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Chapter 11 Debtor and Debtor-in-Possession*

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW JERSEY**

In re:

THE DIOCESE OF CAMDEN, NEW JERSEY,  
  
Debtor.

Chapter 11

Case No. 20-21257 (JNP)

**AMENDED<sup>1</sup> DECLARATION OF LAURA J. MONTGOMERY  
REGARDING THE DIOCESE'S ASSETS AND OPERATIONS AND IN  
SUPPORT OF THE CHAPTER 11 PETITION AND FIRST DAY  
PLEADINGS**

Pursuant to 28 U.S.C. § 1746, **Laura J. Montgomery**, hereby certifies and declares as follows:

1. I am the Diocesan Finance Officer and the Bishop's Delegate for Temporalities for The Diocese of Camden, New Jersey (the "Diocese"). I am familiar with the assets, liabilities and sources of income for the Diocese.<sup>2</sup>

2. I respectfully submit this Declaration based upon: (a) my personal knowledge of certain facts stated herein, (b) information supplied to me by others associated with the Diocese,

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<sup>1</sup> This amended declaration reflects certain edits to Doc. #4 on the Bankruptcy Court's docket.

<sup>2</sup> While the disclosures herein are intended to be as comprehensive as possible, given the circumstances and the intricacies involved, it is possible, and even likely, that certain information may need to be supplemented or revised. The Diocese has proceeded in complete good faith in an effort to provide the Court and all others with information that is available. The Diocese and its professionals continue to review same and will make clarifications which are material when they become available.

(c) my review of relevant documents, and (d) upon my experience and knowledge of Diocesan operations. If I were called to testify, I would testify to the facts as set forth herein. I am authorized by the Diocese to submit this Affidavit.

3. On October 1, 2020 (the "Petition Date"), the Diocese will file a voluntary petition under chapter 11 of title 11 of the United States Code (11 U.S.C. § 101 et seq., the "Bankruptcy Code") commencing its chapter 11 reorganization case (this "Chapter 11 Case").

4. Contemporaneously with filing the petition, the Diocese will also be filing a number of motions and applications seeking various types of relief on an expedited basis (collectively the "First Day Motions"). The First Day Motions seek relief aimed at facilitating a smooth transition into this Chapter 11 Case, permitting the Diocese to continue its mission by maintaining employee compensation, maintaining various programs for employees, parishioners, clerics and others who rely on the programs and services provided by the Diocese and preserving and maintaining the property available to satisfy the Diocese's creditors. I have reviewed each of the First Day Motions and am familiar with their contents. I respectfully submit that all the First Day Motions are vital to the Diocese's reorganization efforts and expedited approval of the First Day Motions is important to the Diocese's successful reorganization.

### **Professional Background**

5. In 1985, I graduated from Drexel University with a Bachelor of Science in Business Administration focused on accounting. In 1988, I successfully completed the Uniform Certified Public Accountant Examination.

6. I have nearly 30 years of experience working in finance and accounting roles for non-profit organizations. From June 1996 to August 2001, I was the Director of Accounting Services for the Archdiocese of Philadelphia after having worked as Assistant Treasurer and in other financial positions beginning in November 1990. From August 2001 through January 2004,

I was the Controller for Project H.O.M.E., a non-profit organization that focuses on breaking the cycle of homelessness and poverty and alleviating the underlying causes of poverty.

7. In January 2004, I became the Controller for Catholic Charities, Diocese of Camden, Inc. and The Diocesan