reserve.**

The Debtors shall establish and fund the Disputed Claims Reserve, if required, as of the Effective Date.

**C. Establishment of Administrative Claims Reserve.**

The Debtors shall establish the Administrative Claims Reserve, in the amount agreed with the Committee or otherwise ordered by the Court. The Administrative Claims Reserve may be held in any of the Debtors' existing bank accounts, or a new account, in the Debtors' sole discretion, and will be treated as restricted funds.

**D. Payment and Treatment of Claims Other Than Tort Claims and Unknown Tort Claims.**

Payments due to creditors on account of Allowed Claims other than Tort Claims or Unknown Tort Claims will be paid pursuant to the terms of the Plan from the Reorganized Debtors' Revested Assets and ongoing operations. Payments for Allowed Professional Charges will be paid as Final Orders are entered allowing them from the Administrative Claims Reserve, and, if necessary, other Assets.

**E. Retained Claims.**

On or before the Effective Date, all Retained Claims will be assigned by the Debtors to the Reorganized Debtors. Each Reorganized Debtor may pursue any Retained Claims at its discretion and will retain the proceeds of all such Retained Claims pursued, if any.

**F. Hartford Agreement and 363 Sale.**

The Hartford Agreement the Debtors reached with Hartford is an integral part of the Plan. As described elsewhere, disputes existed between the Debtors and Hartford, including the extent of the Debtors' coverage. Hartford contends, for a variety of reasons, that the settlement amount it has agreed to provide pursuant to the Plan exceeds the amounts it could be deemed obligated to pay pursuant to the Insurance Policies in connection with the Tort Claims, including any Unknown Tort Claims that might be asserted against the Debtors. Given the substantial time and financial resources it would take for the parties to litigate these issues to completion, the limited financial resources of the Debtors, the risks of litigation, and the potential for appeals to further delay recoveries to the Estates and the Tort Claimants, it is in all constituencies' best interests to resolve the Claims and disputes consensually. The negotiated resolution of the insurance issues results in a substantial recovery for the Estates, which money will be available to fund the Plan pursuant to the negotiated settlement and the terms of the Plan, including providing recovery for Tort Claimants. Therefore, the Debtors will be filing a motion requesting the Court approve the Hartford Agreement, or the Debtors will request that the Court approve the Hartford Agreement as part of the Confirmation Order.

Principal terms of the Hartford Agreement include:

Settlement Amount/Purchase Price. Hartford will pay the settlement amount/purchase price of \$19,788,000 to the Trust Account. The Trust will then become the entity to which all Tort Claims are channeled as the sole and exclusive source of payment of Tort Claims against the Debtors and Hartford.

Releases. The Debtors, on the one hand, and Hartford, on the other, will grant complete mutual releases as to, among other things, any and all past, present, or future Claims in connection with, relating to, or arising out of, in any manner or fashion, the Tort Claims, the Hartford Policies and the Reorganization Cases, as set forth in the Hartford Agreement.

Sale and Buyback of Policies. The Debtors will sell all of their Interests in the Released Insurance Policies to Hartford, free and clear of all liens, claims, encumbrances and other Interests

pursuant to 11 U.S.C. § 363. Such sale will be approved, along with the settlement itself, as part of the Confirmation Order.

**Supplemental Injunction.** Hartford will be entitled to receive the benefit of a supplemental injunction under the Plan and Confirmation Order pursuant to 11 U.S.C. §§ 105(a) and 363. 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, governmental, tax and regulatory authorities, lenders, trade and other creditors, Tort Claimants, Unknown Tort Claimants, perpetrators, and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Hartford Agreement) against Hartford which, directly or indirectly, relate to, any of the Released Insurance Policies, any Tort Claims or any Related Insurance Claims, will be 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 Hartford.

**Conditions to Hartford's payment.** Hartford's payment is conditioned on, among other things, entry of the Confirmation Order or separate orders approving the Hartford Agreement and Section 363 sales and purchaser protections required thereby, and each such order(s) becoming a Final Order. The Plan must be in all aspects consistent with the Hartford Agreement and contain no provisions that diminish or impair the benefits to which Hartford is entitled under the Hartford Agreement. If there is any conflict between the Hartford Agreement and the Plan (including the foregoing release), the terms of the Hartford Agreement shall prevail.

**X. CONDITIONS PRECEDENT TO EFFECTIVE DATE.**

**A. Conditions Precedent.**

The Effective Date will occur when each of the following conditions have been satisfied or waived by the Debtors in accordance with Article 25 of the Plan:

- a. The Bankruptcy Court shall have entered a Final Order (which may be the Confirmation Order) approving the Hartford Agreement and any appropriate judgments consistent therewith, in form and substance reasonably acceptable to Hartford and consistent with the requirements of the Hartford Agreement, and no stay of such order(s) is in effect;
- b. The Bankruptcy Court shall have entered a Final Order (which may be the Confirmation Order) approving the sale under Bankruptcy Code § 363 of the Insurance Policies to be purchased by Hartford pursuant to the requirements of the Hartford Agreement and shall have granted Hartford, the purchaser, the protections available under Bankruptcy Code § 363(m);
- c. The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Debtors and Hartford;
- d. The Confirmation Order is a Final Order and no stay of the Confirmation Order is in effect;

- e. The Trustee and the Reorganized Debtors have executed the Trust Agreement, which will, among other things, establish the protocols for fiduciary management of the Trust and the amount to be set aside within the Trust for the Unknown Claims Reserve;
- f. The Trustee has opened the Trust Account;
- g. Hartford has have transferred the amounts set forth in Article 19 of the Plan to the Trust Account; and
- h. The Debtor has segregated the Administrative Claims Reserve and transferred the balance of the amount set forth in Article 19 of the Plan to the Trust Account.

**B. Waiver of Conditions.**

Any condition set forth in Article 25 of the Plan may be waived by the mutual written consent of the Debtors, and, with respect to any conditions affecting Hartford's obligations, Hartford.

**C. Closing.**

Closing will be conducted at such location designated by the Debtors and the Committee, as soon as reasonably practicable following the Effective Date for the purpose of the Reorganized Debtor executing and delivering the Plan Documents and completing those actions necessary for the Reorganized Debtor to establish and fund the Trust and make other distributions required to be made upon, or promptly following, the Effective Date and in accordance with the terms of the Hartford Agreement. As soon as practicable after conditions set forth in Plan Section 25.1 have been satisfied or waived in accordance with Plan Section 25.2, the Trustee shall file notice of the Closing and the Reorganized Debtors will file notice of the occurrence of the Effective Date.

**D. Implications of Effective Date.**

The Effective Date will occur on the first Business Day after the conditions to effectiveness stated in the Plan have been satisfied, unless the Confirmation Order is stayed by an order of the Bankruptcy Court, the District Court, or another appellate court. Nothing in the Plan precludes the date by which the Effective Date has to occur from being extended by agreement between the Committee and the Debtors, although there is no requirement that either the Committee or the Debtors agree to any such extension.

The Effective Date triggers certain injunctions and releases under the Plan, and also the Debtors' discharges, which are explained in detail in Article XVI below. As of the Effective Date, the Trust will have assumed all liability for Tort Claims and Unknown Tort Claims consistent with the provisions of the Plan and Trust Agreement. The Effective Date also triggers many of the obligations of the Parties under the Plan, including funding the Plan and payment of certain Claims. However, the Effective Date may occur before all Claims have been allowed by the Bankruptcy Court and may occur before all Tort Claims have been determined under the Tort Claims Allocation Protocol to be determined by the Committee. Accordingly, in the description of the

treatment of Claims in this Disclosure Statement and in the Plan, the payment of Claims is, in some cases, triggered by the Claim Payment Date, which is defined in the Plan as the later of the Effective Date or the first Business Day ten (10) days after a Claim becomes an Allowed Claim by a Final Order. Payment of Tort Claims and Unknown Tort Claims shall be governed by the Allocation Protocols to be determined by the Committee and Unknown Claims Representative, and the Trust Agreement to be determined by the Committee and Unknown Claims Representative.

**E. Non-Occurrence of Effective Date.**

Subject to further order of the Bankruptcy Court, in the event that the Effective Date does not occur within ninety (90) days of entry of the Confirmation Order (as a Final Order) or the Final Order approving the Hartford Agreement (as the case may be), the Plan shall become null and void unless agreed otherwise by the Debtors and Hartford. A statement shall be filed with the Court within three (3) Business Days after the occurrence of any event that renders the Plan null and void.

**XI. REORGANIZATION OF DEBTORS AND POST-CONFIRMATION MANAGEMENT.**

**A. Continuing Existence.**

The Debtors will each, as Reorganized Debtors, continue to exist after the Effective Date as separate legal entities, with all powers of a non-profit corporation under the laws of the state where each resides (Arizona as to Phoenix; Minnesota as to Onamia and the Province), and without prejudice to any right to alter or terminate such existence under applicable state law but subject to applicable Canon Law.

On and after the Effective Date, the Reorganized Debtors may operate their respective businesses and carry on the ministry and the mission of the PSO and the Crosiers and may use, acquire, or dispose of property, and compromise or settle any Claims without supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

The Reorganized Debtors will continue to be managed in accordance with the principles of Canon Law and applicable state law. Father Enneking will continue in his role as President of the Province, and the pre-petition directors of the Debtors will continue in their roles as directors of the Reorganized Debtors.

The Committee will designate the person who shall serve as the Abuse Claims Reviewer and the Trustee, which designations shall be reviewed by the Court after notice and an opportunity for parties with standing to be heard. The proposed Abuse Claims Reviewer's and proposed Trustee's curricula vitae will be filed with the Court, along with a proposal from the Abuse Claims Reviewer and Trustee with respect to his or her service as the Abuse Claims Reviewer or Trustee, respectively, including proposed fees with respect to his or her service, and, as to the Abuse Claims Reviewer, the proposed Allocation Protocols.

**XII. POST-EFFECTIVE DATE EVENTS AND PERFORMANCE BY THE REORGANIZED DEBTOR.**

**A. Post-Effective Date Obligations.**

Post-Effective Date, the Reorganized Debtors will:

1. In the exercise of their respective business judgment, review all Claims filed against the Estates except for Tort Claims and Unknown Tort Claims and, if advisable, object to such Claims;
2. Within ten (10) days after payment of all Allowed Administrative Claims, including all Allowed Professional Charges, transfer to the Trust Account all funds remaining in the Administrative Claims Reserve;
3. Honor the Debtors' obligations arising under the Hartford Agreement and any other agreement that has been approved by the Bankruptcy Court as part of the Plan;
4. Perform all of their obligations under the Plan and Plan Documents, in each case, as and when the same become due or are to be performed.

**B. Post-Effective Date Funding.**

The funds necessary to ensure continuing performance under the Plan after the Effective Date will be (or may be) obtained from:

1. Liquidation or financing of any and all Revested Assets;
2. Cash generated by the post-Effective Date operations of the Reorganized Debtors; and
3. Any reserves established by the Debtors or the Reorganized Debtors; provided, however, that no part of the Trust may be used to pay creditors other than Tort Claimants, Unknown Tort Claimants, and any Trust expenses designated under the Trust Agreement or Plan, and only those Assets to be paid or contributed to the Trust, pursuant to the Plan, will be used to pay the allowed Claims of Tort Claimants and Unknown Tort Claimants and Trust expenses designated under the Trust Agreement.

The projections showing the ability of the Reorganized Debtors to meet their post-Effective Date obligations under the Plan are attached hereto as Exhibit 3.

**C. Dissolution of Committee.**

The Committee will be dissolved upon occurrence of the Effective Date; provided, however, that the 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.

**D. Final Decree.**

As soon as practicable after the Effective Date, when the Reorganized Debtors deem appropriate, the Reorganized Debtors will seek authority from the Bankruptcy Court to close the Reorganization Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules; provided, however, that entry of a final decree closing the Reorganization Cases shall, whether or not specified therein, be without prejudice to the rights of the Reorganized Debtors, the Trustee, or any other party in interest to reopen the Reorganization Cases for any matter over which the Bankruptcy Court or the U.S. District Court for the Eastern District of Minnesota has retained jurisdiction under the Plan. Any order closing these Reorganization Cases will provide that the Bankruptcy Court or the U.S. District Court for the Eastern District of Minnesota, as appropriate, will retain (a) jurisdiction to enforce, by injunctive relief or otherwise, the Confirmation Order, any other orders entered in the Reorganization Cases, and the obligations created by the Plan and the Plan Documents; (b) all other jurisdiction and authority granted to it under the Plan and the Plan Documents; and (c) provide that the Trust may be terminated and the Trustee discharged as ordered by the Bankruptcy Court without reopening either or both of the Reorganization Cases.

**E. United States Trustee Obligations.**

All fees payable pursuant to 28 U.S.C. § 1930 as determined by the Bankruptcy Court at or in conjunction with the Confirmation Hearing, will be paid on or before the Effective Date and, thereafter, in accordance with applicable bankruptcy law. All quarterly reports of disbursements required to be filed by applicable bankruptcy law will be filed in accordance with applicable bankruptcy law.

**F. Non-Tort Claims Review, Allowance, and Payment.**

Except for Tort Claimants and Unknown Tort Claimants, any person to whom the Debtors have incurred an obligation (whether on account of the provision of goods, services or otherwise), or who has received goods or services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Reorganized Debtors subsequent to the Effective Date and may, if appropriate, be the subject of an action after the Effective Date, regardless of whether (i) such Person or Entity has filed a Proof of Claim against the Debtors in these Reorganization Cases; (ii) such Person's or Entity's Proof of Claim has been objected to; (iii) such Person's or Entity's Claim was included in the Schedules; or (iv) such Person's or Entity's scheduled Claims have been objected to or have been identified as disputed, Contingent, or unliquidated.

The following procedures will be used for purposes of allowance and disallowance of creditors' Claims that are Non-Tort Claims:



- (a) **Objections to Claims.** Notwithstanding the occurrence of the Effective Date, and except as to any Claim that has been Allowed prior to the Effective Date, the Debtors or Reorganized Debtors must file all objections to Claims by the Claim Objection Deadline, provided, however, that nothing contained in the Plan will affect the right of the Debtors to seek estimation of any Non-Tort Claims, on any grounds permitted by the Bankruptcy Code at any time.
- (b) **Disputed Claims.** No payments or other distributions will be made to the holders of Disputed Claims unless and until such Claims are Allowed Claims pursuant to a Final Order. If a Disputed Claim is not an Allowed Claim by the Effective Date, or when payment is otherwise due under the Plan, payment on the Allowed Claim (plus interest, if any is provided for in the Plan) will commence on the Claim Payment Date.
- (c) **Treatment of Contingent Claims.** Until such time as a Contingent Claim or a Contingent portion of an Allowed Claim becomes fixed or absolute or is disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The holder of a Contingent Claim will only be entitled to a distribution under the Plan when and if such Contingent Claim becomes an Allowed Claim, subject, however, to the provisions of Bankruptcy Code § 502(e), and, provided that if such Contingent Claim is for reimbursement, indemnification or contribution at the time of allowance or disallowance, it will be disallowed pursuant to Bankruptcy Code § 502(e)(1)(B).

**G. Payments Effective Upon Tender.**

Whenever the Plan requires payment to be made, such payment will be deemed made and effective upon tender thereof by the Trustee, Debtors, or the Reorganized Debtors to the creditor to whom payment is due. If any creditor refuses a tender, the amount tendered and refused will be held by the Debtors or the Reorganized Debtors for the benefit of that creditor pending final adjudication of the dispute. However, when and if the dispute is finally adjudicated and the creditor receives the funds previously tendered and refused, the creditor will be obliged to apply the funds in accordance with the Plan as of the date of the tender; and while the dispute is pending and after adjudication thereof, the creditor will not have the right to claim interest or other charges or to exercise any other rights which would be enforceable by the creditor, if the Debtors or the Reorganized Debtors failed to pay the tendered payment.

**H. Preservation of Debtors' Claims, Demands, and Causes of Action.**

Except as otherwise provided in the Plan, all Claims, demands, and causes of action of any kind or nature whatsoever held by, through, or on behalf of the Debtors and/or the Estates against any other Entity, including but not limited to, the Retained Claims arising before the Effective Date which have not been resolved or disposed of prior to the Effective Date. The Debtors or the

Reorganized Debtors shall have the exclusive right, authority and discretion to enforce the Claims, demands, and causes of action of any kind or nature, including the Retained Claims, whether arising before or after the Petition Date, in any court or other tribunal, including, without limitation, a bankruptcy court adversary proceeding filed in these Reorganization Cases. The Debtors or the Reorganized Debtors shall also have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such Claims, demands, and causes of action of any kind or nature, including the Retained Claims, without obtaining Bankruptcy Court approval. To the extent necessary, the Reorganized Debtors are hereby designated as the estate representatives pursuant to, and in accordance with, Bankruptcy Code § 1123(b)(3)(B). The Debtors and the Reorganized Debtors will also be entitled to assign their rights under the Plan (except to as to any Claims, causes of action, cross-claims and counterclaims against Hartford which are to be released pursuant to the Hartford Agreement and the Plan). On the Effective Date, and except as otherwise specifically provided in the Plan, including but not limited to with respect to Retained Claims which are specifically retained by the Debtors and assigned to the Reorganized Debtors, the Trustee is hereby designated as the estate representative, pursuant to and in accordance with, Bankruptcy Code § 1123(b)(3) with respect to any and all Claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtors or their Estates with respect to Tort Claims and Unknown Tort Claims but excluding Claims, defenses, counterclaims, setoffs, and recoupments against Hartford (if any).

**I. Unimpaired Claims.**

Except as otherwise provided in the Plan, nothing will affect the Debtors' or the Reorganized Debtors' rights and defenses with respect to any unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to, or setoffs or recoupments against, such unimpaired Claims.

**J. Operative Documents.**

The Debtors will prepare any documents which the Debtors, the Reorganized Debtors deem are necessary or appropriate to execute the Plan or are provided for under the Plan, including, but not limited to, the Plan Documents. If there is any dispute regarding the reasonableness or propriety of any such documents after reasonable and good faith efforts by the Debtors to negotiate and obtain approval of the documents by the other affected Entity, any such dispute will be presented to the Bankruptcy Court for determination, at or in conjunction with the Confirmation Hearing.

**K. Return of Deposits.**

To the extent that the Debtors were required to and did pay deposits to any creditors after the Petition Date, as a condition of or as security for continued service after the Petition Date, including, but not limited to, deposits paid to utility companies for adequate assurance pursuant to Bankruptcy Code § 366, then, upon satisfaction of the Claims of such creditor pursuant to the Plan or if such creditor did not have any Claims against the Debtors, the Plan requires that any such deposits, together with any interest or other income earned thereon, if any, will be refunded to the applicable Reorganized Debtor within fifteen (15) days of demand by such Reorganized Debtor for return of such deposit.

**L. Delivery of Distributions (Except to Tort Claims and Unknown Tort Claims).**

Distributions will be made by the Debtors or the Reorganized Debtors to holders of Non-Tort Claims as follows:

1. At the addresses set forth in the Proofs of Claim (and if both a claimant's address and a **claimant's** counsel are listed on the Proof of Claim then to counsel's address) filed by holders of Claims or the last known addresses of such holders if no Proof of Claim is filed or if the Debtors or the Reorganized Debtors have not been notified of a change of address;
2. At the addresses set forth in written notices of address change delivered to the Debtors or the Reorganized Debtors after the date of any related Proof of Claim; or
3. At the addresses reflected in the Schedules filed in the Reorganization Cases if no Proof of Claim **has** been filed, and the Debtors or the Reorganized Debtors (as applicable) have not received a written notice of change of address.

**M. Transmittal of Distributions to Tort Claimants and Unknown Tort Claimants.**

Except as otherwise provided in the Plan, in the Plan Documents, or in an order of the Bankruptcy Court, distributions to Tort Claimants and Unknown Tort Claimants will be made by the Trustee in accordance with the Trust Documents.

**N. Absence of Address or Returned Mail.**

If a claimant's distribution is not mailed or is mailed but returned to the Reorganized Debtors or Trustee because of the absence of a proper mailing address, the Reorganized Debtors or Trustee, as the case may be, shall make a reasonable effort to locate or ascertain the correct mailing address for such claimant from information generally available to the public and from such party's own records, but shall not be liable to such claimant for having failed to find a correct mailing address. The Trustee shall have no liability to a Tort Claimant on account of distributions made to the client trust account of a Tort Claimant's attorney.

**O. Continuation of Current Insurance Policies.**

Except as expressly set forth in the Hartford Agreement, the Plan and Confirmation Order have no effect on any Insurance Coverage under any certificates or policies of insurance issued to the Debtors and are not otherwise released or sold pursuant to the Hartford Agreement.

**P. Abuse Prevention.**

In order to further promote healing and reconciliation, and in order to continue efforts to prevent Abuse from occurring in the PSO in the future, the Reorganized Debtors will continue their commitment to enforce their child and vulnerable adult protection policies, and will continue to review and revise these policies when appropriate.

**XIII. THE TRUST AND LIQUIDATION OF TORT CLAIMS AND UNKNOWN TORT CLAIMS.**

**A. Claim Payments.**

Tort Claims and Unknown Tort Claims shall be liquidated and paid in accordance with the Plan, the Confirmation Order, the Plan Documents, the Trust Documents and the applicable Allocation Protocols to be proposed by the Committee and submitted to the Bankruptcy Court for approval after notice and the opportunity for parties with standing to be heard.

The Plan Proponents intend that any payment on a Tort Claim or Unknown Tort Claim shall constitute damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

**B. No Execution.**

All property transferred to the Trust will remain property of the Trust until such time as the property actually has been paid to and received by an Entity entitled to receive payment pursuant to the terms of the Plan, Plan Documents, Confirmation Order and Trust Documents. Except as expressly provided in the Plan, Plan Documents, Confirmation Order and the Trust Documents, the Trust shall not be responsible for administration of payment of any Claims against the Debtors other than Tort Claims or Unknown Tort Claims.

**C. Special Distribution Conditions.**

1. Medicare-Related Provisions. Pursuant to Section 111 of the MMSEA ((42 U.S.C.A. § 1395y(b)(8))), the Trust shall be the applicable plan from which any Tort Claimants who might also be Medicare beneficiaries receive payment on account of their Tort Claims. All payment obligations to a Tort Claimant will be funded from the assets of the Trust, and the Trustee, in his capacity as trustee, shall be the fiduciary and/or administrator as that term is defined in 42 U.S.C.A. § 1395y(b)(8)(F).

2. Medicare-Related Obligations. In addition to the foregoing obligations, the Trustee shall be the RRE with responsibility to ensure fulfillment of the reporting and reimbursement requirements, if any, pursuant to the MSP and Section 111 of the MMSEA and any other similar statute or regulation, and any related rules, regulations, or guidance issued in connection therewith.

(a) On or after the date that the Confirmation Order becomes a Final Order, the Trustee shall determine, for any Tort Claimant whose Claim, including a proof of claim, complaint (if one

has been served or filed), or other documentation offered in support of that Claim, potentially alleges or indicates that he or she was or may have suffered Abuse after December 5, 1980 (a “Post-1980 Claimant”), by query to CMS: (i) whether that Post-1980 Claimant is Medicare Eligible (as defined in the Plan) and, if so, (ii) whether he or she has received any Conditional Payment arising from or relating to treatment for Abuse. The Trustee shall initiate such queries as soon as practicable, including prior to the Effective Date. The Trust shall also, reasonably contemporaneously with initiating such queries, provide to Hartford all information necessary to perform the same queries, although Hartford is under no obligation to conduct such queries.

(b) If the Trustee does not receive a response from CMS (including a response from a query that Hartford or Tort Claimant’s counsel has initiated, so long as Hartford receives a copy of any such query initiated by Tort Claimant’s counsel) within seventy-five days as to whether a Post-1980 Claimant is Medicare Eligible and/or has received one or more Conditional Payments, then that Claimant may, in lieu of the query response, certify in writing to the Trustee that he or she (i) is not Medicare Eligible and (ii) that he or she will provide for payment and/or resolution of any future obligations owing or potentially owing under the MSP.

(c) Prior to issuing a payment to any Post-1980 Tort Claimant who is Medicare Eligible, the Trust and Trustee shall require that Tort Claimant’s counsel to hold in escrow an amount equal to the lesser of (1) the amount of the potential payment to the Tort Claimant or (2) the amount of any Medicare Conditional Payments, including Conditional Payments issued by any MAO. Such amount shall be held in escrow until such time that Tort Claimant’s counsel has provided written documentation from Medicare, including any MAO, demonstrating that such conditional payments have been satisfied, waived or otherwise released.

(d) If a portion of the Settlement Amount is paid to any Post-1980 Tort Claimant who is identified as Medicare Eligible, the Trust will report such payments to Medicare in accordance with the MMSEA. The Trust will also provide to the Hartford Parties all information necessary for the Hartford Parties to report such payments to Medicare although Hartford is under no obligation to make such reports.

#### **D. Indemnification.**

The Trust shall defend, indemnify and hold harmless the Reorganized Debtors and the Protected Parties from any Claims related to Medicare Claims reporting and payment obligations, whether relating to past conditional payments made, future payments to be made, or otherwise arising out of, relating to, or in connection with Tort Claims, including any obligations owing or potentially owing under MMSEA or MSPA, and any Claims related to the Trust’s obligations under the Plan, the Trust Documents, and the Plan Documents. The Trust shall not create a reserve for this potential obligation.

#### **E. Termination.**

The Trust shall terminate as provided in the Trust Agreement, and the Trustee shall have no further obligations under the Plan or the Trust Agreement upon termination.

**F. No Liability for Costs.**

Nothing in the Trust Documents shall (i) impose any costs, directly or indirectly, upon the Estates, the Reorganized Debtors, or Hartford relating to the treatment of Tort Claims or (ii) otherwise modify the rights or obligations of the Estates, the Reorganized Debtors, or Hartford as otherwise set forth in the Hartford Agreement, Plan or a Plan Document.

**XIV. INSURANCE MATTERS.**

**A. No Direct Action Against Hartford.**

Nothing in the Plan, in the Confirmation Order or in any Plan Document shall grant to any Person any right to sue Hartford directly in connection with a Tort Claim, Unknown Tort Claim or any Hartford Policies. To the extent that a Hartford Policy or any part thereof continues in effect after the Effective Date, the Hartford Agreement, the terms of the Hartford Policy and applicable non-bankruptcy law will govern the rights and obligations of the Persons with respect to the applicable Hartford Policy; provided, however, that pursuant to the Plan and the Hartford Agreement, no Person shall have any right to sue Hartford directly or indirectly in connection with a Tort Claim, Unknown Tort Claim, any Claim for coverage or benefits under the Hartford Non-Excluded Policies, or any Claims for which the Debtors have received a discharge pursuant to the Plan, the Confirmation Order, Bankruptcy §§ 524 and 1141.

**B. Judgment Reduction.**

If any other Person obtains a judicial determination or binding arbitration award that it is entitled to obtain a sum certain from any of the Hartford Parties as a result of a claim for contribution, subrogation or indemnification for any of the Hartford Parties' alleged share or equitable share, or to enforce subrogation rights, if any, with respect to the defense and/or indemnity obligation for any Claims or reimbursement obligations for any Medicare Claims released or resolved pursuant to the Hartford Agreement, the Plan or the Trust, then Debtors, Reorganized Debtors or the Trust, as applicable, shall voluntarily reduce its judgment or Claim against, or settlement with, such other Person to the extent necessary to satisfy such contribution, subrogation or indemnification claims against the Hartford Parties. To ensure that such a reduction is accomplished, the Hartford Parties shall be entitled to assert Plan Section 23.2 and the provisions of the Hartford Agreement as a defense to any action against them brought by any other insurer for any such portion of the judgment or Claim and shall be entitled to request that the court or appropriate tribunal issue such orders as are necessary to effectuate the reduction to protect the Hartford Parties from any liability for the judgment or Claim.

**C. No Right of Reimbursement.**

The Hartford Parties shall not seek reimbursement for any payments they make under the Hartford Agreement or the Plan under theories of contribution, subrogation, indemnification, or similar relief from any other insurer unless such other insurer first seeks contribution, subrogation, indemnification, or similar relief from any of the Hartford Parties. Notwithstanding the foregoing, nothing herein shall be construed as prohibiting any of the Hartford Parties from seeking recovery from their reinsurers.

**D. No Limitation on Hartford's Rights.**

Notwithstanding any other provision of the Plan, nothing in Plan Article 23 shall (i) affect or be construed to restrict or limit the scope or application of the Channeling Injunction or the Supplemental Insurance Injunction or (ii) alter, impair, or diminish any of the protections afforded to Hartford under the Plan, the Confirmation Order, the Hartford Agreement, or the order approving the Hartford Agreement.

**XV. TREATMENT OF EXECUTORY CONTRACTS.**

In accordance with the provisions and requirements of Bankruptcy Code §§ 365 and 1123, all Executory Contracts of each Debtor will be assumed on the Effective Date, and assigned to the corresponding Reorganized Debtor (other than those Executory Contracts that have already been rejected by order of the Bankruptcy Court or are subject to a motion to reject Executory Contracts that is pending on the Confirmation Date). Each Executory Contract assumed pursuant to this Section will vest or revest in, and be fully enforceable by, such Reorganized Debtor in accordance with its terms.

With respect to any indemnification obligations of any of the Debtors to any Person serving at any time on or prior to the Effective Date as one of its officers, employees, council members or volunteers, to the extent provided in any of such Debtor's constituent documents or by a written agreement with such Debtor or under the state laws pertaining to such Debtor, those obligations will be deemed and treated as Executory Contracts that are assumed by the corresponding Reorganized Debtor, pursuant to the Plan and Bankruptcy Code § 365 as of the Effective Date; provided, however, that under no circumstances will the Reorganized Debtors assume or be responsible for any alleged indemnification obligations of any non-Crosier brothers, priests, or others against whom the Debtors have determined or may, in the future, determine, that there are credible allegations of Abuse asserted against such Person(s) or such Person has or may have engaged in some other conduct that would excuse the Reorganized Debtors from providing any indemnification to such Person.

Every Claim asserted by a creditor arising from the rejection of an Executory Contract pursuant to the Plan must be filed with the Bankruptcy Court no later than the first Business Day which is thirty (30) days after the Confirmation Date or the first Business Day that is thirty (30) days after entry of the Final Order of the Bankruptcy Court approving rejection if such Final Order is entered after the Confirmation Date. Every such Claim which is timely filed, as and when it becomes an Allowed Claim, will be treated as a Class 5 General Unsecured Claim. Every such Claim which is not timely filed by the deadline stated above will be forever barred, unenforceable, and discharged.

**XVI. EFFECT OF CONFIRMATION.**

**A. Discharge.**

**Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Debtors will be discharged 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 noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or future, that arose from any agreement the Debtors entered into or obligation of the Debtors incurred before the Confirmation Date, or from any conduct of the Debtors 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, including all Claims and debt of the kind specified in Bankruptcy Code §§ 502(g), 502(h), and 502(i), whether or not a Proof of Claim is filed or is deemed filed under Bankruptcy Code § 501, such Claim is Allowed under Bankruptcy Code § 502, or the holder of such Claim has accepted the Plan.

**B. Vesting.**

Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Reorganized Debtors will be vested with all of the Assets of each of their corresponding Debtors, including all property of the Estates free and clear of all Claims, liens, encumbrances, charges and other Interests of creditors, and the Reorganized Debtors will, thereafter, hold, use, dispose or otherwise deal with such property, operate their business and conduct their and the PSO's ministry and mission free of any restrictions imposed by the Bankruptcy Code or by the Court. All Retained Claims are preserved under the Plan for the benefit of the Reorganized Debtors. Any Claims, causes of action or demands transferred to the Trust are preserved for the benefit of the Trustee under the Trust.

**C. Exculpation and Limitation of Liability.**

Except as expressly provided in the Plan, none of the Released 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 Trusts created thereunder, except for their willful misconduct or gross negligence (provided, however, the Debtors, Reorganized Debtors, the Committee, and its members will be discharged from any such liability for such acts or omissions occurring prior to the Effective Date) 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 in 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 Bankruptcy Code § 1125(e).

**D. Limitation of Liability.**

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.



**E. Channeled Claims.**

**Channeled Claims are defined in the Plan as (i) Tort Claims, (ii) Unknown Tort Claims, (iii) Extra-Contractual Claims, and/or (iv) Claims against any of the Crosier Father Parties or the Hartford Parties only, with respect to any Claim that is not a Tort Claim, to the extent such Claim against an Entity insured by Hartford arises under a Hartford Non-Excluded Policy. The definition of Channeled Claims includes all such Claims whenever and wherever arising or asserted, whether sounding in tort, contract, warranty or any other theory of law, equity or admiralty, including without limitation all Claims by way of direct action, subrogation, allocation of fault, contribution, indemnity, alter ego, statutory or regulatory action, or otherwise, Claims for exemplary or punitive damages, for attorneys' fees and other expenses, or for any equitable remedy; provided however, "Channeled Claim" does not mean any Tort Claim, Unknown Tort Claim, Extra-Contractual Claim, and/or Claim or any part of any such Claim, that is not related to the Hartford Policies.**

**In consideration of the undertakings of the Protected Parties under the Plan, and other consideration, and to further preserve and promote the agreements between and among the Debtors and Hartford which also benefit the Tort Claimants and Unknown Tort Claimants and the protections afforded the Protected Parties under the Bankruptcy Code, including Bankruptcy Code § 105, the Plan causes any and all Channeled Claims to be channeled into the Trust and they shall be treated, administered, determined, and resolved under the procedures and protocols and in the amounts as established under the Plan, the Allocation Protocols and the Trust Documents as the sole and exclusive remedy for all holders of Channeled Claims.**

**The channeling provisions are an integral part of the Plan and are essential to its implementation.**

**F. Permanent Injunction Against Released and Channeled Claims.**

**All Persons 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:**

- (a) 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, any Unknown Tort Claim or any Channeled Claim against the Protected Parties or the property of the Protected Parties;**
- (b) Asserting a Claim against any Person if as a result of such Claim such Person has or may have a Claim against one or more of the Protected Parties;**
- (c) 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;**

**(d) Creating, perfecting or enforcing any lien or encumbrance of any kind against any Protected Parties, or the property of any Protected Parties with respect to any discharged Claim or Channeled Claim;**

**(e) Asserting, implementing or effectuating any discharged Claim or Channeled Claim of any kind against:**

**(i) Any obligation due any of the Protected Parties;**

**(ii) Any Protected Party; or**

**(iii) The property of any Protected Party;**

**(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 with respect to any discharged Claim or Channeled Claim; and**

**(g) 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.**

**G. Channeling Injunction as Mutual Release.**

**Subject to the Hartford Agreement, the provisions of Section 26.5 of the Plan will further operate, as between all Protected Parties, as a mutual release of all Claims relating to the Debtors, the Claims against the Debtor and the Hartford Policies, which any Protected Party may have against another Protected Party except as may be specifically reserved or set forth in the Hartford Agreement or the Plan.**

**H. Supplemental Injunction Preventing Prosecution of Claims Against Hartford.**

**Pursuant to Bankruptcy Code §§ 105(a) and 363 and in consideration of the undertakings of Hartford pursuant to the Hartford Agreement, including Hartford's purchase of the Hartford Policies free and clear of all interests pursuant to Bankruptcy Code § 363(f), 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 Persons holding a Claim, governmental, tax and regulatory authorities, lenders, trade and other creditors, Tort Claimants, Unknown Tort Claimants, perpetrators and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Hartford Agreement) against any of the Protected Parties, which, directly or indirectly, relate to any of the Hartford Policies, any Tort Claims or any Unknown Tort 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 Hartford, the Hartford Parties, the Crosiers Fathers Parties and/or the Hartford Policies, except as set forth in the Hartford Agreement, including:

- (a) Commencing or continuing in any manner any action or other proceeding against Hartford, the Hartford Parties, the Crosier Fathers Parties or the property of Hartford or the Crosier Fathers Parties;
- (b) Enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree or order against Hartford, the Hartford Parties, the Crosier Fathers Parties or the property of Hartford, the Hartford Parties or the Crosier Fathers Parties;
- (c) Creating, perfecting, or enforcing any lien of any kind against Hartford, the Hartford Parties, the Crosier Fathers Parties;
- (d) Asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due to Hartford, the Hartford Parties, the Crosier Fathers Parties; and
- (e) Taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan.

**I. Injunctions Deemed Issued and Permanent.**

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 Bankruptcy Code §§ 524 and 1141, and all injunctions or stays protecting Hartford are permanent and will remain in full force and effect following the Effective Date and are not subject to being vacated or modified.

Any and all currently pending court and other proceedings, the continuation of which would violate the provisions of Plan Article 26, shall be deemed dismissed with prejudice on the Effective Date.

**J. Retention of Jurisdiction.**

After the Effective Date, the Bankruptcy Court will retain jurisdiction for the purposes expressly set forth in Article 28 of the Plan, which generally relate to enforcement and implementation of the Plan, including without limitation, allowance or disallowance of Claims, matters relating to Tort Claims and Unknown Tort Claims so long as such jurisdiction is consistent with the terms of the Trust, and other matters set forth in the Plan.

**XVII. FEDERAL TAX CONSEQUENCES.**

THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY, ALL HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS

WITH SPECIFIC REFERENCE TO THE FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO SUCH HOLDER. NEITHER THE DEBTORS NOR THE DEBTORS' COUNSEL MAKE ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO THE DEBTORS OR ANY CREDITOR. THE FOLLOWING IS ONLY PROVIDED AS A GENERAL DISCUSSION OF POTENTIAL TAX CONSEQUENCES OF THE PLAN AND IS NOT MEANT AS AN ANALYSIS OF HOW ANY PARTICULAR CREDITOR OR PARTY IN INTEREST MAY BE AFFECTED BY ANY TAX IMPLICATIONS OF THE PLAN.

Under the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), there may be significant federal income tax issues arising under the Plan described in this Disclosure Statement that affect creditors in the Reorganization Cases.

**A. The Trust.**

On the Confirmation Date, the Trust shall be established in accordance with the Trust Documents. The Trust is intended to qualify as a "Designated" or "Qualified Settlement Fund" pursuant to Section 468B of the Tax Code and the Treasury Regulations promulgated thereunder. The Debtors are the "transferors" within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Trustee shall be classified as the "administrator" within the meaning of Treasury Regulation Section 1.468B-2(k)(3). The Trust Documents, including the Trust Agreement, are incorporated herein by reference. The Trust is intended to be classified as a QSF because:

1. The Trust is established pursuant to an order of, or is approved by, the United States, any state, territory, possession or political subdivision thereof, or any agency or instrumentality (including a court of law) of any of the foregoing and is subject to the continuing jurisdiction of that governmental authority;
2. The Trust is established to resolve or satisfy one or more contested or uncontested claims that has resulted or may result from an event (or related series of events) that has occurred and that has given rise to at least one claim asserting liability arising out of, among other things, a tort, breach of contract, or violation of law related to Abuse (but excluding non-tort obligations of the Debtors to make payments to its general trade creditors or debt holders that relate to a case under Title 11 of the United States Code, a receivership, foreclosure of similar proceeding in a Federal or State court, or a workout); and
3. The Trust is a trust under applicable state law.

The primary tax consequences of the trust being characterized as a QSF are the following:

1. The Trust must use a calendar taxable year and the accrual method of accounting.

2. If the Debtors fund the Trust with appreciated property, the Debtors are deemed to sell the property to the Trust. Accordingly, any gain or loss from the deemed sale must be reported by the Debtors.
3. The Trust takes a fair market value basis in property contributed to it by the Debtors.
4. The Trust's gross income less certain modifications is taxable at the highest federal tax rate applicable to trusts and estates (currently 35%). The Debtors' funding of the Trust with Cash and other property is not reported by the Trust as taxable income. However, earnings recognized from, for example, the short-term investment of the Trust's funds will be subject to tax.
5. The Trust may deduct from its gross income a limited number of administrative expenses; the Trust is not entitled to deduct distributions paid to its beneficiaries.
6. The Trust will have a separate taxpayer identification number and will be required to file annual tax returns (which are due on March 15, or later if an extension is granted under applicable law). The Trust will also be required to comply with a number of other administrative tax rules including filing informational returns (generally IRS Form 1099) when approved payments are made to Claimants and, where applicable, certain withholding requirements.

**B. Federal Income Tax Consequences to Holders of Claims.**

The federal income tax consequences to a holder of a Claim receiving, or entitled to receive, a distribution in partial or total satisfaction of a Claim may depend on a number of factors, including the nature of the Claim, the claimants' method of accounting, and their own particular tax situation. Because each claimant's tax situation differs, claimants should consult their own tax advisors to determine how the Plan affects it for federal, state and local tax purposes, based on its particular tax situations.

Among other things, the federal income tax consequences of a distribution to a claimant may depend initially on the nature of the original transaction pursuant to which the Claim arose. For example, a distribution in repayment of the principal amount of a loan is generally not included in the claimant's gross income. Distributions to Tort Claimants may or may not be taxable depending on whether the payment may be considered compensation for personal physical injuries.

The federal income tax consequences of a distribution to a claimant may also depend on whether the item to which the distribution relates has previously been included in the claimant's gross income or has previously been subject to a loss or bad debt deduction. For example, if a distribution is made in satisfaction of a receivable acquired in the ordinary course of the claimant's trade or business, and the claimant had previously included the amount of such receivable distribution in his or her gross income under his or her method of accounting, and had not

previously claimed a loss or bad debt deduction for that amount, it is possible that the receipt of the distribution may not result in additional income to the claimant but may, as discussed below, result in a loss. Conversely, if the claimant had previously claimed a loss or bad debt deduction with respect to the item previously included in income, the claimant may be required to include the amount of the distribution in income when received.

In general, a claimant receiving a distribution in satisfaction of his or her Claim generally may recognize taxable income or loss measured by the difference between (i) the cash and the fair market value (if any) of the property received and (ii) its adjusted tax basis in the Claim. For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item. This income or loss may be ordinary income or loss if the distribution is in satisfaction of accounts or notes receivable acquired in the ordinary course of the claimant's trade or business for the performance of services or for the sale of goods or merchandise. In addition, if a claimant had claimed an ordinary bad debt deduction for the worthlessness of his or her Claim in whole or in part in a prior taxable year, any income realized by the claimant as a result of receiving a distribution may be taxed as ordinary income to the extent of the ordinary deduction previously claimed. It is possible that the income or loss may be a capital gain or loss if the Claim is a capital asset in the claimant's hands.

The Debtors and Committee intend that any payment on a Tort Claim or Unknown Tort Claim shall constitute damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Tax Code.

#### **XVIII. MODIFICATION OF PLAN.**

The Plan may be modified by the Plan Proponents, the Reorganized Debtors, and the Trustee (as applicable) from time to time in accordance with, and pursuant to, Bankruptcy Code §§ 1125 and 1127. The Plan may be modified by the Plan Proponents at any time before the Confirmation Date, provided that the Plan, as modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, the Hartford Agreement and the Plan Proponents have complied with Bankruptcy Code § 1125. Each holder of a Claim that has accepted the Plan will be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not adversely change the treatment of the Claim of such holder. Each holder of a Claim that votes in favor of the Plan authorizes the Plan Proponents to modify, at any time prior to the Effective Date and without the requirement of further solicitation, the treatment provided to the Class of Claims such Claims are classified in, provided that the Bankruptcy Court determines that such modification is not material.

From and after the Effective Date, the Trustee, the Reorganized Debtors and Hartford shall be authorized to enter into, execute, adopt, deliver and/or implement all contracts, leases, instruments, releases, and other agreements or documents necessary to effectuate or memorialize the settlements contained in the Plan and Plan Documents without further order of the Bankruptcy Court. Additionally, the Trustee, the Reorganized Debtors, and the Hartford may make technical and/or immaterial alterations, amendments, modifications or supplements to the terms of any settlement previously approved by the Bankruptcy Court.

A Class of Claims that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or supplemented hereunder, if the proposed alteration, amendment, modification or supplement does not materially and adversely change the treatment of the Claims within such Class. An order of the Bankruptcy Court approving any amendment or modification made pursuant to Article 27 of the Plan shall constitute an order in aid of consummation of the Plan and shall not require the re-solicitation of votes on the Plan.

**XIX. ACCEPTANCE AND CONFIRMATION.**

**A. Voting Procedures.**

**1. Generally.**

- (a)** Only those Classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. The Debtors reserve the right to supplement this Disclosure Statement (if necessary) and to solicit any of those Classes which may later prove to be impaired or if circumstances so warrant.
- (b)** Ballots will be sent to the known holders of Claims who are entitled to vote. For voting purposes only, Tort Claims will be estimated at \$1.00. Such estimation has no impact on any amount the holder of the Tort Claim may be entitled to receive, but merely equalizes each Tort Claim for purposes of voting on the Plan.
- (c)** The holder of a Claim to which an objection has been filed, including any Tort Claims that are the subject of a pending objection as of the date of approval of this Disclosure Statement, is not entitled to vote on the Plan unless they request on or before [REDACTED], 2018, that the Bankruptcy Court, pursuant to Bankruptcy Rule 3018, temporarily allow the Claim in an appropriate amount solely for the purpose of enabling the holder of such Disputed Claim to vote on the Plan, and the Bankruptcy Court does so.

**2. Form of Ballots.**

- (a)** Ballots for Class 8 Claims include certain releases and certifications that are required to be executed before a Class 8 Claimant may receive funds from the Trust. Any Class 8 Ballot received after the voting deadline, while it may not be counted as a vote for or against the Plan, shall be effective as to the releases, certifications, and elections contained in such Ballot.
- (b)** Ballots for Class 5 General Unsecured Claims include two separate elections to opt into the General Unsecured Convenience Class and to waive the holder's Claim against the Debtors, which are, as noted, non-profit organizations. A timely-submitted Ballot will be counted in accordance with the procedures and limitations herein, regardless

whether the holder of the Claim makes either election. Any Class 5 Ballot received after the voting deadline but before commencement of payment on the Claim to which the Ballot pertains, while it may not be counted as a vote for or against the Plan, shall be effective as to the elections contained in such Ballot.

**3. Ballot Tabulation.**

- (a)** Any Ballot that is properly completed, executed and timely returned to counsel to the Debtors but does not indicate an acceptance or rejection of the Plan, or that indicates both an acceptance and rejection of the Plan, shall not be counted.
- (b)** If no votes to accept or reject the Plan are received with respect to a particular Class that is entitled to vote, such Class shall be deemed to have voted to accept the Plan.
- (c)** If a creditor, or any Person acting on behalf of a creditor under applicable law, casts more than one Ballot voting the same Claim or Interest before the voting deadline, the latest dated Ballot received before the voting deadline shall be deemed to reflect the voter's intent and thus to supersede any prior Ballots.
- (d)** Creditors must vote all of their Claims within a particular Class either to accept or reject the Plan and may not split their votes within a particular Class.
- (e)** The Person signing the creditor's Proof of Claim may complete and sign the creditor's Ballot, except that creditors holding Class 8 Claims are required to sign his or her own Ballot, provided, however, that a legal guardian or executor may sign on behalf of the claimant if proof of legal standing to do so is provided.
- (f)** Any Class 8 Ballot that indicates either acceptance or rejection of the Plan shall be counted as a vote to accept or reject the Plan regardless of whether the releases and certification portions of the Ballot are completed.
- (g)** The following Ballots shall not be counted or considered in determining whether the Plan has been accepted or rejected:
  - (i)** any Ballot received after the voting deadline unless the Debtors shall have granted in writing an extension of the voting deadline with respect to such Ballot;
  - (ii)** any Ballot that is illegible or contains insufficient information to permit the identification of the creditor;



- (iii) any Ballot cast by a Person or Entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Plan;
  - (iv) any Ballot cast for a Claim scheduled at zero or as unliquidated, Contingent, or disputed for which no Proof of Claim was timely filed;
  - (v) any unsigned Ballot;
  - (vi) any Ballot that does not indicate an acceptance or rejection or indicates both; and
  - (vii) any Ballot transmitted to counsel to the Debtors by facsimile, email or other electronic means unless the Debtor has previously authorized such means in writing.
- (h) The Debtors shall be permitted to contact creditors in an attempt to cure the deficiencies specified herein.

**4. Submission of Ballots.**

- (a) A form of Ballot will be sent to all creditors entitled to vote on the Plan, along with a copy of this Disclosure Statement, approved by the Court which will have attached as an exhibit, a copy of the Plan. Holders of Class 5 General Unsecured Claims, and holders of Class 8 Tort Claims will receive forms of ballot that are different from those sent to other creditors.

Creditors should read the Ballot carefully. The Bankruptcy Court will have approved the form of Ballot prior to its mailing, and the Ballot contains specific instructions as to the deadline for its submission and the place where it must be submitted. If any creditor has any questions concerning voting procedures, it may contact:

QUARLES & BRADY LLP  
One South Church Avenue, Suite 1700  
Tucson, AZ 85701-1621  
Attention: Brad Terry  
Telephone: (520) 770-8766  
E-mail: brad.terry@quarles.com

**B. Feasibility.**

The Bankruptcy Code requires, as a condition to confirmation, that the Bankruptcy Court find that liquidation of the Debtors, or the need for future reorganization, is not likely to follow after confirmation. For the purpose of determining whether the Plan meets this requirement, the Reorganized Debtors' ability to meet their obligations under the Plan has been analyzed. The

Debtors have prepared projections of the cash flow for the ministries and operations of the PSO and the Debtors. The projections were prepared by management and are attached as Exhibit 3 to this Disclosure Statement. The Debtors reasonably believe that they will be able to fund the Plan on the Effective Date, and the Reorganized Debtors will be able to make all payments required pursuant to the Plan.

**C. Best Interests of Creditors and Liquidation Analysis.**

Under Bankruptcy Code § 1129(a)(7), the Plan must provide that creditors receive no less under the Plan than they would receive in a Chapter 7 liquidation of the Debtors. Such liquidation analysis excludes property that is not property of the Debtors' Estates, including, property the Debtors hold in trust or that is held in trust for them, such as the Hutzell and STTK funds and other restricted and custodial funds, are excluded from the liquidation analysis. The liquidation analysis also excludes other property which is property of the Estate, but which is not "capable of liquidation under Chapter 7" pursuant to the Religious Freedom Restoration Act and other reasons, including the Old Southern Building, the Onamia priory and campus, the Holy Cross Center, and related personal property. In a Chapter 7 liquidation, the more than \$19,000,000 in funding from Hartford would be unavailable. Therefore, creditors will do far better under the Plan than they would in a Chapter 7 liquidation.

Additionally, Chapter 7 liquidation carries potential costs and risks that are resolved through the Plan, as follows:

1. The Plan incorporates the Allocation Protocols. There is likelihood that a Chapter 7 Trustee will be unable to implement the Allocation Protocols or a similar process in the absence of a confirmed Chapter 11 Plan. As such, substantial resources of the Estates would likely be expended adjudicating or analyzing Tort Claims in a Chapter 7 case.
2. A Chapter 7 Trustee would be entitled to compensation of a percentage of all funds distributed to parties in interest, excluding the Debtors, pursuant to 11 U.S.C. § 326. Any such payment would dilute the amount of funds available to pay creditors.
3. Hartford would not obtain a channeling or supplemental injunction or the releases provided under the Plan, and therefore would not make the substantial contributions it is making under the Plan.

**D. Confirmation over Dissenting Class.**

1. In the event that any impaired Class of Claims does not accept the Plan (or simply does not vote), the Bankruptcy Court may nevertheless confirm the Plan at the request of the Debtors if all other requirements under Bankruptcy Code § 1129(a) are satisfied, and if, as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Classes. Each of these requirements is discussed below.

**2. No Unfair Discrimination.**

**(a)** The Plan “does not discriminate unfairly” if:

- (i) The legal rights of a dissenting Class are treated in a manner that is consistent with the treatment of other Classes whose legal rights are similar to those of the dissenting Class; and
- (ii) No Class receives payments in excess of those which it is legally entitled to receive for its Claims. Under the Plan:
  - (A)** all Classes of impaired Claims are treated in a manner that is consistent with the treatment of other similar Classes of Claims; and
  - (B)** no Class of Claims will receive payments or property with an aggregate value greater than the aggregate of the Allowed Claims in such Class. Accordingly, the Debtors believe that the Plan does not discriminate unfairly as to any impaired Class of Claims.

**3. Fair and Equitable Test.**

**(a)** The Bankruptcy Code establishes different “fair and equitable” tests for Secured Claims, Unsecured Claims, and holders of equity interests, as follows:

(i) Secured Creditors. Either:

- (A)** each impaired Secured Creditor retains its liens securing a Secured Claim and receives on account of its Secured Claim deferred Cash payments having a present value equal to the amount of its Allowed Secured Claim;
- (B)** each impaired Secured Creditor realizes the “indubitable equivalent” of its Allowed Secured Claim; or
- (C)** the property securing the Claim is sold free and clear of liens with such liens to attach to the proceeds, and the liens against such proceeds are treated in accordance with the first two clauses of this subparagraph.

(ii) Unsecured Creditors. Each impaired Unsecured Creditor receives or retains under the Plan property of a value equal to the amount of its Allowed Claim. There is no absolute

priority rule issue in the Reorganization Cases because there are no equity interests or junior creditors; or the holders of Claims and equity interests that are junior to the Claims of the non-accepting Class do not receive any property under the Plan on account of such Claims and equity interests.

(iii) Equity Interests. Either:

- (A) each holder will receive or retain under the Plan property of a value equal to or greater than (I) the fixed liquidation preference or redemption price, if any, of such interest or (II) the value of such interest; or
- (B) the holders of interests that are junior to the non-accepting Class will not receive any property under the Plan.

4. As with the best interests of creditors test, the fair and equitable test is applied differently in the Reorganization Cases than in most reorganization cases because the Debtors are not moneyed corporations. This is the situation because the members of a non-profit have no personal interest in the property of the corporation. Accordingly, there is effectively no equity interest in the Debtors. Therefore, what is commonly referred to as the “absolute priority rule” embodied by Bankruptcy Code § 1129(b)(2)(B) is not relevant here.

The Debtors believe that the Plan satisfies the “fair and equitable” test with respect to all impaired Classes.

**E. Risk Factors.**

Perhaps the most significant risk factor to creditor’s receipt of payment under the Plan is an appeal. The Effective Date of the Plan is triggered by, among other things, the final status of the Confirmation Order and certain other orders essential to the Hartford Agreement. To the extent an appeal is pending and that condition to the Effective Date is not waived, creditors’ receipt of payment and performance under the Plan may be delayed and ultimately confirmation may be overturned. For a discussion of what may happen should the Confirmation Order be overturned, please refer to Article XX below.

The other risk to creditor payment is non-confirmation of the Plan. Please refer to Article XX below for a discussion of risks to creditors if the Plan is not confirmed.

**F. Effect of Non-Confirmation.**

In the event the Plan is not confirmed, it will not be binding on the Debtors, Hartford, or any other Person. In such event, the Plan and Disclosure Statement shall be treated as non-binding

settlement communications subject to the protections of Federal Rule of Evidence 408 and may not be used as evidence.

**XX. ALTERNATIVES TO THE PLAN.**

**A. If The Plan Is Not Confirmed, Several Different Events Could Occur:**

1. The Debtors could propose another plan providing for different treatment of certain creditors; the Committee might propose a plan; or the Bankruptcy Court (after appropriate notice and hearing) could dismiss the Reorganization Cases if the Debtors are unable to confirm an alternative plan in a reasonable period of time.
2. Under the second scenario, creditors of the Debtors would recover significantly less (and perhaps nothing) than they will under the Debtors' Plan. Without the protections, including the Channeling Injunction, available under a confirmed Plan, Hartford has little or no incentive to provide funding for the Debtors to pay creditors. Rather, the Hartford litigation would likely continue, further depleting the resources the Debtors would otherwise use to pay creditors under the Plan. Currently, those resources consist of, at most, \$5.7 million, approximately \$1.5 million of which would pay for the Professional Charges incurred in the Debtors' Reorganization Cases. This would leave approximately \$3.2 million with which to compensate all creditors, both Tort Claimants and others. In contrast, approximately \$24 million will be available to creditors if the Plan is confirmed. Dismissal is therefore a poor alternative for creditors.

In the reorganization case filed by AM/SP, the official committee of unsecured creditors filed its own plan of reorganization at the same time that AM/SP had filed its own plan. If that were to happen in this case, the explanation above relating to dismissal would likely occur. Hartford would again have little or no incentive to provide the significant funding it will provide under the Plan, and the creditors would be left with the Debtors' much lesser Assets rather than having access to the funds Hartford would otherwise contribute under the Hartford Agreement.

For a discussion of liquidation in Chapter 7 and its unavailability, please refer to Article XIX, above. Therefore, the Plan Proponents strongly recommend that creditors vote to accept the Plan, as set forth below.

**XXI. RECOMMENDATION OF THE PLAN PROPONENTS AND CONCLUSION.**

**THE DEBTORS AND COMMITTEE RECOMMEND THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN. THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RETURN TO CREDITORS UNDER THE CIRCUMSTANCES.**

Dated and respectfully submitted this <sup>th</sup>27 day of December, 2017.

CROSIER FATHERS AND BROTHERS  
PROVINCE, INC., a Minnesota non-profit  
corporation,  
-and-  
THE CROSIER COMMUNITY OF PHOENIX,  
and Arizona non-profit corporation,

By Thomas Enneking  
THOMAS ENNEKING, osc, President

CROSIER FATHERS OF ONAMIA, a Minnesota  
non-profit corporation,

By \_\_\_\_\_  
KERMIT HOLL, osc, President

Dated and respectfully submitted this 27<sup>th</sup> day of December, 2017.

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PROVINCE, INC., a Minnesota non-profit  
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THE CROSIER COMMUNITY OF PHOENIX,  
and Arizona non-profit corporation,

By \_\_\_\_\_  
THOMAS ENNEKING, osc, President

CROSIER FATHERS OF ONAMIA, a Minnesota  
non-profit corporation,

By  \_\_\_\_\_  
KERMIT HOLL, osc, President

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS

By Ben Januschka  
Ben Januschka, Committee Chairperson



Prepared and Submitted By:

/s/ Susan G. Boswell

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Minneapolis, Minnesota 55402

*Counsel for the Official Committee of  
Unsecured Creditors*

# **EXHIBIT 1**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

Chapter 11

CROSIER FATHERS AND BROTHERS  
PROVINCE, INC., a Minnesota non-profit  
corporation,

Case No. 17-41681

Debtor.

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In re:

Case No. 17-41682

CROSIER FATHERS OF ONAMIA, a  
Minnesota non-profit corporation,

Debtor.

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In re:

Case No. 17-41683

THE CROSIER COMMUNITY OF  
PHOENIX, an Arizona non-profit corporation,

Debtor.

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**JOINT PLAN OF REORGANIZATION**

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**INTRODUCTION**

This Joint Plan of Reorganization is submitted by the Crosier Fathers and Brothers Province, Inc., a Minnesota non-profit corporation (the “**Province**”), the Crosier Fathers of Onamia, a Minnesota non-profit corporation (“**Onamia**”), and The Crosier Community of Phoenix (“**Phoenix**”), an Arizona non-profit corporation, the debtors and debtors-in-possession in the Reorganization Cases (defined below) which are sometimes referred to herein collectively as the “**Debtors**”.

ALL CREDITORS ARE ENCOURAGED TO CONSULT THE JOINT DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. AMONG OTHER INFORMATION, THE DISCLOSURE STATEMENT CONTAINS DISCUSSIONS OF THE DEBTORS, THE HISTORICAL BACKGROUND OF THE REORGANIZATION CASES AND THE PREPETITION PERIOD, THE PROJECTIONS AND SETTLEMENTS GERMANE TO THE PLAN AND THE PROJECTED POST-CONFIRMATION OPERATIONS OF THE REORGANIZED DEBTORS, AND A SUMMARY AND ANALYSIS OF THE PLAN. NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND

RELATED MATERIALS TRANSMITTED THEREWITH HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT OR BY THE BANKRUPTCY CODE FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

The Court has scheduled the Confirmation Hearing in the Reorganization Cases for \_\_\_\_\_, 2018, at \_\_\_\_\_m. Central Time.

## **ARTICLE 1**

### **RULES OF INTERPRETATION**

1.1 The rules of construction in Bankruptcy Code § 102 apply to the Plan to the extent not inconsistent with any other provision in this Article 1. All definitions in the Bankruptcy Code and below will be subject to the rules of construction set forth in Bankruptcy Code § 102. A term that is used in the Plan and that is not defined in the Plan has the meaning attributed to that term in the Disclosure Statement, the Confirmation Order, the Trust Agreement, the Bankruptcy Code or the Bankruptcy Rules. In addition, the use of the words “includes” or “including” is not limiting, and means “including but not limited to” and “including without limitation,” “and/or” means either or both, and the words “related to” or “relating to” mean with regard to, by reason of, based on, arising out of, or in any way connected with.

1.2 In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided in the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. If any act under the Plan is required to be performed on a date that is not a Business Day, then the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. Enlargement of any period of time prescribed or allowed by the Plan shall be governed by the provisions of Bankruptcy Rule 9006(b).

1.3 The definition given to any term or provision in the Plan supersedes and controls any different meaning that may be given to that term or provision in the Bankruptcy Code, the Bankruptcy Rules, the Disclosure Statement or the Trust Agreement. In the event of any conflict between a definition of a term or provision in a Plan Document and the Plan, the definition or provision in the Plan will control unless otherwise provided in the Plan or a Plan Document.

1.4 Whenever it is appropriate from the context, each term, whether stated in the singular or the plural, includes both the singular and the plural. In addition, the singular and plural uses of such defined terms and the conjunctive and disjunctive uses thereof will be fungible and interchangeable (unless the context otherwise requires); and the defined terms will include masculine, feminine, and neuter genders.

1.5 Any reference to a document or instrument being in a particular form or on particular terms means that the document or instrument will be substantially in that form or on those terms. Any specific references to promissory notes, deeds of trust or other debt instruments or security documents include any amendments, modifications and extensions thereto, and any reference to an existing document means the document as it has been, or may be, amended or supplemented.

1.6 Unless otherwise indicated, the phrases “pursuant to the Plan,” “under the Plan” and the words “herein,” “hereunder” and “hereto” and similar words or phrases refer to the Plan in its entirety rather than to only a particular portion of the Plan. Unless otherwise specified, all references to Articles, Sections, clauses or exhibits (whether capitalized or lower case) are references to the Plan’s Articles, Sections, clauses or exhibits. In addition, Section or Article captions and headings are used only as convenient references, do not affect or limit the Plan’s meaning or provisions.

1.7 Nothing contained in the Plan, including any exhibits or attachments thereto, constitutes an admission or denial by any party of liability for, or the allowance, validity, priority, amount, or extent of any Claim, lien, or security interest asserted against the Debtors or against any third party.

## **ARTICLE 2**

### **DEFINITIONS**

2.1 Scope of Definitions. For purposes of the Plan, and except as expressly provided otherwise herein or unless the context otherwise requires, all of the defined terms stated in Article 2 will have the meanings hereinafter stated. The defined terms stated in Article 2 are also substantive terms of the Plan, and Article 2 will be deemed incorporated throughout the rest of the Plan to convey the substantive provisions included in the defined terms. Unless otherwise specified, all section, article, and exhibit references in the Plan are to the respective section in, article of, or exhibit to the Plan, as the same may be amended, waived, or modified from time to time.

2.2 “Abuse” means any (a) act of sexual conduct, misconduct, abuse, or molestation; any other sexually related act, contact, or interaction; indecent assault and/or battery; rape; lascivious behavior; undue familiarity; pedophilia; or ephebophilia; (b) act that causes or allegedly causes sexually-related physical, psychological, or emotional harm, or any other contacts or interactions of a sexual nature, including any such contacts or interactions between a child and an adult, or a non-consenting adult and another adult; (c) assault; battery; corporal punishment; or any other act of physical, psychological, mental, or emotional abuse, humiliation, or intimidation; or (d) fraud, fraud in the inducement, misrepresentation, concealment, unfair practice, or any other tort relating to the acts and/or omissions listed in subparts (a)-(c) of this sentence. Abuse may occur whether or not this activity involves explicit force, whether or not it involves genital or other physical contact, and whether or not there is physical, psychological, or emotional harm to the Person.

2.3 “Abuse Claims Reviewer” means the individual, including any designee of such individual, who will assess Tort Claims and any Unknown Tort Claims in accordance with the Plan and the Allocation Protocols. The Abuse Claims Reviewer will be nominated by the Committee and appointed by the Bankruptcy Court after notice and an opportunity for parties with standing to be heard.

2.4 “Administrative Claims Reserve” means the portion of the Debtors’ Plan funding that shall be held back by the Debtors at the time the Debtors transfer their portion of the Plan

funding into the Trust Account as required by Sections 19.1(a), 19.3, and 25.1(h) of the Plan. The amount of the Administrative Claims Reserve shall equal the estimated amount of all unpaid Administrative Claims that are predicted to become Allowed on and after the Effective Date, which amount shall be fixed by stipulation of the Committee and the Debtors; or, if the Committee and the Debtors cannot agree, by the Bankruptcy Court.

2.5 “Administrative Claim” means (a) every cost or expense of administration of the Reorganization Cases which is allowable pursuant to Bankruptcy Code § 503, including any actual and necessary post-petition expenses of preserving the Estates; (b) any actual and necessary post-petition expenses of operating the Debtors; (c) all Professional Charges approved by the Bankruptcy Court pursuant to interim and final allowances in accordance with Bankruptcy Code §§ 330, 331, 503(b) and the terms of the Plan; (d) every Property Tax Administrative Claim; and (e) all fees and charges assessed against the Estates under Chapter 123 of Title 28, United States Code.

2.6 “Administrative Claim Bar Date” means the date that will be established by the Court in the Disclosure Statement Order as the date (except as to Administrative Claims for Professional Charges) by which an Administrative Claim (except an Administrative Claim for Professional Charges) must be evidenced by the filing of a Proof of Claim with the Bankruptcy Court.

2.7 “Allocation Protocols” means, collectively, the Tort Claims Allocation Protocol and the Unknown Tort Claims Allocation Protocol that provide for distribution of funds to Tort Claimants and Unknown Tort Claimants, respectively, pursuant to the terms of the Plan and the Allocation Protocols.

2.8 “Allowed” means (i) any Claim against any Debtor which has been listed by such Debtor in the Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or Contingent and for which no contrary Proof of Claim has been filed, (ii) any timely filed Proof of Claim as to which no objection to allowance has been interposed in accordance with Section 19.9 hereof or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (iii) any Claim expressly allowed by a Final Order or hereunder.

2.9 “Annuitant” means the person named by the donor of the charitable gift to receive the Annuity payments.

2.10 “Annuity” means the charitable gift made to one or more of the Debtors by various individual donors in exchange for an agreement with the applicable Debtor to receive certain fixed payments during their lives, or the life of another person, which payments were fixed at the date of the gift based on actuarial tables of the donor’s life expectancy and uniform gift annuity rates.

2.11 “Annuity Agreement” means the agreement between the relevant Debtor and the donor evidencing the Annuity and providing for payment of the Annuity to the Annuitant.

2.12 “Assets” means each and every item of property and Interest of the Debtors therein, as of the Effective Date, that is property of one or more of the Estates under Bankruptcy Code § 541, whether tangible or intangible, legal or equitable, liquidated or unliquidated, and includes without limitation: (a) all Cash; (b) all Retained Claims; (c) any and all amounts owed to the Debtors, including accounts receivable and contract rights, whether due prior or subsequent to the Petition Date; (d) any other right, Claim, cause of action, or defense, whether arising by statute or common law, and whether arising under the laws of the United States, other countries, or applicable state or local law, including, but not limited to, all Insurance Claims; (e) all of the Debtors’ books, records, and privileges; (f) all contracts, agreements, appraisals, permits, licenses, and leases; and (g) any other property of the Debtors whether the Debtors hold a legal or equitable interest or both.

2.13 “Avoidance Actions” means all actions pursuant to Bankruptcy Code §§ 544, 547, 548, 549 and 550 and any other actions provided for under applicable bankruptcy or state law, that allow a debtor, a trustee or a debtor-in-possession to, among other things, avoid certain transfers.

2.14 “Award” means the amount payable to a Tort Claimant or an Unknown Tort Claimant as determined in accordance with the terms of the Plan, the Confirmation Order and the applicable Allocation Protocol.

2.15 “Ballot” means each of the ballots for each Class of Claims entitled to vote on the Plan sent to all creditors entitled to vote on the Plan, on which such creditors will indicate their vote on their applicable ballot to accept or reject the Plan and which have been approved by the Bankruptcy Court.

2.16 “Bankruptcy Code” means Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., including any amendments thereto, which are in effect during the Reorganization Cases.

2.17 “Bankruptcy Court” or “Court” each means the United States Bankruptcy Court for the District of Minnesota, or such other court of competent jurisdiction which properly exercises jurisdiction over part or all of the Reorganization Cases, to the extent that the reference of part or all of the Reorganization Cases is withdrawn.

2.18 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure promulgated under Title 28 of the United States Code, § 2075, including any amendments thereto, and the local rules and general orders of the Bankruptcy Court, as applicable to Chapter 11 cases, together with all amendments and modifications thereto

2.19 “Bar Date” means the date established by the Court in the Bar Date Order by which a Claim must be evidenced by the filing of a Proof of Claim with the Bankruptcy Court, but excludes the Administrative Claim Bar Date.

2.20 “Bar Date Order” means the “Order Fixing Time for Filing Proofs of Claim, Approving Claim Forms, and Approving Manner and Form of Notice,” entered by the Bankruptcy Court in the Reorganization Cases.

2.21 “Business Day” means any day except Saturday, Sunday, federal holidays, or a “legal holiday,” as that term is defined in Bankruptcy Rule 9006(a).

2.22 “Canon Law” means and refers to the 1983 Code of Canon Law applicable to the Roman Catholic Church, the Constitutions and General Statutes of the Order, and the Provincial Statutes specific to the PSO.

2.23 “Cash” means cash, cash equivalents, bank deposits, and negotiable instruments payable on demand.

2.24 “Channeled Claim” means any Tort Claim, Unknown Tort Claim, Extra-Contractual Claim, and/or Claim against any of the Crosier Father Parties or the Hartford Parties and, with respect to any Claim that is not a Tort Claim, to the extent such Claim against an Entity insured by Hartford arises under a Hartford Non-Excluded Policy. Each Claim described in this definition shall include all such Claims whenever and wherever arising or asserted, whether sounding in tort, contract, warranty or any other theory of law, equity or admiralty, including without limitation all Claims by way of direct action, subrogation, allocation of fault, contribution, indemnity, alter ego, statutory or regulatory action, or otherwise, Claims for exemplary or punitive damages, for attorneys’ fees and other expenses, or for any equitable remedy, provided, however, that “Channeled Claim” does not include any Tort Claim, Unknown Tort Claim, Extra-Contractual Claim and/or Claim against a Hartford Party to the extent that such Claim relates to coverage for a Person other than a Crosier Fathers Party under a policy that Hartford issued that (i) is not a Hartford Policy or (ii) was not issued to a Crosier Fathers Party. For avoidance of doubt, a Hartford Policy is issued to a Crosier Fathers Party where a Crosier Fathers Party is identified as the insured on the declarations page or is otherwise identified as a named insured in that Hartford Policy. “Channeling Injunction” means the injunction to be issued pursuant to Section 26.5 of the Plan.

2.25 “Chapter 11 Professionals” means the Debtors’ Professionals, the Committee’s Professionals and the Unknown Claims Representative, collectively.

2.26 “Claim” means any past, present or future claim, demand, action, request, cause of action, suit, proceeding or liability of any kind or nature whatsoever, whether at law or equity, known or unknown, asserted or unasserted, anticipated or unanticipated, accrued or unaccrued, fixed or Contingent, which has been or may be asserted by or on behalf of any Entity (including without limitation a Direct Action Claim), whether seeking damages (including compensatory, punitive, or exemplary damages), including Tort Claims or equitable, mandatory, injunctive, or any other type of relief, including cross-claims, counterclaims, third-party claims, suits lawsuits, administrative proceedings, notices of liability or potential liability, arbitrations, actions, rights causes of action or orders, and any Claim within the definition of Bankruptcy Code § 101(5).

2.27 “Claim Objection Deadline” means the date by which any objections to Non-Tort Claims must be filed. Unless an earlier time is fixed by order of the Bankruptcy Court, the Claim Objection Deadline will be on or before the first Business Day which is one hundred eighty (180) days after the Effective Date.



2.28 “Claim Payment Date” means the date which is ten (10) Business Days after a Non-Tort Claim becomes an Allowed Claim by a Final Order if such Claim is not an Allowed Claim on the Effective Date. Payment of Tort Claims and Unknown Tort Claims shall be governed by the terms of the Allocation Protocols and the Trust Agreement.

2.29 “Class” means each of the classifications of Claims described in Article 5 of the Plan.

2.30 “Class 8 Ballot” means the Ballot that the holders of Class 8 Tort Claims will use to accept or reject the Plan and includes the releases and certifications required pursuant to the Plan, the Confirmation Order and the Trust.

2.31 “Closing” means the date the payments and transfers to the Trust of those Assets required to be paid and transferred in accordance with Section 19.1 of the Plan are paid and transferred.

2.32 “Co-Defendant” means an Entity that is (i) named as a defendant in a lawsuit in which one or more of the Debtors is also named as a defendant, (ii) initiated a third-party claim against one or more of the Debtors in a lawsuit, (iii) initiated a cross-claim against one or more of the Debtors in a lawsuit, and/or (iv) alleged to be fully or partially responsible for a Tort Claim, including an Unknown Tort Claim asserted, or which may be asserted in the future, against such Entity, including co-debtors as described in Bankruptcy Code § 509.

2.33 “Committee” means the Official Committee of Unsecured Creditors appointed by the United States Trustee in the Reorganization Cases.

2.34 “Committee’s Professionals” means the law firm of Stinson Leonard Street LLP.

2.35 “Conditional Payment” means any payment made to a Tort Claimant under the MMSEA, including any payment by a MAO under the MSPA.

2.36 “Confirmation Date” means the date on which the Bankruptcy Court enters the Confirmation Order on the Court’s dockets.

2.37 “Confirmation Hearing” means the hearing held by the Bankruptcy Court regarding confirmation of the Plan in the Reorganization Cases, as such may be continued from time to time.

2.38 “Confirmation Order” means the Final Order confirming the Plan that is acceptable in form to the Debtors, Hartford and the Committee.

2.39 “Contingent” means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which, or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

2.40 “Contribution Claim” means any Claim by any Insurer against any other Insurer seeking contribution, equitable contribution, indemnity, equitable indemnity, subrogation, equitable subrogation, “other insurance” clauses rights, or pursuant to any other theory under law

or in equity relating to the defense or payment by such paying insurer of all or any part of any Claim (a) asserted against the Crosier Fathers Parties; (b) relating to the Hartford Policies; or (c) channeled to or paid, in whole or in part, by the Trust.

2.41 “Crosier” means an individual member of the PSO.

2.42 “Crosier Fathers” means, collectively, the religious entity, Canons Regular of the Order of the Holy Cross of St. Odilia, its civil counterparts, the Province, Phoenix and Onamia, each as now constituted or may previously have been constituted, and their respective Estates.

2.43 “Crosier Fathers Parties” means collectively Crosier Fathers and: (i) each of the past, present, and future parents, subsidiaries, merged companies, divisions, and acquired companies, affiliates, related companies and entities of Crosier Fathers; (ii) any and all named insureds, insureds, and additional insureds under the Hartford Policies; (iii) each of the foregoing Persons’ respective past, present, and future parents, subsidiaries, merged companies, divisions and acquired companies, affiliates, related companies and entities; (iv) each of the foregoing Persons’ respective predecessors, successors and assigns; and (v) any and all past and present employees, officers, directors, shareholders, principals, teachers, staff, members, boards, administrators, priests, deacons, brothers, sisters, nuns, other clergy or religious, volunteers, agents, attorneys, and representatives of the Persons identified in the foregoing subsections (i)-(iv), in their capacity as such. Nothing in the foregoing is intended to suggest that such Persons are “employees” or agents of the Crosier Fathers or subject to its control. An individual who perpetrated an act of Abuse that forms the basis of a Tort Claim is not a Crosier Fathers Party with respect to that Tort Claim.

2.44 “Debtors” means, collectively, Onamia, Phoenix, and the Province.

2.45 “Debtors’ Professionals” means:

2.45.1 The law firm of Quarles & Brady LLP;

2.45.2 The law firm of Larkin Hoffman Daly & Lindgren LTD;

2.45.3 The law firm of Gaskins Bennett Birrell Schupp LLP;

2.45.4 The law firm of Larson King LLP;

2.45.5 The accounting and financial consulting firm of Keegan, Linscott & Kenon, P.C.; and

Any and all other professionals which the Debtors retained or may retain to assist in the conduct of the Reorganization Cases or to provide professional services for a specified purpose, all in accordance with Bankruptcy Code §§ 327(a) and 327(e).

2.46 “Diocese” means a territory established by the Holy See under the trust of the duly appointed bishop and for purposes of the Plan, the civil entity which conducts the civil business of a diocese. This definition of “Diocese” also includes the civil entity which conducts the civil business of an Archdiocese.

2.47 “Direct Action Claim” means any Claim by any Entity against Hartford identical or similar to, or relating to, any Tort Claim, whether arising by contract, in tort or under the laws of any jurisdiction, including any statute that gives a third party a direct cause of action against an insurer.

2.48 “Disallowed Claim” means (i) a Claim, or any portion thereof, that has been disallowed by a Final Order; (ii) a Claim that has been listed in the Schedules at zero or as Contingent, disputed, or unliquidated and as to which no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law; or (iii) a Claim that has not been listed in the Schedules and as to which no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law.

2.49 “Disclosure Statement” means the Joint Disclosure Statement relating to the Plan submitted by the Debtors in the Reorganization Cases, as it may be amended from time to time and approved by the Bankruptcy Court pursuant to the Disclosure Statement Order.

2.50 “Disclosure Statement Order” means that certain order entered by the Bankruptcy Court in the Reorganization Cases approving the Disclosure Statement.

2.51 “Disputed Claim” means every Claim, or portion thereof, which is subject to any defense, setoff, counterclaim, recoupment, or other adverse Claim of any kind of the Debtors or the Reorganized Debtors, or to which an objection (formal or informal) has been made and which has not yet become an Allowed Claim pursuant to a Final Order. All Disputed Non-Tort Claims may be estimated by the Debtors or the Reorganized Debtors, as the case may be, at an amount equal to (a) such lesser amount that is agreed to by the holder of such Non-Tort Claim, (b) the amount claimed if the Court has not made an estimation of such Non-Tort Claim or the holder of such Non-Tort Claim has not agreed to a lesser amount, or (c) the amount, if any, determined by the Court by Final Order pursuant to Bankruptcy Code § 502(c), as an estimate for distribution purposes. In any event, the Estimated Amount will be the maximum amount of the Non-Tort Claim for distribution purposes under the Plan. All Tort Claims and Unknown Tort Claims may be estimated by stipulation of the Debtors and the Committee, solely for voting purposes under the Plan.

2.52 “Disputed Claims Reserve” means the reserve to be established by the Reorganized Debtors on the Effective Date, if necessary (and, thereafter, to be maintained as necessary) to hold in one or more segregated accounts, Cash or other Assets equal to the aggregate amounts that would have been distributed on an applicable Claim Payment Date on account of a Disputed Claim other than a Tort Claim or Unknown Tort Claim. If the Disputed Claims (other than Tort Claims and Unknown Tort Claims) are less than \$50,000, the Reorganized Debtors need not establish the Disputed Claims Reserve. If the Disputed Claims Reserve is required to be established under the Plan, the Disputed Claims Reserve may be adjusted from time to time after the Effective Date by the Reorganized Debtors, after taking into account the anticipated recovery fraction which has been or is anticipated to be paid to the holders of Allowed Claims, after giving effect to the amount of the Disputed Claims as determined pursuant to Section 2.49 above. The Disputed Claims Reserve will not apply to the

Trust, Tort Claims or Unknown Tort Claims, each of which will be governed by the terms of the Trust Agreement and the Allocation Protocols.

2.53 “Effective Date” means the fifteenth day following the Confirmation Date on which (i) all conditions to effectiveness specified in Section 25.1 of the Plan have been satisfied or waived, and (ii) the Confirmation Order is a Final Order.

2.54 “Entity” means an individual, corporation, corporation sole, partnership, association, limited liability company, joint stock company, proprietorship, unincorporated association, joint venture, trust, estate, executor, legal representative, or any other organization, as well as any federal, international, foreign, state, or local governmental or quasi-governmental entity, body, or political subdivision or any agency, department, board or instrumentality thereof, any other “person” within the definition of Bankruptcy Code § 101(41), any other “entity” within the definition of Bankruptcy Code § 101(15) and any successor in interest, heir executor, administrator, trustee, trustee in bankruptcy, or receiver of the foregoing.

2.55 “Estates” means, collectively, the bankruptcy estates of each of the Debtors created under Bankruptcy Code § 541.

2.56 “Estimated Amount” means the maximum amount at which the Court or the district court, pursuant to Bankruptcy Code § 502(c), at the request of either of the Debtors, or any other party with standing, estimates any Claim or Class of Claims against the Debtors that is Contingent, unliquidated or disputed for the purpose of: (a) allowance (for estimation purposes only); (b) distribution; (c) confirming the Plan pursuant to Bankruptcy Code § 1129; (d) voting to accept or reject the Plan pursuant to Bankruptcy Code § 1126 and Bankruptcy Rule 3018(a); or (e) any other proper purpose.

2.57 “Exculpated Parties” means the Committee and each of its members; the Debtors, the Crosier Fathers Parties, Hartford, the Hartford Parties, the Debtors’ Professionals, the Committee’s Professionals, the Unknown Claims Representative, and all of the respective present or former members, managers, officers, directors, employees, Representatives, attorneys, and agents acting in such capacity with respect to the Debtors’ Professionals, the Committee, the Committee’s Professionals and the Unknown Claims Representative.

2.58 “Executory Contract” means every unexpired lease and other contract which is subject to being assumed or rejected by the Debtors under Bankruptcy Code § 365, pursuant to unequitable interest as trustee.

2.59 “Extra-Contractual Claim” means any Claim against any of the Hartford Parties based, in whole or in part, on allegations that any of the Hartford Parties acted in bad faith or in breach of any express or implied duty, obligation or covenant, contractual, statutory or otherwise, including any Claim on account of alleged bad faith; failure to act in good faith; violation of any express or implied duty of good faith and fair dealing; violation of any unfair claims practices act or similar statute, regulation, or code; any type of alleged misconduct; or any other act or omission of any of the Hartford Parties of any type for which the claimant seeks relief other than coverage or benefits under a policy of insurance. Extra-Contractual Claims include: (i) any claim that, directly or indirectly, arises out of, relates to, or is in connection with

any of the Hartford Parties' handling of any Claim or any request for insurance coverage, including any request for coverage for any Claim, including any Tort Claim; (ii) any claim that, directly or indirectly, arises out of, relates to, or is in connection with any of the Policies or any contractual duties arising therefrom, including any contractual duty to defend any of the Crosier Fathers Parties against any Claim, including any Tort Claims; and (iii) the conduct of the Hartford Parties with respect to the Bankruptcy Reorganization Case and/or the negotiation of the Hartford Agreement; provided that "Extra-Contractual Claim" does not include any Claim against a Hartford Party to the extent that such Claim relates to coverage for a Person other than a Crosier Fathers Party under a policy that Hartford issued that (i) is not a Hartford Policy or (ii) was not issued to a Crosier Fathers Party. For avoidance of doubt, a Hartford Policy is issued to a Crosier Fathers Party where a Crosier Fathers Party is identified as the insured on the declarations page or is otherwise identified as a named insured in that Hartford Policy. "Final Order" means: any judgment or order of the Bankruptcy Court or any other court of competent jurisdiction (i) as to which the time to appeal, petition for certiorari, or move for re-argument or rehearing has expired, and as to which no appeal, petition for certiorari, or other proceedings for re-argument or rehearing will then be pending, or as to which any right to appeal, petition for certiorari, re-argue or rehear will have been waived in writing, in form and substance satisfactory to the Debtors, or, on and after the Effective Date, in form and substance satisfactory to the Reorganized Debtors and as to the Trust, the Trustee, or in the event that an appeal, writ of certiorari, re-argument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court or other court of competent jurisdiction will have been determined by the highest court to which such order was appealed, or certiorari, re-argument or rehearing will have been denied, and the time to take any further appeal, petition for certiorari or move for re-argument or rehearing will have expired or (ii) the Debtors and Hartford (and the Committee if the Plan has been accepted by the Tort Claimants) have all mutually agreed in writing that the order from which such appeal or review has been taken should be deemed to be a Final Order.

2.60 "General Unsecured Claim" means every Unsecured Claim against any of the Debtors (including, but not limited to, every such Claim arising from the rejection of an Executory Contract and every Claim which is the undersecured portion of any Secured Claim), but which is not an Administrative Claim, a Priority Unsecured Claim, a Priority Tax Claim, a General Unsecured Convenience Claim, an Other Tort and Employee Claim, an Annuity Claim, a Tort Claim, an Unknown Tort Claim, an Insurance and Benefit Claim, a Penalty Claim, or an Intercompany Claim, and which is classified and treated as the Plan provides for Class 5 Claims. This class includes claims related to bodily injuries or personal injuries that are not Tort Claims.

2.61 "General Unsecured Convenience Claim" means a General Unsecured Claim in an amount of \$500.00 or less, inclusive of interest accrued thereon, after the Petition Date through the later to occur on the Effective Date or the Claim Payment Date; provided that, if the holder of an Unsecured Claim in an amount greater than \$500.00 makes an election to reduce such Claim to \$500.00, such Claim will be treated as a General Unsecured Convenience Claim for all purposes. Such election will be made on the Ballot, completed and returned within the time fixed by order of the Court. Making this election will be deemed to be a waiver by such electing holder of any right to participate in Class 5, as to any and all Claims held by such holder.

2.62 “General Unsecured Convenience Claim Payment” means the lesser of \$500.00 or the amount of the Allowed General Unsecured Claim if the amount of the Allowed General Unsecured Claim is less than \$500.00.

2.63 “Hartford” means, collectively, Hartford Accident and Indemnity Company, Hartford Casualty and Indemnity Company, Hartford Casualty Insurance Company, Hartford Fire Insurance Company, Hartford Insurance Company of the Midwest, Hartford Underwriters Insurance Company and Twin City Fire Insurance Company.

2.64 “Hartford Agreement” means the Settlement Agreement, Release, And Policy Buyback Agreement between Hartford and the Debtors, a copy of which is attached to the Plan as Exhibit A.

2.65 “Hartford Non-Excluded Policies” means any and all Hartford Policies that do not contain exclusions for liability arising from, relating to or in connection with Abuse by a Crosier Fathers Party whether known or unknown, including the Hartford Policies identified on Exhibit A to the Plan.

2.66 “Hartford Policies” means any and all policies of insurance that were issued by any Hartford Party to Crosier Fathers, whether known or unknown, under which Crosier Fathers are an insured, named insured or additional insured or under which Crosier Fathers otherwise contends it is entitled to coverage or benefits.

2.67 “Hartford Parties” means Hartford; each of Hartford’s past, present and future parents, subsidiaries, affiliates, and divisions; each of the foregoing Persons’ respective past, present, and future parents, subsidiaries, affiliates, holding companies, merged companies, related companies, divisions and acquired companies; each of the foregoing Persons’ respective past, present and future directors, officers, shareholders, employees, partners, principals, agents, attorneys, joint ventures, joint venturers, representatives, and claims handling administrators; and each of the foregoing Persons’ respective predecessors, successors, assignors, and assigns, whether known or unknown, and all Persons acting on behalf of, by, through or in concert with them.

2.68 “Holy Cross Agreement” means that certain Executory Contract under which Onamia and Holy Cross Parish own and operate the Holy Cross Center.

2.69 “Holy Cross Center” means those certain improvements consisting of, among other things, a chapel and parish hall located on real property owned by Onamia, such improvements being owned and operated 75% by Onamia and 25% by Holy Cross Parish under the Holy Cross Agreement.

2.70 “Holy Cross Parish” means the civil counterpart of the Holy Cross Parish located within the geographic territory of the Diocese of St. Cloud, the party to the Holy Cross Agreement with the Debtors.

2.71 “Insurance and Benefit Claim” means any Unsecured Claim arising from or related to obligations, contributions or benefits of the Debtors pursuant to any pension or other

benefit plan sponsored by any of the Debtors or for which any of the Debtors is otherwise obligated.

2.72 “Insurance Coverage” means insurance that is available under any Insurance Policy, whether known or unknown to the Debtors, which provides insurance for any portion of a Tort Claim or Unknown Tort Claim asserted against the Debtors; provided, however, that Insurance Coverage excludes any agreement or contract providing reinsurance to Hartford.

2.73 “Insurance Policy” means a policy for Insurance Coverage issued to any Debtor by an Insurer other than Hartford or any of the Hartford Parties.

2.74 “Insurer” means (a) any Entity that during any period of time either (i) provided Insurance Coverage to any Debtor, its predecessors, successors, or assigns, or (ii) issued an Insurance Policy to any Debtor, its predecessors, successors, or assigns; and (b) any Entity owing a duty to defend and/or indemnify any Debtor under any Insurance Policy but excluding Hartford and the Hartford Parties.

2.75 “Interest” means all liens, Claims, encumbrances, interests, and other rights of any nature, whether at law or in equity, including any rights of contribution, indemnity, defense, subrogation, or similar relief.

2.76 “Intercompany Claims” means any Claims by or against one of the Debtors by one of the other Debtors.

2.77 “MAO” means Medicare Advantage Organizations under parts C & D of the MMSEA.

2.78 “Medicare Claims” means Claims for benefits paid, received or accrued to a Tort Claimant or Unknown Tort Claimant pursuant to the MMSEA or the MSPA.

2.79 “Medicare Eligible” means a Tort Claimant or Unknown Tort Claimant who has received, applied for, or is eligible to receive MMSEA and MSPA benefits, and is asserting a Tort Claim or Unknown Tort Claim against the Debtors.

2.80 “MMSEA” means the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P.L. 110-117).

2.81 “MSPA” means the Medicare Secondary Payer Act codified at 42 U.S.C. § 1395y, and the regulations promulgated thereunder, found at 42 C.F.R. § 411.1 et seq.

2.82 “Non-Settling Insurer” means any Insurer that is not Hartford, if any.

2.83 “Non-Tort Claims” means all Claims other than Tort Claims and Unknown Tort Claims.

2.84 “Old Southern Building” means 720 E. Old Southern Avenue, Phoenix, Arizona 85042.

2.85 “Onamia” means, unless the context requires otherwise, Crosier Fathers of Onamia, a Minnesota non-profit corporation, the Debtor in the Onamia Reorganization Case and a co-proponent of the Plan.

2.86 “Onamia Assisted Living” means known as Onamia Area Assisted Living, a Minnesota non-profit corporation which operates the elder care center (including assisted living and hospital facilities) known as Lake Song.

2.87 “Other Tort and Employee Claims” means any and all Claims, demands, suits, causes of action, proceedings or any other rights or asserted right to payment heretofore, now or hereafter asserted against the Debtors, whether or not reduced to judgment, for property damage, liability or workers compensation for which one or more of the Debtors is or may be liable (directly or indirectly), whether arising from tort, contract or workers compensation for which there is Insurance Coverage, including but not limited to, any Claim for which any Debtor has a self-insured retention, but excluding Tort Claims, Unknown Tort Claims and any Claims of employees entitled to priority pursuant to Bankruptcy Code § 507.

2.88 “Parish” means a particular church established within the territory of a Diocese and, for the purposes of the Plan, the civil entity that conducts the civil business of a parish.

2.89 “Penalty Claims” means any Claims for any fine, penalty, forfeiture, multiple damages, punitive damages, or exemplary damages, including, but not limited to, any such Claims not meant to compensate the claimant for actual pecuniary loss.

2.90 “Person” has the meaning set forth in Bankruptcy Code § 101(41).

2.91 “Petition Date” means June 1, 2017, which is the filing date of the voluntary Chapter 11 petitions commencing the Reorganization Cases.

2.92 “Phoenix” means, unless the context requires otherwise, The Crosier Community of Phoenix, an Arizona non-profit corporation, the Debtor in the Phoenix Reorganization Case and a co-proponent of the Plan.

2.93 “Plan” means this “Joint Plan of Reorganization” filed by the Debtors with respect to each respective Debtor’s Reorganization Case and every restatement, amendment, or modification thereof, if any, filed by the Debtors.

2.94 “Plan Documents” means all agreements, documents and exhibits, as the same may be amended, modified, supplemented, or restated from time to time, that are incorporated into the Plan and/or are necessary or appropriate to implement the Plan and the Trust, including the Trust Documents and the Hartford Agreement.

2.95 “Plan Proponents” means the Debtors and the Committee.

2.96 “Post-Effective Date Secured Tax Claims” means every whole or prorated portion of a Secured Tax Claim which arises on or after the Effective Date, and which will be paid in the ordinary course of business of the Reorganized Debtors.



2.97 “Prepetition Date Secured Tax Claims” means every whole or prorated portion of a Secured Tax Claim which arises before and up to the Petition Date, and which will be classified and paid under the Plan, as the Plan provides for Class 2 Claims.

2.98 “Priority Employee Unsecured Claim” means every Unsecured Claim of an employee of any of the Debtors for vacation or sick leave pay, which is otherwise entitled to priority pursuant to Bankruptcy Code § 507(a)(4)(A).

2.99 “Priority Tax Claim” means every Unsecured Claim or portion thereof, which is entitled to priority pursuant to Bankruptcy Code § 507(a)(8).

2.100 “Priority Unsecured Claim” means every Unsecured Claim or portion thereof, which is not an Administrative Claim, a Priority Tax Claim or a Priority Employee Unsecured Claim and which is entitled to priority under any applicable provision of Bankruptcy Code § 507.

2.101 “Professional Charges” means the Allowed interim and final professional fees and expenses charged by the Debtors’ Professionals, the Committee’s Professionals, and the Unknown Claims Representative.

2.102 “Proof of Claim” means the form used by a creditor on which the specifics of a Claim are set forth as required by the Bankruptcy Code, the Bankruptcy Rules and the Bar Date Order, and which is filed in accordance with the procedures contained in the Bar Date Order.

2.103 “Property Tax Administrative Claim” means every Claim of any state or local governmental unit which is an Administrative Claim for unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes, and every prorated portion thereof arising on and after the Petition Date until the Effective Date. Allowed Property Tax Administrative Claims will be classified and paid as Administrative Claims.

2.104 “Property Tax Claims” means collectively: (a) every Property Tax Administrative Claim; (b) every Prepetition Date Secured Tax Claim; and (c) every Post-Effective Date Secured Tax Claim.

2.105 “Protected Party” means the Debtors, the Crosier Fathers Parties, Hartford and the Hartford Parties.

2.106 “Province” means The Crosier Fathers and Brothers Province, Inc., a Minnesota non-profit corporation, a Debtor in these Reorganization Cases and a proponent of the Plan.

2.107 “PSO” means the Canons Regular of the Holy Cross of the Province of St. Odilia, which is a religious entity and the American division of the Roman Catholic religious order known as the Canons Regular of the Holy Cross.

2.108 “Related Insurance Claim” means (i) any Claim by any Person against Hartford that, directly or indirectly, arises from, relates to, or is in connection with a Tort Claim, including any such Claim for defense, indemnity, contribution, subrogation, or similar relief or any direct action; and (ii) any Extra-Contractual Claim that, directly or indirectly, arises out of, relates to, or is in connection with any Tort Claim, including any such Claim that, directly or indirectly,

arises out of, relates to or is in connection with any of the Hartford Parties' handling of any Tort Claim provided, however, that "Related Insurance Claim" does not include any Claim against Hartford to the extent that such Claim relates to coverage for a Person other than a Crosier Fathers Party under a policy that Hartford issued that is not a Hartford Policy.

2.109 "Reorganization Cases" mean, collectively, Chapter 11 Case No. 17-41681 with respect to the Province; Chapter 11 Case No. 17-41682 with respect to Onamia; and Chapter 11 Case No. 17-41683 with respect to Phoenix.

2.110 "Reorganized Debtors" means Onamia, Phoenix, and the Province, from and after the Effective Date. Unless otherwise expressly stated or the context otherwise requires, references to "the Debtors and the Reorganized Debtors" and references to "the Debtors or the Reorganized Debtors" throughout various provisions of the Plan, are an effort to anticipate whether an event may occur before or after the Effective Date. In this regard, and generally for purposes of the Plan, any written agreement made by the Debtors as part of the Plan before the Effective Date (unless provided otherwise), will survive the Confirmation Date and the Effective Date and will bind the Reorganized Debtors and every other party to such agreement (including, but not limited to, the provisions of the Plan as confirmed).

2.111 "RRE" means an entity with responsibility to ensure fulfillment of the reporting and reimbursement requirements, if any, pursuant to the MSP and Section 111 ((42 U.S.C.A. § 1395y(b)(8)) of the MMSEA..

2.112 "Representatives" means the current and former prior provincials, provincials, priests, brothers, friars, clerics, members, parents, affiliates, subsidiaries, indirect parents, principals, shareholders, managers, claims managers, officers, directors, employees, attorneys, or agents acting in such capacity as well as the predecessors, successors, assignors and assigns of each of the foregoing of an Entity, but excluding (i) an individual having personally committed an act or acts giving rise to a Tort Claim against such Entity; or (ii) a Co-Defendant.

2.113 "Retained Claims" means the Debtors' Claims, including, but not limited to, all Avoidance Actions, that are not otherwise settled pursuant to the Plan or agreements approved by the Bankruptcy Court on or prior to the Effective Date, any rights or Claims of the Debtors for indemnification, contribution, or fault allocation, and other Claims of the Debtors against any Entity on account of any Claims which are or may be asserted against the Debtors. Retained Claims do not include any Claims transferred or assigned to the Trust and expressly exclude any Claims against any Entity released by the Debtors under the Plan.

2.114 "Revested Assets" means all Assets and/or property, real or personal, owned by the Debtors which are not transferred to the Trust, including the non-profit membership In Onamia Assisted Living.

2.115 "Robinson" means Cindy Robinson and Michael Robinson, the lenders and sellers under the Robinson Loan Documents.

2.116 "Robinson Loan Documents" means, collectively, (a) the Robinson Promissory Note and (b) the Deed of Trust dated March 3, 2017, executed by the Province as Trustor in

favor of the Robinsons as Beneficiaries, and recorded in the Official Records of the Maricopa County Recorder at document number 20170159192 on March 6, 2017.

2.117 “Robinson Promissory Note” means the Promissory Note dated March 3, 2017, in the principal amount of eighty-eight thousand dollars, executed by the Province in favor of the Robinsons.

2.118 “Schedules” means the Schedules of Assets and Liabilities and Statement of Financial Affairs of each of the Debtors filed pursuant to Bankruptcy Code § 521, the Official Bankruptcy Forms and the Bankruptcy Rules, and the amendments thereto, including any additional supplements or amendments thereto through the Confirmation Date.

2.119 “Secured Claim” means every Claim or portion thereof, which is asserted by the creditor holding such Claim to be secured by a lien, security interest, or assignment, encumbering property in which the Debtors have an Interest and including any right to setoff asserted by a creditor that is treated as a Secured Claim under the Bankruptcy Code, but only to the extent of the validity, perfection, and enforceability of the claimed lien, security interest, or assignment, and the value of the Interest of the creditor holding such Claim against such property of the Debtors.

2.120 “Secured Tax Claim” means every Claim of any federal, state, or local governmental unit, which is asserted by such governmental unit holding such Claim, which is secured by property of the Estates by operation of applicable non-bankruptcy laws, including, but not limited to, every such Claim for unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes of the Debtors, and further including, but not limited to, both the Prepetition Date Secured Tax Claims and the Post-Effective Date Secured Tax Claims, but only to the extent of the validity, perfection, and enforceability of the claimed lien, security interest, or assignment, and the value of the Interest of the governmental unit holding such Claim against the Debtors. Any Claims for unpaid personal property taxes, or unpaid sales taxes or leasing taxes pertaining to the Holy Cross Parish’s interest in the Holy Cross Center, will be paid by Holy Cross Center and are not treated under the Plan.

2.121 “Supplemental Insurance Injunction” means a provision entered pursuant to Sections 105(a) and 363 of the Bankruptcy Code enjoining all Persons holding, or who in the future may hold, Claims or Interests against any of the Hartford Parties to the extent such Claims or Interests arise directly or indirectly from or in connection with any Hartford Non-Excluded Policy, any Tort Claim, any Related Insurance Claim or any claim discharged in the Reorganization Case from taking any action, directly or indirectly, to assert or enforce such Claims or Interests against any Crosier Fathers Party or any Hartford Party.

2.122 “Tort Claim” means any and all Claims for damages, including Penalty Claims, for attorneys’ fees and other expenses, fees or costs for any equitable remedy asserted against the Debtors, any of the Crosier Fathers Parties, Hartford, the Hartford Parties, the Trustee, or the Trust, related to bodily injuries or personal injuries, including emotional distress, mental distress, mental anguish, shock or humiliation caused by or related to: (a) acts of Abuse committed by any cleric, employee, volunteer or other Entity associated with the Debtors, the Crosier Fathers Parties, PSO, or any affiliated Entity; (b) the failure to properly hire, install and/or supervise any

cleric, any volunteer, or any other employee of, or Entity associated with, the Debtors, the Crosier Fathers Parties, the PSO or any affiliated Entity; (c) the processing, adjustment, defense, settlement, payment, negotiation or handling of any Claims, demands, suits, proceedings or causes of action based upon or relating in any way to the Claims made as a result of any Abuse or other Claim asserted by a Tort Claimant related to the Debtors, the Crosier Father Parties or the PSO; or (d) the failure to warn, disclose or provide information concerning the Abuse or other misconduct of clergy, other employees or volunteers or Entities associated with the Debtors, the Crosier Fathers Parties, the PSO, or such affiliated Entities. Subject to the limitations contained in the Plan and except for purposes of classification under the Plan, Tort Claims include Unknown Tort Claims when they are asserted by Unknown Tort Claimants.

2.123 “Tort Claims Allocation Protocol” means the allocation protocol with respect to Class 8 Tort Claims that will be proposed by the Committee and approved by the Bankruptcy Court after notice and an opportunity for parties with standing to be heard.

2.124 “Tort Claimant” means any Person who holds or asserts a Tort Claim but excludes an Unknown Tort Claimant.

2.125 “Trust” means the trust to be established pursuant to the Plan and the Trust Agreement.

2.126 “Trust Account” means the bank account that will be established by the Trustee into which the Cash designated under the Plan to be transferred to the Trust will be transferred by Hartford and the Debtors, in accordance with the provisions of the Plan, the Hartford Agreement and the Trust Agreement.

2.127 “Trust Agreement” means the agreement attached as Exhibit B to the Plan.

2.128 “Trust Assets” means all property funded to the Trust pursuant to the Plan, the Confirmation Order, the Trust Documents, and the Plan Documents.

2.129 “Trust Documents” means the Trust Agreement and other instruments and documents that are reasonably necessary or desirable in order to implement the provisions of the Plan that relate to the creation, administration and funding of the Trust, in a form that is acceptable to the Debtors and the Reorganized Debtors.

2.130 “Trustee” means the trustee of the Trust and any successor trustee appointed pursuant to the terms of the Plan and the Trust Agreement. The Trustee will be nominated by the Committee and appointed by the Bankruptcy Court after notice and an opportunity for parties with standing to be heard.

2.131 “Unknown Claims Representative” means the Hon. (Ret.) Michael R. Hogan, the person appointed by the Bankruptcy Court to act as the Unknown Claims Representative who is appointed to represent the Interests of the Unknown Tort Claimants.

2.132 “Unknown Claims Reserve” means the reserve to be established by the Trustee in an amount to be determined in consultation with the Unknown Claims Representative and the Plan Proponents, and approved by the Bankruptcy Court after notice and an opportunity for

parties with standing to be heard, which shall be used for the sole purpose of, and as the sole source of, funding distributions to holders of Unknown Tort Claims who are entitled to an Award pursuant to the Unknown Tort Claims Allocation Protocol and the Plan. In the event the Unknown Claims Representative and the Plan Proponents (or either of them) are unable to agree on the amount of the Unknown Claims Reserve, one or more of them may seek a determination of the Bankruptcy Court upon notice and the opportunity of each to be heard.

2.133 “Unknown Tort Claim” means any Tort Claim for which no Proof of Claim is filed or deemed filed on or before the Bar Date by a Tort Claimant (as opposed to the Proof of Claim filed by the Unknown Claims Representative) or for which a Proof of Claim is filed after the Bar Date if the Person asserting the Tort Claim:

- (i) Has a Tort Claim that was barred by the applicable statute of limitations as of the Bar Date but is no longer barred by the applicable statute of limitations for any reason, including for example the passage of legislation that revives such previously time-barred Tort Claims; or
- (ii) Attains the age of eighteen (18) on or after the date which is thirty (30) days prior to the generally applicable Bar Date in the Reorganization Cases; or
- (iii) As to which the applicable tort claim statute of limitations, for any reason, has not expired or has been tolled as of the date which is thirty (30) days prior to the generally applicable Bar Date in the Reorganization Cases, as determined under applicable law, but without regard to federal bankruptcy law; and
- (iv) Submits a Proof of Claim in accordance with the procedures set forth in the Plan or the Confirmation Order.

2.134 “Unknown Tort Claims Allocation Protocol” means the allocation protocol with respect to Class 9 Unknown Tort Claims that will be proposed by the Committee and approved by the Unknown Claims Representative and the Bankruptcy Court after notice and an opportunity for parties with standing to be heard.

2.135 “Unknown Tort Claimant” means the holder of an Unknown Tort Claim.

2.136 “Unresolved” means, with respect to a Claim, a Claim that has neither been Allowed or disallowed nor liquidated.

2.137 “Unsecured Claim” means every Claim, or portion thereof, which is not a Secured Claim, regardless of the priority of such Claim.

## ARTICLE 3

### PLAN OBJECTIVES

3.1 Objectives. The Plan provides the means for settling and paying all Claims asserted against the Debtors. The Plan also provides for Hartford to participate pursuant to the Hartford Agreement, settle its insurance coverage disputes with the Debtors and contribute funds that will be used, in part, for the benefit of Tort Claimants. The Plan provides for the creation of a Trust for the exclusive benefit of Tort Claimants and Unknown Tort Claimants. The Trust Assets will consist of Cash contributions from the Debtors and Hartford and will be used to fund the Trust's costs and expenses and payments to Tort Claimants. The Unknown Claims Reserve held by the Trustee will provide funds for payment of Unknown Tort Claims when and if any such Unknown Tort Claims receive Awards. Distributions from the Trust to Tort Claimants and reserves will be determined by application of the Tort Claims Allocation Protocol. Distributions from the Trust to the Unknown Tort Claimants and reserves will be determined by application of the Unknown Tort Claims Allocation Protocol. General Unsecured Creditors will be paid the Allowed amount of their Claims over a period of time as more specifically set forth in Article 10 of the Plan. The Plan also addresses any claims for contribution, indemnification, allocation or otherwise of any Diocese, Parish or Co-Defendant. The Plan also provides for restructuring of the Secured Claims against the Debtors. The Debtors will receive the benefit of a Bankruptcy Code § 1141(d) discharge as set forth in the Plan and the Confirmation Order. In consideration of their respective contributions towards funding the Plan and the Trust, the Hartford Parties will receive the benefit of injunctions and releases provided under the Plan.

## ARTICLE 4

### UNCLASSIFIED CLAIMS

4.1 Administrative Claims (other than Professional Charges). The holder of an Allowed Administrative Claim will receive, in full satisfaction of such Claim: (a) a single Cash payment in the Allowed amount of the Claim on the Effective Date (or the applicable Claim Payment Date); or (b) as otherwise agreed in writing by the holder of the Allowed Claim or ordered by the Bankruptcy Court. Every Allowed Administrative Claim for an expense of operation of the Debtors incurred in the ordinary course of such operations will be paid fully and in Cash in the ordinary course of business (including any payment terms applicable to any such expense). Allowed Administrative Claims other than Professional Charges, if any, remaining unpaid as of the Effective Date will be paid from the Administrative Claims Reserve, and, to the extent there are insufficient funds in the Administrative Claims Reserve, other Assets.

4.2 Professional Charges. Chapter 11 Professionals shall file final fee applications on or before forty-five (45) days after the Effective Date for approval of Professional Charges. The Reorganized Debtors shall pay all Professional Charges within ten (10) Business Days of entry of a Final Order approving such Professional Charges unless otherwise extended between the Chapter 11 Professional and the Reorganized Debtors. Allowed Professional Charges will be paid from the Administrative Claims Reserve, and, to the extent there are insufficient funds in the Administrative Claims Reserve, other Assets.

4.3 Priority Unsecured Claims. The holder of every Allowed Priority Unsecured Claim will be paid, in full satisfaction of such Claim: (a) a single Cash payment in the Allowed amount of the Claim on the Effective Date (or the applicable Claim Payment Date); (b) as otherwise agreed in writing by the holder of the Allowed Claim; or (c) as ordered by the Bankruptcy Court.

4.4 Priority Tax Claims. The holder of every Allowed Priority Tax Claim, will be paid, in full satisfaction of such Claim pursuant to the provisions of Bankruptcy Code § 1129(a)(9)(C): (a) in deferred Cash payments over a period of five (5) years from the Petition Date, to be paid in equal quarterly installments of principal and interest; (b) the first payment to be made on the first Business Day after the day which is ninety (90) days after the later of the Effective Date or the Claim Payment Date; and (c) each payment thereafter to be paid on the first Business Day of each succeeding quarter until paid in full; provided, however, that the entire unpaid amount of the Allowed Priority Tax Claim, together with any interest accrued thereon, will be paid in full on the date which is five (5) years after the Petition Date; or (d) as otherwise agreed in writing by the holder of the Allowed Claim or ordered by the Bankruptcy Court.

4.5 Elimination of Claim. To the extent there are no amounts owing on the Effective Date for any Priority Unsecured Claims and/or any Priority Tax Claims, such treatment as set forth above will be deemed automatically eliminated from the Plan.

## ARTICLE 5

### CLASSIFICATION OF CLAIMS

5.1 Classification. All Claims are classified under the Plan as hereafter stated in this Article; provided, however, that a Claim will be deemed classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of the Claim qualifies within the description of such different Class. As of the Confirmation Hearing, any Class that does not contain any Claims will be deemed deleted automatically from the Plan, and any Class that does not contain an Allowed Claim (or a Claim temporarily or provisionally Allowed by the Bankruptcy Court for voting purposes) will be deemed automatically deleted from the Plan solely with respect to voting on confirmation of the Plan.

5.2 Classes. For purposes of the Plan, Claims against the Debtors are hereby classified in the following Classes in accordance with Bankruptcy Code § 1122(a):

Class 1 – Priority Employee Unsecured Claims (Unimpaired; Not Entitled to Vote; Deemed to Accept)

Class 2 – Prepetition Date Secured Tax Claims (Impaired; Entitled to Vote)

Class 3 – Secured Claim of Cindy and Michael Robinson (Impaired; Entitled to Vote)

Class 4 – General Unsecured Convenience Claims (Impaired; Entitled to Vote)

Class 5 – General Unsecured Claims (Impaired; Entitled to Vote)

Class 6 – Other Tort and Employee Claims (Impaired; Entitled to Vote)

Class 7 – Annuity Claims (Unimpaired; Not Entitled to Vote; Deemed to Accept)

Class 8 - Tort Claims (Impaired; Entitled to Vote)

Class 9 – Unknown Tort Claims (Impaired; Entitled to Vote)

Class 10 – Co-Defendant, Diocese and Parish Claims (Impaired; Not Entitled to Vote—Deemed to Reject)

Class 11 - Insurance and Benefit Claims (Impaired; Entitled to Vote)

Class 12 – Penalty Claims (Impaired; Not Entitled to Vote—Deemed to Reject)

Class 13 - Intercompany Claims (Impaired; Entitled to Vote)

## **ARTICLE 6**

### **TREATMENT OF CLASS 1 CLAIMS (PRIORITY EMPLOYEE UNSECURED CLAIMS)**

6.1 Distribution. No holder of an Allowed Priority Employee Unsecured Claim will receive any Cash on account of such Claim. All Allowed Priority Employee Unsecured Claims will be satisfied, in full, without interest, in accordance with the policies and procedures regarding vacation and sick leave pay in effect at each Debtor at the time such Priority Employee Unsecured Claim becomes matured and liquidated; provided, however, that each Debtor reserves the right to review its policies and procedures regarding vacation and sick leave pay and to propose modifications to those policies and procedures to become a part of the Plan prior to the Confirmation Date or after the Effective Date. To the extent the Debtors (or any of them) propose any changes to such policies and procedures that become part of the Plan and would be retroactive, the Debtors will modify the Plan to include such changes and give notice to the holders of any Priority Employee Unsecured Claims at least ten (10) days before the Confirmation Hearing. In that event, the holders of the Priority Employee Unsecured Claims will be impaired and the Plan will be modified to so state.

## **ARTICLE 7**

### **TREATMENT OF CLASS 2 CLAIMS (PREPETITION DATE SECURED TAX CLAIMS)**

7.1 Distribution. All Class 2 Claims, as and when they are Allowed Claims, will be treated as fully Secured Claims and will be paid fully and in Cash as follows:

- (a) In order to compute the Prepetition Date Secured Tax Claims, which are the Class 2 Claims, a property tax claims pro-rata will be conducted as of the Effective Date, if necessary. The Prepetition Date Secured Tax Claims, which are Allowed Claims, will bear interest from and after the Effective Date until they are



paid in full, at the rate of two percent (2%) per annum or such other rate as ordered by the Bankruptcy Court.

(b) The Allowed Class 2 Claims, including interest thereon from and after the Effective Date, will be paid in three (3) equal installments. The first (1st) installment will be paid on the first Business Day which is ninety (90) days after the Effective Date or the Claim Payment Date. The second (2nd) installment will be paid on the first Business Day after the first (1st) anniversary of the Effective Date or the applicable Claim Payment Date. The third (3rd) and last installment will be paid on the first Business Day after the second (2nd) anniversary of the Effective Date or the applicable Claim Payment Date.

(c) No penalties will be paid on any of the Allowed Class 2 Claims.

7.2 Disputed Claims. Notwithstanding the pendency of any appeal to any state or local taxing authorities of a determination of property taxes or assessments on the Petition Date, nothing contained herein will prohibit the Debtors from exercising their rights pursuant to Bankruptcy Code § 505 and having the Class 2 Claim(s) determined by the Bankruptcy Court to the extent that any Class 2 Claims are Disputed Claims.

7.3 Retention of Liens. Each creditor holding a Class 2 Allowed Claim will retain its lien(s) on its collateral to the extent of its Class 2 Allowed Secured Claim.

7.4 Other Claims. The Reorganized Debtor will pay the Post-Effective Date Secured Tax Claims in the ordinary course of its business operations after the Effective Date. All Property Tax Administrative Claims will be paid as Administrative Claims pursuant to Section 4.1 of the Plan.

## ARTICLE 8

### TREATMENT OF CLASS 3 CLAIMS (SECURED CLAIM OF ROBINSONS)

8.1 Distribution. Allowed Class 3 Claims will be paid fully and in Cash as follows:

(a) The Robinson Promissory Note will be amended to allow the Province, at its sole election, to extend the payment date of one or both of the payments due pursuant to the terms of the Robinson Promissory Note as follows:

(i) The Province shall give written notice to the Robinsons no later than sixty (60) days prior to the payment date of the intent of the Province to extend the applicable payment date;

(ii) The payment date may be extended for no more than sixty (60) days after the applicable payment date set forth in the Robinson Promissory Note; and

(iii) The extension notice shall be accompanied by an extension fee equal to one percent (1%) of the payment amount.

8.2 Interest. Pursuant to the prepetition terms of the Robinson Promissory Note, no interest will be payable and, so long as payments are made timely in accordance with the Plan, no default interest shall accrue or be Allowed.

8.3 Further Modification of Robinson Loan Documents. Notwithstanding anything in the Robinson Loan Documents to the contrary, the Robinson Loan Documents will be further modified to allow the Province, as a Reorganized Debtor, to grant additional liens secured by the real property so long as such liens are junior and subordinate to the Class 3 Claim. All other terms of the Robinson Loan Documents not expressly modified by the Plan will remain in full force and effect.

8.4 Retention of Liens. The holders of an Allowed Class 3 Claim will retain their lien(s) on their existing collateral to the extent of the Class 3 Claim until it is fully paid in accordance with the Plan.

## **ARTICLE 9**

### **TREATMENT OF CLASS 4 CLAIMS (GENERAL UNSECURED CONVENIENCE CLAIMS)**

9.1 Distribution. All Class 4 Claims that are in an amount less than \$500, inclusive of interest, will be paid in full. All Class 4 Claims that resulted from the election of a holder of a General Unsecured Claim to be paid as a General Unsecured Convenience Claim will receive \$500 total, without interest. Holders of Class 4 Claims, as and when such Class 4 Claim is or becomes an Allowed Claim, will be paid on the first Business Day which is six (6) months after the later of Effective Date or the Claim Payment Date.

9.2 Interest and Penalties. No interest or penalties will be payable on any Class 4 Claims.

## **ARTICLE 10**

### **TREATMENT OF CLASS 5 CLAIMS (GENERAL UNSECURED CLAIMS)**

10.1 Distribution. Each holder of a Class 5 General Unsecured Claim, as and when such General Unsecured Claim is or becomes an Allowed Claim, will be paid the principal amount of its Claim in Cash in two (2) installments with the first (1st) installment to be paid on the first Business Day which is six (6) months after the later of the Effective Date or the Claim Payment Date, and the next installment on the first Business Day that is twelve (12) months after the previous payment.

10.2 Interest and Penalties. No interest or penalties will be payable on any Class 5 Claims.

## **ARTICLE 11**

### **TREATMENT OF CLASS 6 CLAIMS (OTHER TORT AND EMPLOYEE CLAIMS)**

11.1 Distribution. Each holder of a Class 6 Other Tort and Employee Claim, as and when such Claim becomes an Allowed Claim, will be paid solely from any Insurance Coverage applicable to such Other Tort and Employee Claim. To the extent that such Claims may not be satisfied in full by the foregoing, then such Other Tort and Employee Claims, to the extent not so satisfied, will receive no distribution under the Plan.

11.2 Interest and Penalties. No interest or penalties will be payable on any Class 6 Claims.

## **ARTICLE 12**

### **TREATMENT OF CLASS 7 CLAIMS (ANNUITY CLAIMS)**

12.1 Unimpairment. The legal, equitable, and contractual rights of each holder of an Allowed Class 7 Claim will be reinstated in full on the Effective Date if any such legal, equitable or contractual rights have been altered prior to the Effective Date.

12.2 Distribution. In full satisfaction of each Allowed Class 7 Claim, the Reorganized Debtor who is the party to the Annuity Agreement will continue to pay the Annuity payments in accordance with the terms of the applicable Annuity Agreement.

## **ARTICLE 13**

### **TREATMENT OF CLASS 8 CLAIMS (TORT CLAIMS)**

13.1 Establishment of Trust. On the Effective Date, the Trust shall assume all liability for all Class 8 Claims. The Trust shall pay Class 8 Claims pursuant to the provisions of the Plan, Plan Documents, Confirmation Order, Tort Claims Allocation Protocol, and Trust Documents.

13.2 Treatment. Tort Claimants shall have their Class 8 Claims treated pursuant to the Tort Claims Allocation Protocol, which will be developed by the Committee and submitted to the Court for approval after notice and opportunity for those with standing to be heard.

13.3 Rights Against Co-Defendants. Nothing in the Plan is intended to affect, diminish or impair any Tort Claimant's rights against any Co-Defendant, but solely with respect to any direct liability of such Co-Defendant. Under no circumstances will the reservation of such Tort Claimant's rights against any Co-Defendant impair the releases, discharge or injunctions with respect to any Protected Party and the Reorganized Debtors, against whom all such rights and/or Claims shall be and are hereby released and enjoined as provided in Sections 26.5-26.9 of the Plan. Tort Claimants expressly reserve their rights against any Co-Defendant, including joint tortfeasors, who remain severally liable on any Class 8 Claims.

13.4 Waiver. The right of any Tort Claimant to a trial by jury or otherwise against the Reorganized Debtors and any of the Protected Parties is waived and released upon the occurrence of the Effective Date, and the Tort Claim of a Tort Claimant will be solely determined by the Abuse Claims Reviewer in accordance with the Tort Claims Allocation Protocol, and shall be a Channeled Claim to be paid solely from the Trust and/or Trust Assets.

13.5 Release and Certification. No Tort Claimant shall receive any payment on any Award unless and until such Tort Claimant has executed a written release of any and all past, present, and future Claims against all of the Protected Parties, the Reorganized Debtors, all of Hartford's reinsurers or retrocessionaires; and made the certifications set forth in the Class 8 Ballot. The release and certifications included in the Class 8 Ballot for voting on the Plan are sufficient for this purpose. A Tort Claimant who does not timely submit a Ballot must personally execute the release and certifications required by this Section. Notwithstanding the foregoing, nothing in this Article requires any Tort Claimant to release any Claims against any Co-Defendants, and such Claims are reserved, except as expressly provided in this Article. The eventual release of these Class 8 Claims will be pursuant to the principles set forth in *Pierringer v. Hoger*, 124 N.W.2d 106 (Wis. 1963) and *Frey v. Snelgrove*, 269 N.W.2d 918 (Minn. 1978). The Trust shall be obligated to provide copies of the Tort Claimants' releases and certifications to any of the Protected Parties upon request.

13.6 Denial of Payment. If a Tort Claim is denied payment pursuant to the Tort Claims Allocation Protocol, the holder of such Tort Claim will nevertheless have no rights against the Protected Parties, the Trust, the Trustee, or the Reorganized Debtors arising out of, relating to, or in connection with such Tort Claim and such Tort Claim shall be a Disallowed Claim and shall be discharged and subject to the Channeling Injunctions as provided in the Plan.

13.7 Tort Claimants' Fees and Costs. None of the Protected Parties or the Reorganized Debtors will have any liability for any fees and expenses of attorneys representing any of the Tort Claimants.

13.8 No Penalty Claims. Except for any payment that may be provided from the Trust as part of the Tort Claims Allocation Protocol, Penalty Claims relating to Tort Claims will receive no distribution and will be Disallowed Claims.

13.9 Withdrawal of Tort Claim. If a Tort Claim is withdrawn, it may not be reasserted against the Protected Parties or the Reorganized Debtors, including as an Unknown Tort Claim. Such Tort Claim shall be discharged and subject to the Channeling Injunctions as provided in the Plan. Any other procedures and implications relating to withdrawal of a Tort Claim shall be set forth in the Tort Claims Allocation Protocol.

## ARTICLE 14

### TREATMENT OF CLASS 9 CLAIMS (UNKNOWN TORT CLAIMS)

14.1 Establishment of Unknown Claims Reserve. On the Effective Date, the Trust shall establish the Unknown Claims Reserve, assume all liability for and the Trust will pay all

Unknown Tort Claims pursuant to the provisions of the Plan, Plan Documents, Confirmation Order, the Unknown Tort Claims Allocation Protocols, and Trust Documents.

14.2 Treatment. Unknown Tort Claimants shall have their Class 9 Claims treated pursuant to the Unknown Tort Claims Allocation Protocol, including review of such Claims by the Abuse Claims Reviewer in accordance with the Unknown Tort Claims Allocation Protocol, which will be developed by the Committee and the Unknown Claims Representative and submitted to the Court for approval after notice and opportunity for those with standing to be heard.

14.3 Rights Against Co-Defendants. Nothing in the Plan is intended to affect, diminish or impair any Unknown Tort Claimant's rights against any Co-Defendant but solely with respect to any direct liability of such Co-Defendant. Under no circumstances will the reservation of such Unknown Tort Claimant's rights against any Co-Defendant impair the releases, discharge or injunctions with respect to any Protected Party and the Reorganized Debtor against whom all such rights and/or Claims shall be and are hereby released and enjoined as provided in Sections 26.5-26.9 of the Plan. Unknown Tort Claimants expressly reserve their rights against any Co-Defendant, including joint tortfeasors, who remain severally liable on any Class 9 Claims.

14.4 Waiver. The right of any Unknown Tort Claimant to a trial by jury or otherwise against the Reorganized Debtors and any of the Protected Parties is waived and released upon the occurrence of the Effective Date, and the Class 9 Claim of an Unknown Tort Claimant will be solely determined in accordance with the Unknown Tort Claims Allocation Protocol, and shall be a Channeled Claim to be paid solely from the Trust and/or Trust Assets.

14.5 Release and Certification. No Unknown Tort Claimant shall receive any payment from the Trust unless and until the Unknown Tort Claimant has personally executed a written release of any and all past, present, and future Claims against all of the Protected Parties, the Reorganized Debtors, and all of Hartford's reinsurers or retrocessionaires; and made the same certifications set forth in the Class 8 Ballot. The release and certifications included in the Class 8 Ballot for voting on the Plan are sufficient for this purpose. Notwithstanding the foregoing, nothing in this Article 14 of the Plan requires any Tort Claimant to release any Claims against any Co-Defendants except as expressly provided in that Article. The eventual release of these Class 9 Claims will be pursuant to the principles set forth in *Pierringer v. Hoyer*, 124 N.W.2d 106 (Wis. 1963) and *Frey v. Snelgrove*, 269 N.W.2d 918 (Minn. 1978). The Trust shall be obligated to provide copies of the Unknown Tort Claimants' releases and certifications to any of the Protected Parties upon request.

14.6 Limitation on Unknown Claims Reserve. In the event all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Allocation Protocol are less than the amount of the Unknown Claims Reserve, in the aggregate, the Unknown Claims Allocation Protocol shall govern the distribution of any funds remaining in the Unknown Claims Reserve. If all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Allocation Protocol are greater than the amount of the Unknown Claims Reserve, no further payment or compensation will be paid to the Trust or to the Unknown Tort Claimants by the Debtors, the Reorganized Debtor or any other Protected Parties.

14.7 Disallowed Unknown Tort Claims. If a Class 9 Claim is disallowed or denied payment pursuant to the Unknown Tort Claims Allocation Protocol, the holder of such Unknown Tort Claim will have no further rights against the Protected Parties, the Reorganized Debtors, the Trust, or the Trustee arising out of, relating to, or in connection with such Unknown Tort Claim and such Unknown Tort Claim shall be a Disallowed Claim and shall be discharged and subject to the Channeling Injunction as provided in the Plan.

14.8 Unknown Tort Claimants' Fees and Costs. None of the Protected Parties or the Reorganized Debtors will have any liability for any fees and expenses of attorneys representing any of the Unknown Tort Claimants.

14.9 No Penalty Claims. Except for any payment that may be provided from the Trust as part of the Unknown Tort Claims Allocation Protocol, Penalty Claims relating to Unknown Tort Claims will receive no distribution and will be Disallowed Claims.

14.10 Disallowed Unknown Tort Claims. If an Unknown Tort Claim is withdrawn, it may not be reasserted against the Protected Parties or the Reorganized Debtors. Such Unknown Tort Claim shall be discharged and subject to the Channeling Injunctions as provided in the Plan. Any other procedures and implications relating to withdrawal of an Unknown Tort Claim shall be set forth in the Unknown Tort Claims Allocation Protocol.

## **ARTICLE 15**

### **TREATMENT OF CLASS 10 CLAIMS (CO-DEFENDANT, DIOCESE OR PARISH CLAIMS)**

15.1 Distribution. All Class 10 Claims will be Disallowed Claims and there will be no distribution to the holders of any Class 10 Claims.

## **ARTICLE 16**

### **TREATMENT OF CLASS 11 CLAIMS (INSURANCE AND BENEFIT CLAIMS)**

16.1 Distribution. The Class 11 Claims will be treated and satisfied by the Reorganized Debtors in accordance with the past practices and policies of the Debtors.

16.2 Interest. Unless otherwise provided or required pursuant to the past practices and policies of the Debtors, no interest will accrue or be paid on any Insurance and Benefit Claims.

## **ARTICLE 17**

### **TREATMENT OF CLASS 12 CLAIMS (PENALTY CLAIMS)**

17.1 Distribution. No Penalty Claims will be Allowed. All Penalty Claims will be Disallowed Claims, and there will be no distribution to the holders of any Penalty Claims.

## ARTICLE 18

### TREATMENT OF CLASS 13 CLAIMS (INTERCOMPANY CLAIMS)

18.1 Distribution. No payments shall be made on account of the Class 13 Claims until the Trust has been funded in accordance with the Plan and Confirmation Order and until all Claims in Classes 1, 2, 3, 5, and 6 are paid in accordance with the Plan and Confirmation Order.

18.2 Interest. No interest will be paid or accrued on any Intercompany Claims.

## ARTICLE 19

### MEANS OF IMPLEMENTATION OF THE PLAN

19.1 Establishment of Trust Account and Funding. After the Confirmation Date, the Trustee will establish the Trust Account, which will be held and administered in accordance with the Plan, the Hartford Agreement, and the Confirmation Order. The Trust Account will include the following:

(a) Debtors' Funding. The Debtors will transfer \$5,712,000, less the amount of the Administrative Claims Reserve, to the Trust Account.

(b) Hartford Funding. Pursuant and subject to the Hartford Agreement, Hartford will transfer \$19,788,000 to the Trust Account.

19.2 Establishment of Disputed Claims Reserve. To the extent required, the Debtors shall establish and fund the Disputed Claims Reserve as of the Effective Date.

19.3 Establishment of Administrative Claims Reserve. The Debtors shall establish the Administrative Claims Reserve, which may be held in any of the Debtors' existing bank accounts or a new account, in the Debtors' sole discretion, and which will be treated as restricted funds.

19.4 Payment and Treatment of Claims Other Than Tort Claims and Unknown Tort Claims. Payments due to creditors on account of Allowed Non-Tort Claims will be paid pursuant to the terms of the Plan from the Reorganized Debtors' Revested Assets and ongoing operations.

19.5 Retained Claims. On or before the Effective Date, all Retained Claims will be assigned by the Debtors to the Reorganized Debtors. Each Reorganized Debtor may pursue any Retained Claims at the discretion of such Reorganized Debtor and will retain the proceeds of all such Retained Claims pursued, if any.

19.6 Approval of Section 363 Sales. On or before the Effective Date, the Court shall have approved, with a Final Order, the sale under Bankruptcy Code § 363, free and clear of all liens, Claims, encumbrances, and Interests, of (i) any Hartford Policies to be purchased by Hartford pursuant to the requirements of the Hartford Agreement, and (ii) any other Interests in

any Hartford Policies to be purchased pursuant to the requirements of the Hartford Agreement, and the Court shall have granted Hartford the protections available under Bankruptcy Code § 363(m). The entry of the Confirmation Order may constitute the Final Order approving the Bankruptcy Code § 363 sale and grant of Bankruptcy Code § 363(m) protections.

19.7 Approval of Settlement Agreements. Pursuant to Bankruptcy Code § 105 and in consideration for the classification, distributions and other benefits provided under the Plan, including, inter alia, (i) the commitment by the Debtors to fund the Debtors' obligations under the Plan and (ii) the Hartford Agreement, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims against the Debtors. On or before the Effective Date, the Bankruptcy Court shall have approved, by Final Order, such global compromise and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Crosiers Fathers Parties, the Estates, the Tort Claimants, the Unknown Tort Claimants, holders of other Claims, Hartford, the Hartford Parties and other parties in interest, and are fair, equitable and within the range of reasonableness. The entry of the Confirmation Order may constitute the Final Order approving the compromises and settlements.

19.8 Debtors' Waiver and Release of Claims Against Hartford. As required in the Hartford Agreement, upon satisfaction of the conditions contained in the Hartford Agreement, upon the occurrence of the Effective Date and payment by Hartford of the amount required to be paid by Hartford pursuant to the Hartford Agreement, the Debtors hereby fully, finally, and completely remise, release, acquit, and forever discharge the Hartford Parties and any of their reinsurers or retrocessionaires, solely in their capacity as such: (i) from any and all past, present, and future Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims, the Unknown Tort Claims or the Hartford Non-Excluded Policies, including any Channeled Claims, reimbursement obligations for Conditional Payments under the MSPA, and all Claims that, directly or indirectly, arise from, relate to, or are in connection with the Reorganization Case; and (ii) from any and all past, present, and future Claims, including Claims arising out of or relating in any way to the Hartford Policies, for which Crosier Fathers receives a discharge pursuant to Sections 524 and 1141 of the Bankruptcy Code or under the terms of any confirmed Plan or any Order of the Bankruptcy Court, including the Confirmation Order.

19.9 Procedure for Determination of Non-Tort Claims. The following procedures will be used solely for purposes of allowance and disallowance of Non-Tort Claims:

(a) Objections to Claims. Notwithstanding the occurrence of the Effective Date, and except as to any Claim that has been Allowed prior to the Effective Date, all objections to Claims must be filed by the Claim Objection Deadline, provided, however, that nothing contained in the Plan will affect the right of the Debtors to seek estimation of any Non-Tort Claims on any grounds permitted by the Bankruptcy Code at any time.

(b) Disputed Claims. No payments or other distributions will be made to the holders of Disputed Claims unless and until such Claims are Allowed Claims pursuant to a Final Order. If a Disputed Claim is not an Allowed Claim by the Effective Date, or when payment is otherwise due under the Plan, payment on the



Allowed Claim (plus interest, if any is provided for in the Plan) will commence on the Claim Payment Date.

(c) Treatment of Contingent Claims. Until such time as a Contingent Claim or a Contingent portion of an Allowed Claim becomes fixed or absolute or is a Disallowed Claim, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The holder of a Contingent Claim will only be entitled to a distribution under the Plan when and if such Contingent Claim becomes an Allowed Claim, subject, however, to the provisions of Bankruptcy Code § 502(e), and, provided that if such Contingent Claim is for reimbursement, indemnification or contribution at the time of allowance or disallowance, it will be a Disallowed Claim pursuant to Bankruptcy Code § 502(e)(1)(B).

19.10 Payments Effective Upon Tender. Whenever the Plan requires payment to be made, such payment will be deemed made and effective upon tender thereof by the Trustee, the Debtors, or the Reorganized Debtors to the creditor to whom payment is due. If any creditor refuses a tender, the amount tendered and refused will be held by the Trust, the Debtors or the Reorganized Debtors for the benefit of that creditor pending final adjudication of the dispute. However, when and if the dispute is finally adjudicated and the creditor receives the funds previously tendered and refused, the creditor will be obliged to apply the funds in accordance with the Plan as of the date of the tender; and while the dispute is pending and after adjudication thereof, the creditor will not have the right to claim interest or other charges or to exercise any other rights which would be enforceable by the creditor, if the Trust, the Debtors or the Reorganized Debtors failed to pay the tendered payment.

19.11 Preservation of Debtors' Claims, Demands, and Causes of Action. The Reorganized Debtors shall retain all Claims, demands, and causes of action of any kind or nature whatsoever held by, through, or on behalf of the Debtors and/or the Estates against any other Entity, including but not limited to, the Retained Claims arising before the Effective Date which have not been resolved or disposed of prior to the Effective Date. The Debtors or the Reorganized Debtors shall have the exclusive right, authority and discretion to enforce the Claims, demands, and causes of action of any kind or nature, including the Retained Claims, whether arising before or after the Petition Date, in any court or other tribunal, including, without limitation, a bankruptcy court adversary proceeding filed in these Reorganization Cases. The Debtors or the Reorganized Debtors shall also have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such Claims, demands, and causes of action of any kind or nature, including the Retained Claims, without obtaining Bankruptcy Court approval. To the extent necessary, the Reorganized Debtors are hereby designated as the estate representatives pursuant to, and in accordance with, Bankruptcy Code § 1123(b)(3)(B). The Debtors and the Reorganized Debtors will also be entitled to assign their rights under the Plan (except to as to any Claims, causes of action, cross-claims and counterclaims against Hartford which are to be released pursuant to the Hartford Agreement and the Plan). On the Effective Date, and except as otherwise specifically provided in the Plan, including but not limited to with respect to Retained Claims which are specifically retained by the Debtors and assigned to the Reorganized Debtors, the Trustee is hereby designated as the estate representative, pursuant to and in accordance with, Bankruptcy Code § 1123(b)(3) with

respect to any and all Claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtors or their Estates with respect to Tort Claims and Unknown Tort Claims but excluding Claims, defenses, counterclaims, setoffs, and recoupments against Hartford (if any).

19.12 Review of Non-Tort Claims. Except for Tort Claimants and Unknown Tort Claimants, any Entity to whom the Debtors have incurred an obligation (whether on account of the provision of goods, services or otherwise), or who has received goods or services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Reorganized Debtors, subsequent to the Effective Date and may, if appropriate, be the subject of an action after the Effective Date, regardless of whether (i) such Entity has filed a Proof of Claim against the Debtors in these Reorganization Cases; (ii) such Entity's Proof of Claim has been objected to; (iii) such Entity's Claim was included in the Schedules; or (iv) such Entity's scheduled Claims have been objected to or have been identified as disputed, Contingent, or unliquidated.

19.13 Special Provisions Governing Unimpaired Claims. Except as otherwise provided in the Plan, nothing will affect the Debtors' or the Reorganized Debtors' rights and defenses with respect to any unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to, or setoffs or recoupments against, such unimpaired Claims.

19.14 Operative Documents. The Debtors will prepare any documents which the Debtors or the Reorganized Debtors deem are necessary or appropriate to execute the Plan or are provided for under the Plan, including, but not limited to, the Plan Documents. If there is any dispute regarding the reasonableness or propriety of any such documents after reasonable and good faith efforts by the Debtors to negotiate and obtain approval of the documents by the other affected Entity, any such dispute will be presented to the Bankruptcy Court for determination, at or in conjunction with the Confirmation Hearing; provided that any Plan Documents relating to Hartford will be subject to the approval of Hartford, with such approval not to be unreasonably withheld, and any Plan Documents relating to Tort Claims will be subject to approval of Hartford and the Committee, with such approval not to be unreasonably withheld.

19.15 Return of Deposits. To the extent that the Debtors were required to and did pay deposits to any creditors before or after the Petition Date, as a condition of or as security for continued service after the Petition Date, including, but not limited to, deposits paid to utility companies for adequate assurance pursuant to Bankruptcy Code § 366, then, upon satisfaction of the Claims of such creditor pursuant to the Plan or if such creditor did not have any Claims against the Debtors, any such deposits, together with any interest or other income earned thereon, if any, will be refunded to the applicable Reorganized Debtor within fifteen (15) days of demand by such Reorganized Debtor for return of such deposit.

19.16 Delivery of Distributions (Except to Tort Claims and Unknown Tort Claims). Distributions will be made by the Debtors or the Reorganized Debtors as follows:

- (a) At the addresses set forth in the Proofs of Claim (and if both a claimant's address and a claimant's counsel are listed on the Proof of Claim then to counsel's address) filed by holders of Claims or the last known addresses of such holders if

no Proof of Claim is filed or if the Debtors or the Reorganized Debtors have not been notified of a change of address;

(b) At the addresses set forth in written notices of address change delivered to the Debtors or the Reorganized Debtors after the date of any related Proof of Claim; or

(c) At the addresses reflected in the Schedules filed in the Reorganization Cases if no Proof of Claim has been filed and the Claim is or becomes an Allowed Claim, and the Debtors or the Reorganized Debtors (as applicable) have not received a written notice of change of address.

19.17 Transmittal of Distributions to Tort Claimants and Unknown Tort Claimants. Except as otherwise provided in the Plan, in the Plan Documents, or in an order of the Bankruptcy Court, distributions to Tort Claimants and Unknown Tort Claimants will be made by the Trustee in accordance with the Plan Documents, including the Trust Documents.

19.18 Efforts Regarding Absence of Address or Returned Mail. If a claimant's distribution is not mailed or is mailed but returned to the Reorganized Debtors or Trustee because of the absence of a proper mailing address, the Reorganized Debtors or Trustee, as the case may be, shall make a reasonable effort to locate or ascertain the correct mailing address for such claimant from information generally available to the public and from such party's own records, but shall not be liable to such claimant for having failed to find a correct mailing address. The Trustee shall have no liability to a Tort Claimant on account of distributions made to the client trust account of a Tort Claimant's attorney.

## ARTICLE 20

### TRUST

20.1 Establishment of Trust. On the Confirmation Date, the Trust shall be established in accordance with the Trust Documents. The Trust is intended to qualify as a "Designated" or "Qualified Settlement Fund" pursuant to Section 468B of the Internal Revenue Code and the Treasury Regulations promulgated thereunder. The Debtors are the "transferors" within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Trustee shall be classified as the "administrator" within the meaning of Treasury Regulation Section 1.468B-2(k)(3). The Trust Documents, including the Trust Agreement, are incorporated herein by reference.

20.2 Reserve Accounts. As set forth in the Trust Agreement, the Trustee shall establish reserves for various purposes, including the Unknown Claims Reserve.

20.3 No Execution. All property transferred to the Trust will remain property of the Trust until such time as the property actually has been paid to and received by an Entity entitled to receive payment pursuant to the terms of the Plan, Plan Documents, Confirmation Order and Trust Documents. Except as expressly provided in the Plan, Plan Documents, Confirmation Order and the Trust Documents, the Trust shall not be responsible for administration of payment of any Claims against the Debtors other than Tort Claims or Unknown Tort Claims.

20.4 Special Distribution Conditions.

20.4.1 Medicare-Related Provisions. Pursuant to Section 111 of the MMSEA ((42 U.S.C.A. § 1395y(b)(8))), the Trust shall be the applicable plan from which any Tort Claimants who might also be Medicare beneficiaries receive payment on account of their Tort Claims. All payment obligations to a Tort Claimant will be funded from the assets of the Trust, and the Trustee, in his capacity as trustee, shall be the fiduciary and/or administrator as that term is defined in 42 U.S.C.A. § 1395y(b)(8)(F). Accordingly, the Trustee shall be the Responsible Reporting Entity as that term is defined in Section 111 of the MMSEA and the Confirmation Order shall so provide.

20.4.2 Medicare-Related Obligations. In addition to the foregoing obligations, the Trustee shall be the RRE with responsibility to ensure fulfillment of the reporting and reimbursement requirements, if any, pursuant to the MSP and Section 111 of the MMSEA and any other similar statute or regulation, and any related rules, regulations, or guidance issued in connection therewith.

20.4.2.1 On or after the date that the Confirmation Order becomes a Final Order, the Trustee shall determine, for any Tort Claimant whose Claim, including a proof of claim, complaint (if one has been served or filed), or other documentation offered in support of that Claim, potentially alleges or indicates that he or she was or may have suffered Abuse after December 5, 1980 (a “Post-1980 Claimant”), by query to CMS: (i) whether that Post-1980 Claimant is Medicare Eligible (as defined in the Plan) and, if so, (ii) whether he or she has received any Conditional Payment arising from or relating to treatment for Abuse. The Trustee shall initiate such queries as soon as practicable, including prior to the Effective Date. The Trust shall also, reasonably contemporaneously with initiating such queries, provide to Hartford all information necessary to perform the same queries, although Hartford is under no obligation to conduct such queries.

20.4.2.2 If the Trustee does not receive a response from CMS (including a response from a query that Hartford or Tort Claimant’s counsel has initiated, so long as Hartford receives a copy of any such query initiated by Tort Claimant’s counsel) within seventy-five days as to whether a Post-1980 Claimant is Medicare Eligible and/or has received one or more Conditional Payments, then that Claimant may, in lieu of the query response, certify in writing to the Trustee that he or she (i) is not Medicare Eligible and (ii) that he or she will provide for

payment and/or resolution of any future obligations owing or potentially owing under the MSP.

- 20.4.2.3 Prior to issuing a payment to any Post-1980 Tort Claimant who is Medicare Eligible, the Trust and Trustee shall require that Tort Claimant's counsel to hold in escrow an amount equal to the lesser of (1) the amount of the potential payment to the Tort Claimant or (2) the amount of any Medicare Conditional Payments, including Conditional Payments issued by any MAO. Such amount shall be held in escrow until such time that Tort Claimant's counsel has provided written documentation from Medicare, including any MAO, demonstrating that such conditional payments have been satisfied, waived or otherwise released.
- 20.4.2.4 If a portion of the Settlement Amount is paid to any Post-1980 Tort Claimant who is identified as Medicare Eligible, the Trust will report such payments to Medicare in accordance with the MMSEA. The Trust will also provide to the Hartford Parties all information necessary for the Hartford Parties to report such payments to Medicare although Hartford is under no obligation to make such reports.
- 20.4.2.5 The Trust shall defend, indemnify and hold harmless the Reorganized Debtors and the Protected Parties from any Claims related to Medicare Claims reporting and payment obligations, whether relating to past conditional payments made, future payments to be made, or otherwise arising out of, relating to, or in connection with Tort Claims, including any obligations owing or potentially owing under MMSEA or MSPA, and any Claims related to the Trust's obligations under the Plan, the Trust Documents, and the Plan Documents. The Trust shall not be required to create a reserve for this potential obligation.

20.5 Indemnification. The Trust shall defend, indemnify and hold harmless the Reorganized Debtors and the Protected Parties from any Claims related to Medicare Claims reporting and payment obligations, whether relating to past conditional payments made, future payments to be made, or otherwise arising out of, relating to, or in connection with Tort Claims, including any obligations owing or potentially owing under MMSEA or MSPA, and any Claims related to the Trust's obligations under the Plan, the Trust Documents, and the Plan Documents. The Trust shall not create a reserve for this potential obligation.

20.6 Termination of Trust. The Trust shall terminate as provided in the Trust Agreement, and the Trustee shall have no further obligations under the Plan or the Trust Agreement upon termination.

## ARTICLE 21

### TREATMENT OF EXECUTORY CONTRACTS

21.1 Assumption and Rejection of Executory Contracts. On the Effective Date, except as otherwise provided herein, all Executory Contracts of the Debtors that have not been previously rejected or terminated, will be assumed in accordance with the provisions and requirements of Bankruptcy Code §§ 365 and 1123, other than those Executory Contracts that: (a) have already been assumed by Final Order of the Bankruptcy Court; (b) are subject to a motion to reject Executory Contracts that is pending on the Effective Date (subject to the Debtors right to request rejection retroactive to an earlier date); or (c) are subject to a motion to reject an Executory Contract pursuant to which the requested effective date of such rejection is after the Effective Date. Approval of any motions to assume Executory Contracts pending on the Confirmation Date or thereafter will be approved by the Bankruptcy Court on or after the Confirmation Date by a Final Order. Each Executory Contract assumed by a Debtor pursuant to this Article will revest in and be fully enforceable by the corresponding Reorganized Debtor in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable law.

21.2 Indemnification of Members, Managers, Officers, and Employees. The obligation of the Debtors to indemnify any Person serving at any time on or prior to the Effective Date as one of its officers, employees, council members or volunteers, to the extent provided in any of such Debtor's constituent documents or by a written agreement with such Debtor or under the state laws pertaining to such Debtor, as applicable, will be deemed and treated as an Executory Contract that is assumed by the applicable Reorganized Debtor, pursuant to the Plan and Bankruptcy Code § 365 as of the Effective Date. Obligations of the Debtors to indemnify any such individual that are assumed will survive unimpaired and unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date unless such individual is a Protected Party. Notwithstanding the foregoing, under no circumstances will the Debtors or the Reorganized Debtors assume or be responsible for any alleged indemnification obligations of any priests, brothers, members, officers, directors or others against whom the Debtors have determined or may, in the future, determine, that there are credible allegations of Abuse or other Tort Claim asserted against such individual(s) or such Entity has or may have engaged in some other conduct that would excuse the Reorganized Debtors from providing any indemnification to such individual or Entity.

21.3 Claims Based on Rejection of Executory Contracts. Every Claim asserted by a creditor arising from the rejection of an Executory Contract pursuant to the Plan must be filed with the Bankruptcy Court no later than the first Business Day which is thirty (30) days after the Effective Date or the first Business Day that is thirty (30) days after entry of the Final Order of the Bankruptcy Court approving rejection, if such Final Order is entered after the Effective Date. Every such Claim which is timely filed, as and when it becomes an Allowed Claim, will be treated under Class 5 of the Plan. Every such Claim which is not timely filed by the deadline stated above will be forever barred, unenforceable, and discharged, and the creditor holding the Claim will not receive or be entitled to any distribution under the Plan on account of such Claim.

## ARTICLE 22

### OTHER POST-EFFECTIVE DATE OBLIGATIONS

22.1 Closing. Closing will be conducted at such location designated by the Debtors and the Committee, as soon as reasonably practicable following the Effective Date for the purpose of the Reorganized Debtor executing and delivering the Plan Documents and completing those actions necessary for the Reorganized Debtor to establish and fund the Trust and make other distributions required to be made upon, or promptly following, the Effective Date and in accordance with the terms of the Hartford Agreement. As soon as practicable after conditions set forth in Section 25.1 have been satisfied or waived in accordance with Section 25.2, the Trustee shall file notice of the Closing and the Reorganized Debtors will file notice of the occurrence of the Effective Date.

22.2 Obligations of the Reorganized Debtors. The Reorganized Debtors will:

- (a) In the exercise of their respective business judgment, review all Claims filed against the Estates except for Tort Claims and Unknown Tort Claims and, if advisable, object to such Claims;
- (b) Within ten (10) days after payment of all Allowed Administrative Claims, including all Allowed Professional Charges, transfer to the Trust Account all funds remaining in the Administrative Claims Reserve;
- (c) Honor the Debtors' obligations arising under the Hartford Agreement and any other agreement that has been approved by the Bankruptcy Court as part of the Plan; and
- (d) Perform all of their obligations under the Plan and Plan Documents, in each case, as and when the same become due or are to be performed.

22.3 No Professional Fees or Expenses. No professional fees or expenses incurred by a claimant will be paid by the Reorganized Debtors, the Protected Parties, the Trust, or the Trustee with respect to any Claim except as specified in the Plan or the Plan Documents.

22.4 Closing of the Case. As soon as practicable after the Effective Date, when the Reorganized Debtors deem appropriate, the Reorganized Debtors will seek authority from the Bankruptcy Court to close the Reorganization Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules; provided, however, that entry of a final decree closing the Reorganization Cases shall, whether or not specified therein, be without prejudice to the right of the Reorganized Debtors, the Trustee, or any other party in interest to reopen the Reorganization Case(s) for any matter over which the Bankruptcy Court or the U.S. District Court for the District of Minnesota has retained jurisdiction under the Plan. Any order closing these Reorganization Cases will provide that the Bankruptcy Court or the U.S. District Court for the District of Minnesota, as appropriate, will retain (a) jurisdiction to enforce, by injunctive relief or otherwise, the Confirmation Order, any other orders entered in the Reorganization Cases, and the obligations created by the Plan and the Plan Documents; (b) all other jurisdiction and authority granted to it under the Plan and the Plan Documents; and (c) provide that the Trust may be

terminated and the Trustee discharged as ordered by the Bankruptcy Court without reopening either or both of the Reorganization Cases.

22.5 Non-Monetary Terms. The Plan Proponents will prepare a protocol for the production of files relating to individuals against whom a credible claim of Abuse of a minor has been made ("File Production Protocol"). The File Production Protocol will be attached to the Plan as an exhibit and filed as a supplement to the Plan at least 10 days prior to the Disclosure Statement hearing.

## ARTICLE 23

### INSURANCE PROVISIONS

23.1 No Direct Action Against Hartford. Nothing in the Plan, in the Confirmation Order or in any Plan Document shall grant to any Person any right to sue Hartford directly in connection with a Tort Claim, Unknown Tort Claim or any Hartford Policies. To the extent that a Hartford Policy or any part thereof continues in effect after the Effective Date, the Hartford Agreement, the terms of the Hartford Policy and applicable non-bankruptcy law will govern the rights and obligations of the Persons with respect to the applicable Hartford Policy; provided, however, that pursuant to the Plan and the Hartford Agreement, no Person shall have any right to sue Hartford directly or indirectly in connection with a Tort Claim, Unknown Tort Claim, any Claim for coverage or benefits under the Hartford Non-Excluded Policies except to the extent that such Claim is by a Person not a Crosier Fathers Party and arises under a Hartford Non-Excluded Policy that was not issued to a Crosier Fathers Party, or any Claims for which the Debtors have received a discharge pursuant to the Plan, the Confirmation Order or Bankruptcy Code §§ 524 and 1141.

23.2 Judgment Reduction. If any other Person obtains a judicial determination or binding arbitration award that it is entitled to obtain a sum certain from any of the Hartford Parties as a result of a claim for contribution, subrogation or indemnification for any of the Hartford Parties' alleged share or equitable share, or to enforce subrogation rights, if any, with respect to the defense and/or indemnity obligation for any Claims or reimbursement obligations for any Medicare Claims released or resolved pursuant to the Hartford Agreement, the Plan or the Trust, then Debtors, Reorganized Debtors or the Trust, as applicable, shall voluntarily reduce its judgment or Claim against, or settlement with, such other Person to the extent necessary to satisfy such contribution, subrogation or indemnification claims against the Hartford Parties. To ensure that such a reduction is accomplished, the Hartford Parties shall be entitled to assert this Section 23.2 and the provisions of the Hartford Agreement as a defense to any action against them brought by any other Person for any such portion of the judgment or Claim and shall be entitled to request that the court or appropriate tribunal issue such orders as are necessary to effectuate the reduction to protect the Hartford Parties from any liability for the judgment or Claim.

23.3 No Right of Reimbursement. The Hartford Parties shall not seek reimbursement for any payments they make under the Hartford Agreement or the Plan under theories of contribution, subrogation, indemnification, or similar relief from any other insurer unless such other insurer first seeks contribution, subrogation, indemnification, or similar relief from any of



the Hartford Parties. Notwithstanding the foregoing, nothing herein shall be construed as prohibiting any of the Hartford Parties from seeking recovery from their reinsurers.

23.4 No Limitation On Hartford's Rights. Notwithstanding any other provision of the Plan, nothing in this Article 23 shall (i) affect or be construed to restrict or limit the scope or application of the Channeling Injunction or the Supplemental Insurance Injunction or (ii) alter, impair, or diminish any of the protections afforded to Hartford under the Plan, the Confirmation Order, the Hartford Agreement or the order approving the Hartford Agreement.

## ARTICLE 24

### LIQUIDATION OF TORT CLAIMS AND UNKNOWN TORT CLAIMS

24.1 Liquidation and Payment of Tort Claims and Unknown Tort Claims. Tort Claims and Unknown Tort Claims shall be liquidated and paid in accordance with the Plan, the Confirmation Order, the Plan Documents, the Trust Documents and the applicable Allocation Protocols to be proposed by the Committee and submitted to the Bankruptcy Court for approval after notice and the opportunity for parties with standing to be heard. Any payment on a Tort Claim or Unknown Tort Claim constitutes damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

24.2 Trust Expenses and Costs. Nothing in the Trust Documents shall (i) impose any costs, directly or indirectly, upon the Estates, the Reorganized Debtors, Hartford or the Hartford Parties relating to the treatment of Tort Claims and Unknown Tort Claims or (ii) otherwise modify the rights or obligations of the Estates, the Reorganized Debtors, or Hartford or the Hartford Parties as otherwise set forth in the Hartford Agreement, Plan or a Plan Document.

## ARTICLE 25

### CONDITIONS PRECEDENT

25.1 Conditions to Occurrence of the Effective Date. The Effective Date will occur when each of the following conditions have been satisfied in accordance with the following:

- (a) The Bankruptcy Court shall have entered a Final Order (which may be the Confirmation Order) approving the Hartford Agreement and any appropriate judgments consistent therewith, in form and substance acceptable to Hartford and the Debtors consistent with the requirements of the Hartford Agreement, and no stay of such order(s) is in effect;
- (b) The Bankruptcy Court shall have entered a Final Order (which may be the Confirmation Order) approving the sale under Bankruptcy Code § 363 of the Hartford Policies and Interests in the Hartford Policies to be purchased by Hartford pursuant to the requirements of the Hartford Agreement and shall have granted Hartford, the purchaser, the protections available under Bankruptcy Code § 363(m);

- (c) The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Debtors and Hartford;
- (d) The Confirmation Order is a Final Order and no stay of the Confirmation Order is in effect;
- (e) The Trustee and the Reorganized Debtors have executed the Trust Agreement, which will, among other things, establish the protocols for fiduciary management of the Trust and the amount to be set aside within the Trust for the Unknown Claims Reserve;
- (f) The Trustee has opened the Trust Account.
- (g) Hartford has transferred the amounts set forth in Article 19 of the Plan to the Trust Account.
- (h) The Debtors have transferred the amounts set forth in Article 19 of the Plan, less the amount of the Administrative Claims Reserve, to the Trust Account.

25.2 Waiver of Conditions. Any condition set forth in Section 25.1 of the Plan may be waived by the mutual written consent of the Debtors and the Committee, or, with respect to any conditions affecting Hartford's obligations, the Debtors, the Committee, and Hartford.

## ARTICLE 26

### EFFECTS OF CONFIRMATION

26.1 Discharge. Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Debtors 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 noncontingent, 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 entered into or obligation of the Debtors incurred before the Confirmation Date, or from any conduct of the Debtors 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 Bankruptcy Code §§ 502(g), 502(h), and 502(i), whether or not a Proof of Claim is filed or is deemed filed under Bankruptcy Code § 501, such Claim is Allowed under Bankruptcy Code § 502, or the holder of such Claim has accepted the Plan.

26.2 Vesting. Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Reorganized Debtors will be vested with all of the Assets of each of their corresponding Debtors, including all property of the Estates free and clear of all Claims, liens, encumbrances, charges and other Interests of creditors, and the Reorganized Debtors will, thereafter, hold, use, dispose or otherwise deal with such property, operate their business and conduct their and the PSO's ministry and mission free of any restrictions imposed by the Bankruptcy Code or by the Court. All Retained Claims are preserved

under the Plan for the benefit of the Reorganized Debtors. Any Claims, causes of action or demands transferred to the Trust are preserved for the benefit of the Trustee under the Trust.

26.3 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 in 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 Bankruptcy Code § 1125(e).

26.4 Limitation of Liability. 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.

26.5 Channeled Claims. In consideration of the undertakings of the Protected Parties hereunder and other consideration, and to further preserve and promote the agreements between and among the Debtors and Hartford which also benefit the Tort Claimants and Unknown Tort Claimants and the protections afforded the Protected Parties under the Bankruptcy Code, including Bankruptcy Code § 105, 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 Allocation Protocols and the Trust Documents as the sole and exclusive remedy for all holders of Channeled Claims.

26.6 Permanent Injunction Against Released and Channeled Claims. In consideration of the undertakings of the Protected Parties hereunder and other consideration, and to further preserve and promote the agreements between and among the Debtors and Hartford which also benefit the Tort Claimants and Unknown Tort Claimants and the protections afforded the Protected Parties under the Bankruptcy Code, including Bankruptcy Code § 105 and except as otherwise expressly provided in the Plan, for the consideration described herein or in the Plan, or described in the Hartford Agreement, all Persons 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:

- (a) 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, any Unknown Tort Claim or any Channeled Claim against the Protected Parties or the property of the Protected Parties;

- (b) Asserting a Claim against any Person if as a result of such Claim such Person has or may have a Claim against one or more of the Protected Parties;
- (c) 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;
- (d) Creating, perfecting or enforcing any lien or encumbrance of any kind against any Protected Parties, or the property of any Protected Parties with respect to any discharged Claim or Channeled Claim;
- (e) Asserting, implementing or effectuating any discharged Claim or Channeled Claim of any kind against:
  - (i) Any obligation due any of the Protected Parties;
  - (ii) Any Protected Party; or
  - (iii) The property of any Protected Party;
- (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 with respect to any discharged Claim or Channeled Claim; and
- (g) 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.
- (h) Subject to the Hartford Agreement, the provisions of Section 26.5 of the Plan will further operate, as between all Protected Parties, as a mutual release of all Claims relating to the Debtors, the Claims against the Debtor and the Hartford Policies, which any Protected Party may have against another Protected Party except as may be specifically reserved or set forth in the Hartford Agreement or the Plan.

The channeling provisions are an integral part of the Plan and are essential to its implementation.

26.7 Supplemental Injunction Preventing Prosecution of Claims. Pursuant to Bankruptcy Code §§ 105(a) and 363 and in consideration of the undertakings of Hartford pursuant to the Hartford Agreement, including Hartford's purchase of the Hartford Policies free and clear of all interests pursuant to Bankruptcy Code § 363(f), 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 Persons holding a Claim, governmental, tax and regulatory authorities, lenders, trade and other creditors, Tort Claimants, Unknown Tort Claimants, perpetrators and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Hartford Agreement) against any of the Protected Parties, which, directly or

indirectly, relate to any of the Hartford Policies, any Tort Claims or any Unknown Tort 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 Hartford, the Hartford Parties, the Crosiers Fathers Parties and/or the Hartford Policies, except as set forth in the Hartford Agreement, including:

- (a) Commencing or continuing in any manner any action or other proceeding, whether legal, equitable or otherwise against Hartford, the Hartford Parties, the Crosier Fathers Parties or the property of Hartford or the Crosier Fathers Parties;
- (b) Enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree or order against Hartford, the Hartford Parties, the Crosier Fathers Parties or the property of Hartford, the Hartford Parties or the Crosier Fathers Parties;
- (c) Creating, perfecting, or enforcing any lien of any kind against Hartford, the Hartford Parties, the Crosier Fathers Parties;
- (d) Asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due to Hartford, the Hartford Parties, the Crosier Fathers Parties; and
- (e) Taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan.

26.8 Injunctions Integral. The foregoing injunctive provisions are an integral part of the Plan and are essential to its implementation. Any and all currently pending court proceedings, the continuation of which would violate the provisions of Plan Article 26 shall be dismissed with prejudice.

26.9 Injunction Deemed Issued and Permanent. On the Effective Date, the injunctions provided herein shall be deemed issued, entered, valid and enforceable according to their terms and shall be permanent and irrevocable. All injunctions and/or stays provided herein, the injunctive provisions of Bankruptcy Code §§ 524 and 1141, and all injunctions or stays protecting Hartford are permanent and will remain in full force and effect following the Effective Date and are not subject to being vacated or modified.

## ARTICLE 27

### MODIFICATION OF PLAN

27.1 Non-Material Modification of Plan. The Plan may be modified by the Plan Proponents, the Reorganized Debtors, and the Trustee (as applicable) from time to time in accordance with, and pursuant to, Bankruptcy Code §§ 1125 and 1127. The Plan may be modified by the Plan Proponents at any time before the Confirmation Date, provided that the Plan, as modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, the Hartford Agreement and the Plan Proponents have complied with Bankruptcy Code § 1125. Each holder of a Claim that has accepted the Plan will be deemed to have accepted such Plan as modified if

the proposed alteration, amendment or modification does not adversely change the treatment of the Claim of such holder. Each holder of a Claim that votes in favor of the Plan authorizes the Plan Proponents to modify, at any time prior to the Effective Date and without the requirement of further solicitation, the treatment provided to the Class of Claims such Claims are classified in, provided that the Bankruptcy Court determines that such modification is not material.

27.2 Additional Documentation; Non-Material Modifications of Plan Documents. From and after the Effective Date, the Trustee, the Reorganized Debtors and Hartford shall be authorized to enter into, execute, adopt, deliver and/or implement all contracts, leases, instruments, releases, and other agreements or documents necessary to effectuate or memorialize the settlements contained in the Plan and Plan Documents without further order of the Bankruptcy Court. Additionally, the Trustee, the Reorganized Debtors, and the Hartford may make technical and/or immaterial alterations, amendments, modifications or supplements to the terms of any settlement previously approved by the Bankruptcy Court.

27.3 No Re-Solicitation. An order of the Bankruptcy Court approving any amendment or modification made pursuant to this Article shall constitute an order in aid of consummation of the Plan and shall not require the re-solicitation of votes on the Plan to the extent not required under the Bankruptcy Code and other applicable law.

## **ARTICLE 28**

### **RETENTION OF JURISDICTION**

28.1 Retention of Jurisdiction. Notwithstanding confirmation of the Plan and the occurrence of the Effective Date, the Bankruptcy Court will retain jurisdiction for the following purposes set forth in Article 28.

28.2 In General. The Bankruptcy Court will retain jurisdiction to determine the allowance and payment of any Claims upon any objections thereto (or other appropriate proceedings). As part of such retained jurisdiction, the Bankruptcy Court will continue to determine the allowance of Administrative Claims and any request for payment thereof, including Administrative Claims for Professional Charges. The Bankruptcy Court will not retain or obtain jurisdiction to determine any internal disputes between or among the Debtors, the PSO or another Province, or any other related Entity that, under applicable Canon Law, would be determined in a specialized religious court.

28.3 Tort Claims and Unknown Tort Claims. Subject to the limitations set forth in the Plan, the Bankruptcy Court will retain jurisdiction to hear and determine and take such actions as are necessary or appropriate with respect to the payment or disallowance of Tort Claims or Unknown Tort Claims so long as such retained jurisdiction is consistent with the terms of the Plan and the Plan Documents, including the Trust Agreement.

28.4 Plan Disputes and Enforcement. Subject to the limitations set forth in the Plan, the Bankruptcy Court will retain jurisdiction to determine any dispute which may arise regarding the interpretation of any provision of the Plan. The Bankruptcy Court will also retain jurisdiction to enforce any provisions of the Plan and any and all Plan Documents, including, but not limited

to, any actions to enforce the discharge, releases and injunctions provided for in Article 26 of the Plan. The Bankruptcy Court will also retain jurisdiction over any matter relating to the implementation, effectuation, and/or consummation of the Plan as expressly provided in any provision of the Plan.

28.5 Further Orders. Subject to the limitations set forth in the Plan, the Bankruptcy Court will retain jurisdiction to facilitate the performance of the Plan by entering, consistent with the provisions of the Plan, any further necessary or appropriate order regarding enforcement of the Plan, the Plan Documents and any provisions thereof, and to protect the Debtors, the Reorganized Debtors, and the Protected Parties from actions prohibited under the Plan. In addition, the Bankruptcy Court will retain jurisdiction to facilitate or implement the allowance, disallowance, treatment, or satisfaction of any Claim, or any portion thereof, pursuant to the Plan (other than Tort Claims or Unknown Tort Claims, except to the extent that any retained jurisdiction is consistent with the Plan and the Trust Agreement) to which an objection has not been filed prior to the Effective Date.

28.6 Retained Debtor Claims. Subject to the limitations set forth in the Plan, and to the extent the Bankruptcy Court would otherwise have jurisdiction over such Claims, the Bankruptcy Court will retain jurisdiction with respect to any Claims not otherwise compromised or settled by the Debtors prior to the Effective Date.

28.7 Governmental Units or Regulatory Agencies. The Bankruptcy Court will retain jurisdiction to adjudicate any dispute or to hear and determine any action taken, proposed, or threatened by any state, federal, or local governmental regulatory agency or unit having or asserting jurisdiction or power over the conduct of the business of the Debtors and/or the Reorganized Debtors.

28.8 Final Decree. The Bankruptcy Court will retain jurisdiction to enter an appropriate final decree in the Reorganization Cases; provided, however, that the Bankruptcy Court will retain jurisdiction to enter an order terminating the Trust and discharging the Trustee in accordance with the terms of the Trust notwithstanding the issuance of the final decrees and closing of the Reorganization Cases and without the necessity of reopening any of the Reorganization Cases.

28.9 Appeals. In the event of an appeal of the Confirmation Order or any other kind of review or challenge to the Confirmation Order, and provided that no stay of the effectiveness of the Confirmation Order has been entered, the Bankruptcy Court will retain jurisdiction to implement and enforce the Confirmation Order and the Plan according to their terms, including, but not limited to, jurisdiction to enter such orders regarding the Plan or the performance thereof as may be necessary to effectuate the reorganization of the Debtors.

28.10 Executory Contracts. The Bankruptcy Court will retain jurisdiction to determine any and all motions regarding assumption or rejection of Executory Contracts and any and all Claims arising therefrom.

28.11 Claims. Subject to the limitations set forth in the Plan, the Bankruptcy Court will retain jurisdiction:

- (a) To hear and determine any Claim or cause of action by or against the Debtors, the Debtors' officers, officials, employees or Representatives, the Chapter 11 Professionals, and the Reorganized Debtors;
- (b) To adjudicate any causes of action or other proceeding currently pending or otherwise referenced here or elsewhere in the Plan, including, but not limited to, the adjudication of the Retained Claims and any and all "core proceedings" under 28 U.S.C. § 157(b) which may be pertinent to the Reorganization Cases and which the Debtors or the Reorganized Debtors may deem appropriate to initiate and prosecute before the Bankruptcy Court in aid of the implementation of the Plan;
- (c) To approve any settlements between or among the Debtors and any party against whom the Debtors or Reorganized Debtors assert a Retained Claim; and
- (d) To hear objections to Tort Claims prior to the Effective Date.

28.12 Modification of the Plan. The Bankruptcy Court will retain jurisdiction to modify the Plan pursuant to the provisions of the Plan.

28.13 Failure of Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction or is otherwise without jurisdiction over any matter arising out of the Reorganization Cases, including matters set forth in this Article, such lack of jurisdiction will not diminish, control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

## ARTICLE 29

### REORGANIZATION OF DEBTORS

29.1 Continued Corporate Existence of Debtors as Reorganized Debtors. The Debtors will each, as Reorganized Debtors, continue to exist after the Effective Date as separate legal entities, with all powers of a non-profit corporation under the laws of the state where each is domiciled and without prejudice to any right to alter or terminate such existence under applicable state law but subject to applicable Canon Law.

29.2 Management of Reorganized Debtor. From and after the Effective Date, the Reorganized Debtors will continue to be managed in accordance with the principles of Canon Law and applicable state law and by the same role and management as exists on the Confirmation Date.

29.3 Abuse Claims Reviewer. The Committee will designate the person who shall serve as the Abuse Claims Reviewer and the Trustee, which designations shall be reviewed by the Court after notice and an opportunity for parties with standing to be heard. The proposed Abuse Claims Reviewer's and proposed Trustee's curriculums vitae will be filed with the Court, along with a proposal from the Abuse Claims Reviewer and Trustee with respect to his or her service as the Abuse Claims Reviewer or Trustee, respectively, including proposed fees with



respect to his or her service, and, as to the Abuse Claims Reviewer, the proposed Allocation Protocols.

## ARTICLE 30

### GENERAL PROVISIONS

30.1 Election Pursuant to Bankruptcy Code § 1129(b). If necessary, the Debtors hereby request confirmation of the Plan pursuant to Bankruptcy Code § 1129(b) if the requirements of all provisions of Bankruptcy Code § 1129(a), except Section (a)(8) thereof, are met with regard to the Plan.

30.2 Current Insurance Coverage. Except as expressly set forth in any Hartford Agreement, the Plan and Confirmation Order have no effect on any Insurance Coverage under any certificates or policies of insurance issued to the Debtors and are not otherwise released or sold pursuant to the Hartford Agreement.

30.3 Extension of Payment Dates. If any payment date falls due on any day which is not a Business Day, then such due date will be extended to the next Business Day.

30.4 Notices. Any notice required or permitted to be provided under the Plan will be in writing and served by regular first class mail, electronic mail, overnight delivery, or hand-delivery.

30.5 Interest. Whenever interest is to be computed under the Plan, interest will be simple interest and not compounded.

30.6 Additional Assurances. The Debtors, the Reorganized Debtors, and the Trustee and the creditors holding Claims herein, including Tort Claims and Unknown Tort Claims, will execute such other further documents as are necessary to implement any of the provisions of the Plan.

30.7 Confirmation by Nonacceptance Method. The Debtors hereby request, if necessary, confirmation of the Plan pursuant to Bankruptcy Code § 1129(b) with respect to any impaired Class of Claims which does not vote to accept the Plan.

30.8 Withdrawal of Plan. The Plan may be withdrawn or revoked by the Plan Proponents prior to entry of the Confirmation Order, in which event the provisions of Section 30.14 of the Plan will apply.

30.9 Severability and Reformation. It is the Debtors' intention to comply fully with the Bankruptcy Code and applicable non-bankruptcy law in proposing the Plan. Therefore, if any provision of the Plan is determined by the Bankruptcy Court to be contrary to the Bankruptcy Code or applicable non-bankruptcy law, in the discretion of the Debtors and the Committee, that provision will be deemed severed and automatically deleted from the Plan, if it cannot be reformed or the provision or its interpretation will be deemed reformed to ensure compliance; provided, however, that nothing contained in this Section will prevent the Debtors from modifying the Plan in any manner whatsoever in accordance with and as set forth in the

Plan. Pursuant to any ruling by the Bankruptcy Court regarding the subject matter of this Section, any such severance or reformation will be stated specifically in the Confirmation Order, which then will control notwithstanding any contrary or inconsistent provisions of the Plan. Notwithstanding the foregoing, nothing in this Section shall affect the rights of Hartford under the Hartford Agreement.

30.10 Prohibition Against Prepayment Penalties. If the Debtors or the Reorganized Debtor choose, in their sole and absolute discretion, to prepay any obligation on which deferred payments are provided for under the Plan, the Debtors or the Reorganized Debtor will not be liable or subject to the assessment of any prepayment penalty thereon unless otherwise ordered by the Bankruptcy Court.

30.11 Fractional Dollars. Notwithstanding any other provision of the Plan, no payments or distributions under the Plan of or on account of fractions of dollars will be made. When any payment or distribution of or on account of a fraction of a dollar to any holder of an Allowed Claim would otherwise be required, the actual payment or distribution made will reflect a rounding of such fraction to the nearest whole number (up or down).

30.12 Payment of Statutory Fees and Filing of Quarterly Reports. All fees payable pursuant to 28 U.S.C. § 1930 as determined by the Bankruptcy Court at or in conjunction with the Confirmation Hearing, will be paid on or before the Effective Date and, thereafter, in accordance with applicable bankruptcy law. All quarterly reports of disbursements required to be filed by applicable bankruptcy law will be filed in accordance with applicable bankruptcy law.

30.13 Reservation of Rights. Except as expressly provided herein, the Plan will have no force or effect unless the Confirmation Order and any other Final Orders that are conditions precedent to the Effective Date are entered by the Bankruptcy Court and the Effective Date has occurred. None of the filing of the Plan, any statement or provision contained herein, or the taking of any action by the Debtors with respect to the Plan will be nor will it be deemed to be an admission or waiver of any rights of the Debtors with respect to the holders of Claims prior to the Effective Date or with respect to any matter which is pending before or may come before the Bankruptcy Court or any other court for determination in the Reorganization Cases or any other case.

30.14 No Professional Fees or Expenses. None of the Protected Parties or the Reorganized Debtors will have any liability for any fees and expenses of attorneys representing any creditor.

30.15 Dissolution of Committee. Upon the occurrence of the Effective Date, the Committee will be dissolved; 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.

30.16 Section 1146 Exemption. Pursuant to Bankruptcy Code § 1146(c), any transfers of property pursuant hereto will not be subject to any document, recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax,

mortgage recording tax or other similar tax or governmental assessment in the United States, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

30.17 Successors and Assigns. The rights, benefits and obligations of any Entity named or referred to in the Plan will be binding upon, and will inure to the benefit of, the heirs, executors, administrator, successors or assigns of such Entity.

Dated and Submitted this 22<sup>nd</sup> day of December, 2017.

CROSIER FATHERS AND BROTHERS  
PROVINCE, INC., a Minnesota non-profit  
corporation,  
-and-  
THE CROSIER COMMUNITY OF PHOENIX,  
and Arizona non-profit corporation,

By Thomas Enneking  
THOMAS ENNEKING, osc, President

CROSIER FATHERS OF ONAMIA, a Minnesota  
non-profit corporation,

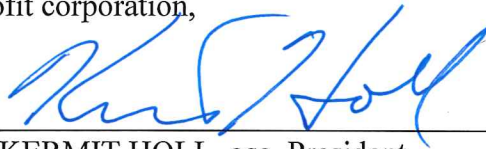
By \_\_\_\_\_  
KERMIT HOLL, osc, President

Dated and Submitted this 22<sup>nd</sup> day of December, 2017.

CROSIER FATHERS AND BROTHERS  
PROVINCE, INC., a Minnesota non-profit  
corporation,  
-and-  
THE CROSIER COMMUNITY OF PHOENIX,  
and Arizona non-profit corporation,

By \_\_\_\_\_  
THOMAS ENNEKING, osc, President

CROSIER FATHERS OF ONAMIA, a Minnesota  
non-profit corporation,

By  \_\_\_\_\_  
KERMIT HOLL, osc, President

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS

By Ben Januschka  
Ben Januschka, Committee Chairperson

Prepared and Submitted By:

/s/ Susan G. Boswell

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Phillip J. Ashfield (Bar No. 388990)  
STINSON LEONARD STREET LLP  
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Minneapolis, Minnesota 55402

*Counsel for the Official Committee of  
Unsecured Creditors*

# **EXHIBIT A**



**TO BE FILED PRIOR TO  
CONFIRMATION**

# **EXHIBIT B**

**CROSIER FATHERS AND BROTHERS PROVINCE, INC., CROSIER FATHERS OF  
ONAMIA, AND THE CROSIER COMMUNITY OF PHOENIX  
TRUST AGREEMENT**

This TRUST AGREEMENT is made and entered into as of the Effective Date of the *Joint Plan of Reorganization* dated December \_\_, 2017 (together with any and all amendments thereto, all exhibits and schedules thereto, as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions thereof) (the “Plan”) in the following bankruptcy cases pending in the United States Bankruptcy Court for the District of Minnesota: (1) *Crosier Fathers and Brothers Province, Inc.* (Case No. 17-41681); (2) *Crosier Fathers of Onamia* (Case No. 17-41682), and (3) *The Crosier Community of Phoenix* (Case No. 17-41683), by and between the Crosier Fathers and Brothers Province, Inc., Crosier Fathers of Onamia, and The Crosier Community of Phoenix (the “Debtors”) on the one hand and \_\_\_\_\_ (“Trustee”) on the other hand. This Trust Agreement is entered into pursuant to the Plan. Unless otherwise defined herein, capitalized terms used in this Trust Agreement shall have the meanings assigned to them in Article 2 of the Plan. Terms defined in the Bankruptcy Code, and not otherwise specifically defined in the Plan or herein, when used herein, have the meanings attributed to them in the Bankruptcy Code.

**RECITALS**

A. On the Petition Date, each of the Debtors filed a voluntary petition under chapter 11 of the Bankruptcy Code. Each Debtor continued in possession of its property and has continued to operate and manage its business as a debtor in possession pursuant to Sections 1107(a) and 1108 of Title 11 of the United States Code (the “Bankruptcy Code”).

B. On \_\_\_\_\_, 2017, the Bankruptcy Court entered an order confirming the Plan (the “Confirmation Order”).

C. The Plan provides for the creation of the Trust and the transfer and assignment to the Trust of the Trust Assets.

D. Pursuant to the Plan, the Trust is to use the Trust Assets to pay the Class 8 and Class 9 Claims.

E. The Trust is established for the benefit of the Beneficiaries and is intended to qualify as a “Designated” or “Qualified Settlement Fund” within the meaning of Section 468B of the Internal Revenue Code and the Treasury Regulations promulgated thereunder and codified at 16 C.F.R. Sections 1.468B-1 through 1.468B-5.

F. Pursuant to the Plan and the Confirmation Order, the Trustee was duly appointed as a representative of the Estates pursuant to Sections 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code.

**NOW, THEREFORE**, pursuant to the Plan and the Confirmation Order, in consideration of the premises and the provisions in the Plan, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, it is agreed as follows:

## ARTICLE I

### AGREEMENT OF TRUST

1.1 Creation and Name. The Debtors hereby create a trust known as “The Crosier Settlement Trust,” which is the Trust provided for in the Plan. In the event of any inconsistency between the Plan and this Trust Agreement, the terms of the Plan shall govern.

1.2 Purpose. The purpose of the Trust is to assume responsibility for preserving, managing and distributing Trust Assets to Class 8 and Class 9 Claimants in accordance with the Trust Agreement and the requirements of the Plan and the Confirmation Order.

1.3 Transfer of Assets. Pursuant to the Plan and the Confirmation Order, the Debtors irrevocably transfer, absolutely grant, assign, convey, sets over and deliver to the Trustee, and at such times as set forth in the Plan, all of its right, title and interest in and to the Trust Assets, including the cash amounts identified in Section 19.1 of the Plan, to be held in trust and for the uses and purposes stated herein and in the Plan. The Trustee hereby agrees to accept and hold the Trust Assets in trust for the Beneficiaries subject to the terms of this Trust Agreement and the Plan. The Trustee is hereby authorized to file with governmental authorities any documents necessary or helpful to establish the Trust.

1.4 Irrevocability. The Trust shall be irrevocable. The Reorganized Debtors shall not alter, amend, revoke or terminate the Trust. The Reorganized Debtors shall have no power or authority to direct the Trustee to return any of the Trust Assets to the Reorganized Debtors.

1.5 Beneficiaries. The beneficiaries of the Trust (“Beneficiaries”) are Class 8 and Class 9 Claimants whose Claims are not disallowed by the Abuse Claims Reviewer.

1.6 Acceptance of Assets and Assumption of Liabilities.

1.6.1 In furtherance of the purposes of the Trust, the Trustee hereby accepts the trusteeship of the Trust created by this Trust Agreement and the grant, assignment, transfer, conveyance and delivery of Trust Assets to the Trust, subject to the terms and conditions set forth in this Trust Agreement, the Plan and the Confirmation Order.

1.6.2 In furtherance of the purposes of the Trust, the Trustee, on behalf of the Trust, hereby expressly assumes all responsibility for preserving, managing and distributing Trust Assets to the Beneficiaries. The Claims of the Beneficiaries will be evaluated by the Abuse Claims Reviewer in accordance with the Allocation Protocols attached hereto as Exhibit 1.

1.6.3 The Trustee shall have all the rights, powers and duties set forth in this Trust Agreement, the Allocation Protocols and the Plan, and available under applicable law, for accomplishing the purposes of the Trust. The Trustee’s powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the applicable provisions of the Plan, the purpose of the Trust and in accordance with applicable law. The Trustee shall have the authority to bind the Trust within the limitations set forth

herein but shall for all purposes hereunder be acting in the capacity as Trustee, and not individually.

1.6.4 In furtherance of the purposes of the Trust, the Trustee assumes responsibility for: (a) making payments to Beneficiaries; (b) receiving, collecting, liquidating, maintaining and distributing the Trust Assets; and (c) fulfilling all other obligations of the Trust under this Trust Agreement and the Plan. The Trust will be administered consistent with the liquidating purpose of the Trust and with no objective to continue or to engage in the conduct of a trade or business, except to the extent reasonably necessary to preserve the liquidation value of the Trust Assets or as otherwise provided in the Plan.

1.6.5 Source of Payments. All Trust expenses and all liabilities of the Trust with respect to Class 8 and Class 9 Claims shall be payable solely by the Trustee out of the Trust Assets.

## ARTICLE II

### CORPUS OF THE TRUST

2.1 Trust Composition. The Trust Assets shall include all property transferred to the Trust pursuant to the Plan and future orders of the Bankruptcy Court, including (but not limited to) all rights of every kind, nature and description transferred to the Trust pursuant to Section 19.1 of the Plan, future orders of the Bankruptcy Court, or otherwise belonging to the Trust.

2.2 Transfer to Trustee. From and after the Effective Date of the Plan, pursuant to, and at such times set forth in the Plan, title to and all rights and interests in the Trust Assets shall be transferred to the Trust free and clear of all Interests of any kind in such property of any other Person (including all Interests of creditors of or holders of claims against or Interests in the Debtors) in accordance with Sections 1123, 1141 and 1146(a) of the Bankruptcy Code, except as otherwise expressly provided for in the Plan. The Trustee, on behalf of the Trust, shall receive the Trust Assets when they are transferred to the Trust.

2.3 Trustee's Right to and Title and Interest in Trust Assets. Upon the transfer of the Trust Assets, the Trustee succeeds to all of the Debtors' and the Estates' right to and title and Interest in the Trust Assets, and the Debtors and the Estates will have no further right to or title or Interest in or with respect to the Trust Assets or this Trust, except as provided herein, in the Plan or the Confirmation Order.

2.4 No Tax on Transfers to Trust. Pursuant to Section 1146(a) of the Bankruptcy Code, the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Trust, including any deeds, bills of sale or assignments executed in connection with any transfer to the Trust, or receipt, or disposition/sale of assets by the Trust 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.

2.5 Spendthrift Provision. To the fullest extent permitted by law, neither the principal nor income of the Trust, in whole or part, shall be subject to any legal or equitable claims of

creditors of any Beneficiary or others, nor to legal process, nor be voluntarily or involuntarily transferred, assigned, anticipated, pledged or otherwise alienated or encumbered except as may be ordered by the Bankruptcy Court.

2.6 Trust Corpus. The entirety of the Trust's corpus shall be available to pay Beneficiaries and authorized expenses. The Trust Corpus shall be allocated, administered, and distributed as provided in the Allocation Protocols.

2.7 Future Tort Claim Reserve Fund. Five percent (5%) of the Trust's initial corpus shall be allocated to the Unknown Claims Reserve. The balance of the initial funding shall be available to pay eligible Class 8 Claims under the Allocation Protocols and authorized expenses.

2.8 Counsel Fees. Each claimant's counsel fees will be deducted and paid from the claimant's individual recovery and shall not be paid from the gross amount available for distribution among multiple claimants occupying a given class or category.

### ARTICLE III

#### **POWERS AND DUTIES OF TRUSTEE**

3.1 Powers and Duties. The Trustee shall have, in addition to any other powers and discretions conferred on the Trustee by applicable trust law (to the extent not inconsistent with applicable Bankruptcy law and/or the Plan), the Plan and other provisions in this instrument, the following powers and discretions:

3.1.1 To act as custodian of, receive, control, manage, liquidate, monetize and dispose of all Trust Assets for the benefit of the Beneficiaries as the Trustee deems appropriate to accomplish the purpose of the Trust, in accordance with the terms of this Trust Agreement, the Plan and the Confirmation Order;

3.1.2 To abandon any property which it determines in its reasonable discretion to be of *de minimis* value or of more burden than value to the Trust;

3.1.3 To protect and enforce the rights in and to the Trust Assets by any method deemed appropriate including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

3.1.4 To enter into contracts in the course of administering the Trust Assets for liquidation and in conjunction with their disposition under this Trust Agreement and the Plan;

3.1.5 To open and maintain bank accounts on behalf of the Trust, deposit funds therein and draw checks thereon, as appropriate under this Trust Agreement, the Plan and the Confirmation Order;

3.1.6 To obtain all reasonably necessary insurance coverage with respect to any property that is or may in the future become a Trust Asset;

3.1.7 To incur on behalf of the Trust, and pay from the assets of the Trust, all fees, costs and expenses of administering the Trust as provided in this Trust Agreement and the Plan. These fees, costs and expenses include: (a) the fees of bankruptcy claims and/or distribution agents; (b) the fees and costs of Professionals employed by the Trustee, such as the Abuse Claims Reviewer, investment advisors, accountants, agents, managers, attorneys-at-law, actuaries or auditors; and (c) the premiums charged by insurers, including, but not limited to, professional liability insurers;

3.1.8 In accordance with the evaluation of the Abuse Claims Reviewer pursuant to the Allocation Protocols, to make distributions to Beneficiaries in accordance with the Allocation Protocols and the Plan;

3.1.9 In its discretion, to rely on the authenticity of the signature of the Abuse Claims Reviewer, and the accuracy of the information set forth by, and the reasonableness of the determination of, the Abuse Claims Reviewer in the administration of the Allocation Protocols and assessment of the Class 8 and Class 9 Claims without any verification or confirmation;

3.1.10 In its discretion, as a party in interest, to seek enforcement of any provision of the Plan pertaining to the Trust;

3.1.11 To retain any attorney-at-law, Abuse Claims Reviewer, consultant, expert, accountant, investment advisor, bankruptcy management company or such other agents and advisors as are necessary and appropriate to effectuate the purpose of, and maintain and administer, the Trust and shall be entitled to rely on advice given by such advisors within his, her, or its areas of competence;

3.1.12 To make, sign, execute, acknowledge and deliver any documents that may be necessary or appropriate to effectuate the purpose of the Plan and/or the Trust or to maintain and administer the Trust;

3.1.13 To seek the examination of any Person under, and subject to, the provisions of the Bankruptcy Rules, including Bankruptcy Rule 2004;

3.1.14 To file a motion with the Bankruptcy Court, with notice to the parties in interest, for a modification of the provisions of this Trust Agreement if the Trustee determines that such modification is necessary to conform to legal and/or administrative requirements and to the purpose of the Trust;

3.1.15 Upon any event terminating the Trust, to defer distribution of property from the Trust for a reasonable time needed to wind up the affairs of the Trust, including time needed to provide for payment of debts and expenses, although Beneficiaries' rights to distributions shall vest immediately;

3.1.16 To comply with Bankruptcy Code Section 345 with regard to the investment of Trust Assets. The Trustee is relieved of any obligation to diversify;

3.1.17 To establish such accounts, funds and reserves, as required by the Plan, for ease of administration. Nothing in this provision shall restrict the Trustee's authority to pool such accounts, funds or reserves for investment purposes or require separate bank accounts for such accounts, funds or reserves;

3.1.18 To be responsible for only that property delivered to it and have no duty to make, nor incur any liability for failing to make, any search for unknown property or liabilities.

3.1.19 To meet its obligations under the Plan to cooperate with Reorganized Debtors and Hartford, including providing information relating to the Class 8 and Class 9 Claims submitted to the Trust including:

3.1.19.1 The total number of Claims filed, pending, settled and dismissed or disallowed, as well as the total indemnity paid and total expense incurred; and

3.1.19.2 For each Channeled Claim that has been resolved by settlement, judgment, disallowance or otherwise:

- (i) the claimant's name;
- (ii) the last four digits of the claimant's social security number;
- (iii) the identity of the claimant's abuser(s);
- (iv) a claim number, if the Trust uses such a number to identify Claims;
- (v) dates of alleged Abuse;
- (vi) the age of the claimant at the time of the alleged Abuse; and
- (vii) the amount paid to the claimant.

3.1.19.3 At the Trust's sole discretion, the Trust may satisfy its obligations under this subsection by providing a report ("Report") concerning Claims activity with respect to the time period that is the subject of their requests for relevant files, information and documents and including the information identified above. If the Trust exercises its discretion to provide a Report containing the requested information, the Trust shall still be obligated, at the requesting party's request and reasonable expense, to make available documents relating to Claims that are the subject of the Report.

3.2 Medicare-Related Obligations. In addition to the foregoing obligations, the Trustee shall be the RRE with responsibility to ensure fulfillment of the reporting and reimbursement requirements, if any, pursuant to the MSP and Section 111 of the MMSEA and



any other similar statute or regulation, and any related rules, regulations, or guidance issued in connection therewith.

3.2.1 On or after the date that the Confirmation Order becomes a Final Order, the Trustee shall determine, for any Tort Claimant whose Claim, including a proof of claim, complaint (if one has been served or filed), or other documentation offered in support of that Claim, potentially alleges or indicates that he or she was or may have suffered Abuse after December 5, 1980 (a “Post-1980 Claimant”), by query to CMS: (i) whether that Post-1980 Claimant is Medicare Eligible (as defined in the Plan) and, if so, (ii) whether he or she has received any Conditional Payment arising from or relating to treatment for Abuse. The Trustee shall initiate such queries as soon as practicable, including prior to the Effective Date. The Trust shall also, reasonably contemporaneously with initiating such queries, provide to Hartford all information necessary to perform the same queries, although Hartford is under no obligation to conduct such queries.

3.2.2 If the Trustee does not receive a response from CMS (including a response from a query that Hartford or Tort Claimant’s counsel has initiated, so long as Hartford receives a copy of any such query initiated by Tort Claimant’s counsel) within seventy-five days as to whether a Post-1980 Claimant is Medicare Eligible and/or has received one or more Conditional Payments, then that Claimant may, in lieu of the query response, certify in writing to the Trustee that he or she (i) is not Medicare Eligible and (ii) that he or she will provide for payment and/or resolution of any future obligations owing or potentially owing under the MSP.

3.2.3 Prior to issuing a payment to any Post-1980 Tort Claimant who is Medicare Eligible, the Trust and Trustee shall require that Tort Claimant’s counsel to hold in escrow an amount equal to the lesser of (1) the amount of the potential payment to the Tort Claimant or (2) the amount of any Medicare Conditional Payments, including Conditional Payments issued by any MAO. Such amount shall be held in escrow until such time that Tort Claimant’s counsel has provided written documentation from Medicare, including any MAO, demonstrating that such conditional payments have been satisfied, waived or otherwise released.

3.2.4 If a portion of the Settlement Amount is paid to any Post-1980 Tort Claimant who is identified as Medicare Eligible, the Trust will report such payments to Medicare in accordance with the MMSEA. The Trust will also provide to the Hartford Parties all information necessary for the Hartford Parties to report such payments to Medicare although Hartford is under no obligation to make such reports.

3.2.5 The Trust shall defend, indemnify and hold harmless the Reorganized Debtors and the Protected Parties from any Claims related to Medicare Claims reporting and payment obligations, whether relating to past conditional payments made, future payments to be made, or otherwise arising out of, relating to, or in connection with Tort Claims, including any obligations owing or potentially owing under MMSEA or MSPA, and any Claims related to the Trust’s obligations under the Plan, the Trust Documents, and the Plan Documents. The Trust shall not be required to create a reserve for this

potential obligation.

3.3 Limitations on the Trustee. Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall not do or undertake any of the following:

3.3.1 To guaranty any debt other than as provided for in this Trust Agreement or as required by the Plan;

3.3.2 To loan Trust Assets;

3.3.3 To make any transfer or distribution of Trust Assets other than those authorized by this Trust Agreement, the Plan or the Confirmation Order;

3.3.4 To engage in any trade or business;

3.3.5 To engage in any investments or activities inconsistent with the treatment of the Trust as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d).

## ARTICLE IV

### TERMINATION OF THE TRUST

4.1 When Termination Shall Occur. The Trustee shall terminate the Trust after its liquidation and the administration and distribution of the Trust Assets in accordance with this Trust Agreement and the Plan and the Trustee's full performance of all other duties and functions set forth in this Trust Agreement and the Plan. The Trust shall terminate no later than the seventh (7th) anniversary of the Effective Date.

4.2 Termination Procedures. After termination of the Trust and solely for the purpose of liquidating and winding up its affairs, the Trustee shall continue to act as Trustee until its duties hereunder have been fully performed. The Trustee shall retain the books, records, documents and files that shall have been delivered to or created by the Trustee until distribution of all the Trust Assets. For purposes of this provision Trust Assets will be deemed distributed when the total amount remaining in the Trust is less than \$25,000. At the Trustee's discretion, all of such books, records, documents and files may be destroyed at any time following the later of: (a) the first anniversary of the final distribution of the Trust Assets; and (b) the date until which the Trustee is required by applicable law to retain such books, records, documents and files; provided that, notwithstanding the foregoing, the Trustee shall not destroy or discard any books, records, documents or files relating to the Trust without giving the Reorganized Debtor and the Beneficiaries reasonable prior written notice thereof.

4.3 Termination Distribution. Upon termination of the Trust, provided that all fees and expenses of the Trust have been paid or provided for in full, the Trustee will deliver all funds and other investments remaining in the Trust, if any, including any investment earnings thereon to a charity supporting survivors of childhood sexual abuse as set forth in the Confirmation Order; provided that such funds and investments shall not exceed \$25,000. For the avoidance of doubt, any such funds in excess of \$25,000 shall be distributed to the Beneficiaries of the Trust.

4.4 Discharge, Exculpation and Exoneration. Upon termination of the Trust and accomplishing of all activities described in this Article, the Trustee and its professionals shall be discharged and exculpated from liability, and the Trustee's bond shall be exonerated (except for acts or omissions resulting from the recklessness, gross negligence, willful misconduct, knowing and material violation of law or fraud of the Trustee or his designated agents or representatives). The Trustee may, at the expense of the Trust, seek an Order of the Bankruptcy Court confirming the discharges, exculpations and exoneration referenced in the preceding sentence.

## ARTICLE V

### **IMMUNITY, LIABILITY AND INDEMNIFICATION OF TRUSTEE**

5.1 Limitations on Liability. Neither the Trustee nor any of its duly designated agents or representatives or Professionals shall be liable for any act or omission taken or omitted to be taken by the Trustee in good faith, other than acts or omissions resulting from the recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud of the Trustee or its designated agents or representatives. The Trustee may, in connection with the performance of its functions, and in its sole and absolute discretion, consult with its attorneys-at-law, accountants, financial advisors and agents and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons. Notwithstanding such authority, the Trustee shall be under no obligation to consult with its attorneys-at-law, accountants, financial advisors or agents, and its good faith determination not to do so shall not result in the imposition of liability on the Trustee, unless such determination is based on the Trustee's recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud.

5.2 No Recourse Against Trustee Personally. No recourse shall ever be had, directly or indirectly, against the Trustee personally, or against any employee, contractor, agent, attorney-at-law, accountant or other Professional retained in accordance with the terms of this Trust Agreement or the Plan by the Trustee, by legal or equitable proceedings or by virtue of any statute or otherwise, nor upon any promise, contract, instrument, undertaking, obligation, covenant or trust agreement whatsoever executed by the Trustee in implementation of this Trust Agreement or the Plan, or by reason of the creation of any indebtedness by the Trustee under the Plan for any purpose authorized by this Trust Agreement or the Plan, it being expressly understood and agreed that any such promise, contract, instrument, undertaking, obligation, covenant or trust agreement entered into by the Trustee, whether in writing or otherwise, shall be enforceable only against and be satisfied only out of the Trust Assets and shall be evidence only of a right of payment out of the Trust Assets. Notwithstanding the foregoing, the Trustee may be held liable for its recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud; and if liability on such grounds is established, recourse may be had against: (a) the Trustee's bond or applicable insurance coverage and; (b) to the extent not covered by such bond, directly against the Trustee.

5.3 Indemnification. The Trustee, using Trust Assets, shall defend, indemnify and hold harmless the Trustee, its officers, directors, agents, representatives and employees to the fullest extent that a corporation or trust organized under the laws of Minnesota is entitled to defend, indemnify and hold harmless its trustees, officers, directors, agents, representatives and

employees against any and all costs (including attorneys' fees and costs), judgments, awards, amounts paid in settlement, liabilities, expenses, claims, damages or losses incurred by them in the performance of their duties hereunder; provided that neither the Trustee nor its officers, directors, agents, representatives or employees shall be defended, indemnified or held harmless in any way for any liability, expense, claim, damage or loss for which they are ultimately liable under Section 5.1.

## ARTICLE VI

### **COMPENSATION AND EXPENSE REIMBURSEMENT OF TRUSTEE AND ITS AGENTS**

6.1 Trustee Compensation. The Trustee shall be entitled to receive compensation from the Trust Assets as detailed in Exhibit 2.

6.2 Compensation of Trustee's Agents. Any Person retained by the Trustee pursuant to this Trust Agreement or the Plan will be entitled to reasonable compensation for services rendered at a rate reflecting actual time billed by such professional or Person on an hourly basis, at the standard billing rates in effect at the time of service, or such other rate or basis of compensation that is reasonable and agreed upon by the Trustee.

6.3 Reimbursement of Expenses. Any and all reasonable and necessary costs and expenses incurred by the Trustee and any Person retained by the Trustee, in performing its respective duties under this Trust Agreement, will be reimbursed by the Trustee from the Trust Assets.

## ARTICLE VII

### **SUCCESSOR TRUSTEES**

7.1 Vacancy Caused by Trustee Resignation or Removal.

7.1.1 The Trustee may resign at any time upon thirty (30) days' written notice to be filed with the Bankruptcy Court. The Trustee shall, within thirty (30) days after such resignation takes effect, deliver to the successor Trustee all of the Trust Assets which were in the possession of the Trustee along with a complete list of Trust Assets and a complete accounting of all transactions engaged by the Trustee while serving as such.

7.1.2 The Bankruptcy Court may remove a Trustee upon finding that the Trustee has engaged in a serious breach of fiduciary duty. The removal will take effect upon the date the Bankruptcy Court specifies. In the event of removal, the Trustee shall, as soon as reasonably practical after such removal takes effect, deliver to the successor Trustee all of the Trust Assets which were in the possession of the Trustee along with a complete list of Trust Assets and a complete accounting of all transactions engaged in by the Trustee while serving as such.

7.2 Outgoing Trustee Obligations. In the event of the resignation or removal of the Trustee, the outgoing Trustee shall:

7.2.1 Execute and deliver by the effective date of resignation or removal such documents, instruments, records and other writings as may be reasonably requested by the successor Trustee to effect such resignation or removal and the conveyance of the Trust Assets then held by the resigning or removed Trustee to the successor Trustee;

7.2.2 Deliver to the successor Trustee all documents, instruments, records and other writings relating to the Trust Assets as may be in the possession or under the control of the resigning or removed Trustee; and

7.2.3 Otherwise assist and cooperate in effecting the assumption of the resigning or removed Trustee's obligations and functions by the successor Trustee.

The resigning, removed or departed Trustee hereby irrevocably appoints the successor Trustee (and any interim trustee) as its attorney-in-fact and agent with full power of substitution for it and its name, place and stead to do any and all acts that such resigning or removed Trustee is obligated to perform under this Trust Agreement. Such appointment shall not be affected by the subsequent disability or incompetence of the Trustee making such appointment. The Bankruptcy Court also may enter such orders as are necessary to effect the termination of the appointment of the Trustee and the appointment of the successor Trustee.

7.3 Appointment of Successor Trustee. Any vacancy in the office of Trustee shall be filled by the nomination of a majority of the members of the Committee (notwithstanding dissolution of the Committee on the Effective Date), subject to the approval of the Bankruptcy Court, after notice and a hearing. If at least three (3) members of the Committee do not participate in the nomination of a successor Trustee within thirty (30) days after the Trustee resigns or becomes unable to serve, the Bankruptcy Court shall designate a successor after notice to Beneficiaries and a hearing.

7.4 Acceptance of Appointment of Successor Trustee. Any successor Trustee's acceptance of appointment as a successor Trustee shall be in writing and shall be filed with the Bankruptcy Court. The acceptance shall become effective when filed with the Bankruptcy Court. The Trustee shall thereupon be considered the Trustee of the Trust without the necessity of any conveyance or instrument. Any successor Trustee shall have all of the rights, powers, duties, authority and privileges as if initially named as a Trustee hereunder. Any successor Trustee shall be exempt from any liability related to the acts or omissions of the Trustee prior to the appointment of the successor Trustee.

7.5 Preservation of Record of Changes in Trustees. A copy of each instrument of resignation, removal, appointment and acceptance of appointment shall be attached to an executed counterpart of this Trust Agreement.

## ARTICLE VIII

### TRUSTEE REPORTING AND DISCHARGE

8.1 Annual Accountings. The Trustee shall prepare, at least annually, and upon termination of the Trust, a written accounting of the administration of the Trust listing the current assets (with fair market values) and detailing all transactions that occurred during the period

covered by such accounting. Each such accounting shall be filed with the Bankruptcy Court. Copies of such accounting shall be available to Beneficiaries upon request.

8.2 Approval of Accountings and Discharge of the Trustee. The Trustee may file with the Bankruptcy Court a motion for approval of any accounting described in Section 8.1. Upon the entry of an order of the Bankruptcy Court approving any such accounting, the Trustee shall be discharged from all liability, with respect to all assets listed and transactions detailed in such accounting, to the Trust, any Beneficiary or any Person who or which has had or may then or thereafter have a claim against the Trust for acts or omissions in the Trustee's capacity as the Trustee or in any other capacity contemplated by this Trust Agreement or the Plan.

## ARTICLE IX

### SECTION 468B SETTLEMENT FUND

#### 9.1 Generally.

9.1.1 In accordance with the Plan, the Trustee will take all reasonable steps to ensure that the Trust will qualify as, and remain, a "Designated" or "Qualified" settlement fund within the meaning of § 468B of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and the regulations promulgated pursuant thereto. The Debtors are the "transferor" within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Trustee shall be classified as the "administrator" within the meaning of Treasury Regulation Section 1.468B-2(k)(3).

9.1.2 It is further intended that the transfers to the Trust will satisfy the "all events test" and the "economic performance" requirement of Section 461(h)(1) of the Tax Code and Treasury Regulation Section 1.461-1(a)(2).

9.2 Employer Identification Number. Upon establishment of the Trust, the Trustee shall apply for an employer identification number for the Trust in accordance with Treasury Regulation Section 1.468B-2(k)(4).

9.3 Relation-Back Election. If applicable, the Trustee and the Debtors or the Reorganized Debtors, as applicable, shall fully cooperate in filing a relation-back election under Treasury Regulation Section 1.468B-1(j)(2), to treat the Trust as coming into existence as a settlement fund as of the earliest possible date.

9.4 Filing Requirements. The Trustee shall cause to be filed, on behalf of the Trust, all required federal, state, and local tax returns in accordance with the provisions of Treasury Regulation Section 1.468B-2(k)(1). The Debtors or Reorganized Debtors shall file an election statement(s) satisfying the requirements of Treasury Regulation Section 1.468B-1(k)(2)(ii) so that the Trust is treated as a grantor trust under Section 671 of the Tax Code and the regulations promulgated thereunder. The election statement shall be included with the Trust's first timely filed trust income tax return. The Debtors and Reorganized Debtors shall supply to the Trustee and to the Internal Revenue Service the statement described in Treasury Regulation Section 1.468B-3(e)(2) no later than February 15th of the year following each calendar year in which the Debtors and Reorganized Debtors makes a transfer to the Trust.

9.5 Broad Powers of the Trustee. The Trustee is empowered to take all actions, including such actions as may be consistent with those expressly set forth above, as the Trustee deems necessary to reasonably ensure that the Trust is treated as a “Designated” or “Qualified” settlement fund under Section 468B of the Tax Code and the regulations promulgated pursuant thereto. Further, the Trustee may, unilaterally and without court order, amend, either in whole or in part, any administrative provision of this Trust Agreement which causes unanticipated tax consequences or liabilities inconsistent with the foregoing.

## ARTICLE X

### BENEFICIARIES

10.1 Names and Addresses. The Trustee shall keep a register (the “Register”) in which the Trustee shall at all times maintain the names and addresses of the Beneficiaries and the awards made to the Beneficiaries pursuant to the Plan. The Trustee may rely upon this Register for the purposes of delivering distributions or notices. In preparing and maintaining this Register, the Trustee may rely on the name and address of each holder of a Claim as set forth in a proof of claim filed by such holder, or proper notice of a name or address change, which has been delivered by such Beneficiary to the Trustee.

10.2 Rights of Beneficiaries. The rights of a Beneficiary under this Trust Agreement shall, upon the death or incapacity of an individual Beneficiary, pass to the legal representative of such Beneficiary. A Beneficiary shall have no title to, right to, possession of, management of, or control of the Trust Assets, or any right to call for a partition or division of the Trust Assets. Title to all the Trust Assets shall be vested in the Trustee, and the sole interest of the Beneficiaries shall be the rights and benefits given to such Persons under this Trust Agreement and the Plan.

10.3 Tax Identification Numbers. The Trustee may require any Beneficiary to furnish to the Trustee the Beneficiary’s employer or taxpayer identification number or social security number as assigned by the IRS, and such other records or documents necessary to satisfy the Trustee’s tax reporting obligations (including, but not limited to, certificates of non-foreign status). The Trustee may condition the payment of any distribution to any Beneficiary upon receipt of such number and records or documents.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

11.1 Plan Incorporation. The terms of the Plan and the Confirmation Order are incorporated into this Trust Agreement.

11.2 Notices. All notices or deliveries required or permitted hereunder shall be given as directed in the Plan, to the following:

If to the Trust or Trustee:

[TRUSTEE ADDRESS]

If to a Beneficiary:

Counsel who signed the Beneficiary's Proof of Claim or, for an unrepresented Beneficiary, to the address for the Beneficiary provided in the Proof of Claim.

11.3 Waiver. No failure or delay of any party to exercise any right or remedy pursuant to this Trust Agreement shall affect such right or remedy or constitute a waiver by such party of any right or remedy pursuant thereto. Resort to one form of remedy shall not constitute a waiver of alternative remedies.

11.4 Reimbursement of Costs. If the Trustee or the Trust, as the case may be, is the prevailing party in a dispute regarding the provisions of this Trust Agreement or the enforcement thereof, the Trustee or the Trust, as the case may be, shall be entitled to collect any and all costs, reasonable and documented out-of-pocket expenses and fees, including attorneys' fees, from the non-prevailing party incurred in connection with such dispute or enforcement action.

11.5 Entirety of Trust Agreement. This Trust Agreement supersedes any and all prior oral discussions and agreements with respect to the subject matter hereof. This Trust Agreement, together with the Exhibits hereto, the Plan, and the Confirmation Order, contain the sole and entire Trust Agreement and understanding with respect to the matters addressed therein.

11.6 Counterparts. This Trust Agreement may be executed in two or more counterparts, with the same effect as if all signatures on such counterparts appeared on one document, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.7 Captions. The captions of Articles and Sections are included for convenience only and are to be disregarded in interpreting this Trust Agreement.

11.8 Independent Legal and Tax Counsel.

All parties to this Trust Agreement have been represented by counsel and advisors (collectively referred to as "Counsel") of their own selection in this matter. Consequently, the parties agree that the language in all parts of this Trust Agreement shall in all cases be construed as a whole according to its fair meaning and neither strictly for nor against any party. It is specifically acknowledged and understood that this Trust Agreement has not been submitted to, nor reviewed or approved by, the Internal Revenue Service or the taxing authorities of any state or territory of the United States of America.

11.9 This Trust Agreement shall be administered under, governed by, and enforced according to the laws of the State of Minnesota applicable to contracts and trust agreements made and to be performed therein, except that all matters of federal tax law and the Trust's compliance with Section 468B of the Tax Code and Treasury Regulations thereunder shall be governed by federal tax law, and all matters of federal bankruptcy law shall be governed by federal bankruptcy law.

IN WITNESS WHEREOF, the Debtors and the Trustee execute this Trust Agreement as of the Effective Date of the Plan.



**Trustee:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Crosier Fathers and Brothers Province, Inc.**

\_\_\_\_\_  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Crosier Fathers of Onamia**

\_\_\_\_\_  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**The Crosier Community of Phoenix**

\_\_\_\_\_  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

# **EXHIBIT 2**

**Crosier Province Operations**  
**Balance Sheet by Class**  
As of October 31, 2017

Accrual Basis

	Permanently Restricted <sup>1</sup>	Temporarily Restricted <sup>2</sup>	Annuities	Unrestricted	TOTAL PROVINCE	Custodial
<b>ASSETS</b>						
<b>Current Assets</b>						
<b>Checking/Savings</b>						
<b>1XXX01 · CHECKING</b>						
111000 · Regular Checking-Unrestricted	-	-	-	227,234.73	227,234.73	-
113000 · Restricted Funds Checking	-	5,000.00	-	-	5,000.00	-
11xx00 · New Mexico Account	-	-	-	3,877.03	3,877.03	-
117000 · Province Development Account	-	-	-	12,029.74	12,029.74	-
119500 · Service Bureau Checking	-	-	-	3,986.82	3,986.82	-
<b>Total 1XXX01 · CHECKING</b>	-	5,000.00	-	247,128.32	252,128.32	-
121000 · Petty Cash	-	-	-	3,000.00	3,000.00	-
131000 · Regular Savings	-	-	-	-	-	-
<b>Total Checking/Savings</b>	-	5,000.00	-	250,128.32	255,128.32	-
<b>Accounts Receivable</b>						
141100 · Regular Receivables	-	-	-	551.24	551.24	-
<b>Total Accounts Receivable</b>	-	-	-	551.24	551.24	-
<b>Other Current Assets</b>						
3 1xxx25 · Due To/From Restricted/Unrestricted	-	(28,916.56)	-	28,916.56	-	-
3 1xxx26 · Due To/From Custodial	-	-	-	(61,026.63)	(61,026.63)	61,026.63
151000 · General Prepays	-	-	-	230,503.00	230,503.00	-
153000 · Postage Prepays	-	-	-	217.08	217.08	-
<b>Total Other Current Assets</b>	-	(28,916.56)	-	198,610.01	169,693.45	61,026.63
<b>Total Current Assets</b>	-	(23,916.56)	-	449,289.57	425,373.01	61,026.63
<b>Other Assets</b>						
<b>1XXX30 · INVESTMENTS</b>						
<b>1XXX33 · INVESTMENT FIRM</b>						
161100 · General Investments-Unrestricted	-	-	-	25,033.93	25,033.93	-
161200 · Scholarships-Restricted-P & T	1,342,287.76	893,479.02	-	-	2,235,766.78	-
161300 · Mass Agreements-Restricted-T	-	30,265.86	-	1,125.49	31,391.35	-
161700 · Annuity Funds	-	-	130,946.40	-	130,946.40	-
161900 · Other Funds-Restricted-P & T	200,000.00	102,912.45	-	-	302,912.45	-
<b>Total 1XXX33 · INVESTMENT FIRM</b>	1,542,287.76	1,026,657.33	130,946.40	26,159.42	2,726,050.91	-
<b>1XXX36 · OTHER INVESTMENTS HELD</b>						
162200 · Other Retirement Plans	-	-	-	-	-	-
<b>Total 1XXX36 · OTHER INVESTMENTS HELD</b>	-	-	-	-	-	-
<b>Total 1XXX30 · INVESTMENTS</b>	1,542,287.76	1,026,657.33	130,946.40	26,159.42	2,726,050.91	-
<b>1XXX40 · BENEFICIAL INTERESTS</b>						
165100 · Continuing Care Trust	-	-	-	-	-	-
165200 · Hutzel Trust	1,896,708.00	45,548.47	-	-	1,942,256.47	-
<b>Total 1XXX40 · BENEFICIAL INTERESTS</b>	1,896,708.00	45,548.47	-	-	1,942,256.47	-
<b>1XXX50 · PROPERTY</b>						
171200 · Buildings	-	-	-	230,399.94	230,399.94	-
171300 · Furniture/Fixtures/Equipment	-	-	-	-	-	-
171390 · Accum Depreciation-F/F/E	-	-	-	(149,309.94)	(149,309.94)	-
171300 · Furniture/Fixtures/Equipment - Other	-	-	-	203,904.81	203,904.81	-
<b>Total 171300 · Furniture/Fixtures/Equipment</b>	-	-	-	54,594.87	54,594.87	-
<b>171600 · Vehicles</b>						
171690 · Accum Depreciation-Vehicles	-	-	-	(0.07)	(0.07)	-
171600 · Vehicles - Other	-	-	-	0.13	0.13	-
<b>Total 171600 · Vehicles</b>	-	-	-	0.06	0.06	-
<b>Total 1XXX50 · PROPERTY</b>	-	-	-	284,994.87	284,994.87	-

**Crosier Province Operations**  
**Balance Sheet by Class**  
As of October 31, 2017

Accrual Basis

	Permanently Restricted <sup>1</sup>	Temporarily Restricted <sup>2</sup>	Annuities	Unrestricted	TOTAL PROVINCE	Custodial
<b>1XXX90 · OTHER ASSETS</b>						
191100 · Non Operating Land	-	-	-	3,000.00	3,000.00	-
<b>Total 1XXX90 · OTHER ASSETS</b>	-	-	-	3,000.00	3,000.00	-
<b>Total Other Assets</b>	3,438,995.76	1,072,205.80	130,946.40	314,154.29	4,956,302.25	-
<b>TOTAL ASSETS</b>	<b>3,438,995.76</b>	<b>1,048,289.24</b>	<b>130,946.40</b>	<b>763,443.86</b>	<b>5,381,675.26</b>	<b>61,026.63</b>
<b>LIABILITIES &amp; EQUITY</b>						
<b>Liabilities</b>						
<b>Current Liabilities</b>						
<b>Accounts Payable</b>						
211100 · Regular Accounts Payable	-	1,233.70	-	10,916.38	12,150.08	61,026.63
211110 · Accounts Payable-Prefiling	-	-	-	9,776.13	9,776.13	-
211200 · Intercompany Payables	-	-	-	3,986.82	3,986.82	-
211900 · Other Payables	-	-	-	100,253.00	100,253.00	-
<b>Total Accounts Payable</b>	-	1,233.70	-	124,932.33	126,166.03	61,026.63
<b>Other Current Liabilities</b>						
<b>2XXX05 · OTHER LIABILITIES</b>						
219x00 - Accrued Employee Benefits - Prefi	-	-	-	37,174.47	37,174.47	-
219650 · Accrued-Credit Card Gifts	-	-	-	8,278.15	8,278.15	-
<b>Total 2XXX05 · OTHER LIABILITIES</b>	-	-	-	45,452.62	45,452.62	-
<b>Total Other Current Liabilities</b>	-	-	-	45,452.62	45,452.62	-
<b>Total Current Liabilities</b>	-	1,233.70	-	170,384.95	171,618.65	61,026.63
<b>Long Term Liabilities</b>						
<b>2XXX10 · ANNUITY FUNDS</b>						
231100 · Annuities-Crosiers	-	-	130,946.40	-	130,946.40	-
231200 · Annunities-PV Adjustmnt	-	-	(79,225.98)	-	(79,225.98)	-
<b>Total 2XXX10 · ANNUITY FUNDS</b>	-	-	51,720.42	-	51,720.42	-
<b>2XXX20 · LOANS</b>						
241400 · Mortgage Payable	-	-	-	88,000.00	88,000.00	-
<b>Total 2XXX20 · LOANS</b>	-	-	-	88,000.00	88,000.00	-
<b>Total Long Term Liabilities</b>	-	-	51,720.42	88,000.00	139,720.42	-
<b>Total Liabilities</b>	-	1,233.70	51,720.42	258,384.95	311,339.07	61,026.63
<b>Equity</b>						
<b>Total 2XXX90 · NET ASSETS</b>	3,408,670.76	902,862.64	79,225.98	1,234,486.84	5,625,246.22	-
<b>Net Income</b>	30,325.00	144,192.90	-	(729,427.93)	(554,910.03)	-
<b>Total Equity</b>	3,438,995.76	1,047,055.54	79,225.98	505,058.91	5,070,336.19	-
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,438,995.76</b>	<b>1,048,289.24</b>	<b>130,946.40</b>	<b>763,443.86</b>	<b>5,381,675.26</b>	<b>61,026.63</b>

**Crosier Onamia**  
**Balance Sheet by Class**  
As of October 31, 2017

Accrual Basis

	Permanently Restricted <sup>1</sup>	Temporarily Restricted <sup>2</sup>	Annuities	Unrestricted	TOTAL ONAMIA	Custodial
<b>ASSETS</b>						
<b>Current Assets</b>						
<b>Checking/Savings</b>						
<b>1XXX01 · CHECKING</b>						
111000 · Regular Checking-Unrestricted	-	-	-	65,110.39	65,110.39	-
113000 · Restricted Funds Checking	-	32,858.55	-	-	32,858.55	-
115000 · Annuity Checking	-	-	46.16	-	46.16	-
121000 · Petty Cash	-	-	-	1,500.00	1,500.00	-
131000 · Regular Savings	-	-	-	1,290.48	1,290.48	-
<b>Total Checking/Savings</b>	-	32,858.55	46.16	67,900.87	100,805.58	-
<b>Accounts Receivable</b>						
141100 · Regular Receivables	-	-	-	29,626.40	29,626.40	-
141900 · Other Receivables	-	-	-	14,000.00	14,000.00	-
<b>Total Accounts Receivable</b>	-	-	-	43,626.40	43,626.40	-
<b>Other Current Assets</b>						
150000 · Inventory	-	-	-	97,204.46	97,204.46	-
<sup>3</sup> 1xxx25 · Due To/From Restricted/Unrestricted	(126.72)	(14,857.20)	21,566.80	(6,582.98)	(0.10)	-
1xxx26 · Due To/From Custodial	-	-	-	(8,057.41)	(8,057.41)	8,057.41
151000 · General Prepays	-	-	-	22,500.00	22,500.00	-
153000 · Postage Prepays	-	-	-	2,036.02	2,036.02	-
<b>Total Other Current Assets</b>	(126.72)	(14,857.20)	21,566.80	107,100.09	113,682.97	8,057.41
<b>Total Current Assets</b>	(126.72)	18,001.35	21,612.96	218,627.36	258,114.95	8,057.41
<b>Other Assets</b>						
<b>1XXX30 · INVESTMENTS</b>						
<b>1XXX33 · INVESTMENT FIRM</b>						
161100 · General Investments-Unrestricted	-	-	-	5,163,585.61	5,163,585.61	-
161300 · Mass Agreements-Restricted-T	1,150.00	29,526.06	-	-	30,676.06	-
161700 · Annuity Funds	-	-	1,433,586.56	-	1,433,586.56	-
161900 · Other Funds-Restricted-P & T	10,436.72	-	-	-	10,436.72	-
<b>Total 1XXX33 · INVESTMENT FIRM</b>	11,586.72	29,526.06	1,433,586.56	5,163,585.61	6,638,284.95	-
<b>1XXX36 · OTHER INVESTMENTS HELD</b>						
119000 · Other Checking	-	13,625.19	-	(13,625.19)	-	-
162100 · Stocks & Bonds	-	-	-	351,025.50	351,025.50	-
<b>Total 1XXX36 · OTHER INVESTMENTS HELD</b>	-	13,625.19	-	337,400.31	351,025.50	-
<sup>4</sup> <b>Total 1XXX30 · INVESTMENTS</b>	11,586.72	43,151.25	1,433,586.56	5,500,985.92	6,989,310.45	-
<b>1XXX50 · PROPERTY</b>						
171100 · Land	-	-	-	77,165.93	77,165.93	-
<b>171200 · Buildings</b>						
171290 · Accum Depreciation-Buildings	-	-	-	(2,796,604.53)	(2,796,604.53)	-
171200 · Buildings - Other	-	-	-	7,198,405.74	7,198,405.74	-
<b>Total 171200 · Buildings</b>	-	-	-	4,401,801.21	4,401,801.21	-
<b>171300 · Furniture/Fixtures/Equipment</b>						
171390 · Accum Depreciation-F/F/E	-	-	-	(444,162.19)	(444,162.19)	-
171300 · Furniture/Fixtures/Equipment - Other	-	-	-	479,578.21	479,578.21	-
<b>Total 171300 · Furniture/Fixtures/Equipment</b>	-	-	-	35,416.02	35,416.02	-
<b>171600 · Vehicles</b>						
171690 · Accum Depreciation-Vehicles	-	-	-	(150,370.01)	(150,370.01)	-
171600 · Vehicles - Other	-	-	-	245,731.35	245,731.35	-
<sup>4</sup> <b>Total 171600 · Vehicles</b>	-	-	-	95,361.34	95,361.34	-
<b>Total 1XXX50 · PROPERTY</b>	-	-	-	4,609,744.50	4,609,744.50	-
<b>1XXX90 · OTHER ASSETS</b>						
191000 · Inter House Borrowing	-	-	-	-	-	-
191100 · Non Operating Land	-	-	-	177,856.00	177,856.00	-
<b>Total 1XXX90 · OTHER ASSETS</b>	-	-	-	177,856.00	177,856.00	-
<b>TO Total Other Assets</b>	11,586.72	43,151.25	1,433,586.56	10,288,586.42	11,776,910.95	-

**Crosier Onamia**  
**Balance Sheet by Class**  
As of October 31, 2017

Accrual Basis

	Permanently Restricted <sup>1</sup>	Temporarily Restricted <sup>2</sup>	Annuities	Unrestricted	TOTAL ONAMIA	Custodial
LIABILITIES & EQUITY	11,460.00	61,152.60	1,455,199.52	10,507,213.78	12,035,025.90	8,057.41
<b>Liabilities</b>						
<b>Current Liabilities</b>						
<b>Accounts Payable</b>						
211100 · Regular Accounts Payable	-	-	-	521.55	521.55	8,057.41
211110 · Accounts Payable-Prefiling	-	-	-	3,196.68	3,196.68	-
211900 · Other Payables	-	-	-	83,200.50	83,200.50	-
<b>Total Accounts Payable</b>	-	-	-	86,918.73	86,918.73	8,057.41
<b>Other Current Liabilities</b>						
2XXX05 · OTHER LIABILITIES	-	-	-	-	-	-
219x00 - Accrued Employee Benefits - Prepetition	-	-	-	43,616.32	43,616.32	-
219200 · Mass Stipends	-	-	-	-	-	-
219600 · Due to Others	-	2,836.00	-	15,775.51	18,611.51	-
219650 · Accrued-Credit Card Gifts	-	-	-	11,216.01	11,216.01	-
<b>Total 2XXX05 · OTHER LIABILITIES</b>	-	2,836.00	-	70,607.84	73,443.84	-
<b>Total Other Current Liabilities</b>	-	2,836.00	-	70,607.84	73,443.84	-
<b>Total Current Liabilities</b>	-	2,836.00	-	157,526.57	160,362.57	8,057.41
<b>Long Term Liabilities</b>						
2XXX10 · ANNUITY FUNDS	-	-	-	-	-	-
231100 · Annuities-Crosiers	-	-	1,433,586.57	-	1,433,586.57	-
231200 · Annunities-PV Adjustmnt	-	-	(558,930.01)	-	(558,930.01)	-
<b>Total 2XXX10 · ANNUITY FUNDS</b>	-	-	874,656.56	-	874,656.56	-
2XXX50 · OTHER LT FUNDS & LIABILITIES						
261200 · Holy Cross Center	-	-	-	-	-	-
<b>Total 2XXX50 · OTHER LT FUNDS &amp; LIABILITIES</b>	-	-	-	-	-	-
<b>Total Long Term Liabilities</b>	-	-	874,656.56	-	874,656.56	-
<b>Total Liabilities</b>	-	2,836.00	874,656.56	157,526.57	1,035,019.13	8,057.41
<b>Equity</b>						
2XXX90 · NET ASSETS						
291200 · Unrestricted-Undesignated	-	-	-	9,270,104.74	9,270,104.74	-
292100 · Restricted-Temporarily	-	27,907.33	580,542.96	364,347.50	972,797.79	-
294100 · Custodial	-	-	-	-	-	-
293100 · Restricted-Permanently	8,068.12	-	-	-	8,068.12	-
<b>Total 2XXX90 · NET ASSETS</b>	8,068.12	27,907.33	580,542.96	9,634,452.24	10,250,970.65	-
<b>Net Income</b>	3,391.88	30,409.27	-	715,234.97	749,036.12	-
<b>Total Equity</b>	11,460.00	58,316.60	580,542.96	10,349,687.21	11,000,006.77	-
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>11,460.00</b>	<b>61,152.60</b>	<b>1,455,199.52</b>	<b>10,507,213.78</b>	<b>12,035,025.90</b>	<b>8,057.41</b>

**Crosier Phoenix**  
**Balance Sheet by Class**  
As of October, 2017

Accrual Basis

	Temporarily Restricted <sup>1</sup>	Annuities	Unrestricted	TOTAL PHOENIX
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
1XXX01 · CHECKING				
111000 · Regular Checking-Unrestricted	-	-	147,234.06	147,234.06
113000 · Restricted Funds Checking	58,194.07	-	-	58,194.07
Total 1XXX01 · CHECKING	58,194.07	-	147,234.06	205,428.13
121000 · Petty Cash	-	-	4,000.00	4,000.00
Total Checking/Savings	58,194.07	-	151,234.06	209,428.13
Accounts Receivable				
141100 · Regular Receivables	-	-	6,530.80	6,530.80
Total Accounts Receivable	-	-	6,530.80	6,530.80
Other Current Assets				
149999 · Undeposited Funds				
151000 · General Prepays	-	-	-	-
<sup>2</sup> 100025 - Due To/From Restricted/Unrestricted	(18,286.58)	-	18,286.58	-
Total Other Current Assets	(18,286.58)	-	18,286.58	-
Total Current Assets	39,907.49	-	176,051.44	215,958.93
Other Assets				
1XXX30 · INVESTMENTS				
1XXX33 · INVESTMENT FIRM				
161100 · General Investments-Unrestricted	-	-	-	-
161700 · Annuity Funds	-	193,317.65	-	193,317.65
Total 1XXX33 · INVESTMENT FIRM	-	193,317.65	-	193,317.65
<sup>3</sup> 1XXX50 · PROPERTY				
171200 · Buildings				
171290 · Accum Depreciation-Buildings	-	-	(329,249.38)	(329,249.38)
171200 · Buildings - Other	-	-	441,078.34	441,078.34
Total 171200 · Buildings	-	-	111,828.96	111,828.96
171300 · Furniture/Fixtures/Equipment				
171390 · Accum Depreciation-F/F/E	-	-	(13,048.31)	(13,048.31)
171300 · Furniture/Fixtures/Equipment - Other	-	-	18,623.19	18,623.19
Total 171300 · Furniture/Fixtures/Equipment	-	-	5,574.88	5,574.88
171600 · Vehicles				
171690 · Accum Depreciation-Vehicles	-	-	(183,302.60)	(183,302.60)
171600 · Vehicles - Other	-	-	188,602.68	188,602.68
Total 171600 · Vehicles	-	-	5,300.08	5,300.08
<sup>3</sup> Total 1XXX50 · PROPERTY	-	-	122,703.92	122,703.92
Total Other Assets	-	193,317.65	122,703.92	316,021.57
TOTAL ASSETS	39,907.49	193,317.65	298,755.36	531,980.50
<b>LIABILITIES &amp; EQUITY</b>				

**Crosier Phoenix**  
**Balance Sheet by Class**  
As of October, 2017

Accrual Basis

	Temporarily Restricted <sup>1</sup>	Annuities	Unrestricted	TOTAL PHOENIX
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
211100 · Regular Accounts Payable	-	-	10,315.04	10,315.04
211110 · Accounts Payable-Prefiling	-	-	522.93	522.93
211900 · Other Payables	-	-	47,476.00	47,476.00
<b>Total Accounts Payable</b>	-	-	58,313.97	58,313.97
<b>2XXX05 · OTHER CURRENT LIABILITIES</b>				
219x00 - Accrued Employee Benefits	-	-	15,146.16	15,146.16
<b>Total 2XXX05 · OTHER CURRENT LIABILITIES</b>	-	-	15,146.16	15,146.16
<b>Total Current Liabilities</b>	-	-	73,460.13	73,460.13
<b>Long Term Liabilities</b>				
<b>2XXX10 · ANNUITY FUNDS</b>				
231100 · Annuities-Crosiers	-	193,317.65	-	193,317.65
231200 · Annunities-PV Adjustmnt	-	(111,119.90)	-	(111,119.90)
<b>Total 2XXX10 · ANNUITY FUNDS</b>	-	82,197.75	-	82,197.75
<b>2XXX20 · LOANS</b>				
241100 · Inter House Borrowing	-	-	-	-
<b>Total 2XXX20 · LOANS</b>	-	-	-	-
<b>Total Long Term Liabilities</b>	-	82,197.75	-	82,197.75
<b>Total Liabilities</b>	-	82,197.75	73,460.13	155,657.88
<b>Equity</b>				
<b>Total 2XXX90 · NET ASSETS</b>	1,837.02	111,119.90	305,048.24	418,005.16
<b>Net Income</b>	38,070.47	-	(79,753.01)	(41,682.54)
<b>Total Equity</b>	39,907.49	111,119.90	225,295.23	376,322.62
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>39,907.49</b>	<b>193,317.65</b>	<b>298,755.36</b>	<b>531,980.50</b>
<b>UNBALANCED CLASSES</b>	-	-	-	-



# **EXHIBIT 3**

**TO BE SUPPLEMENTED**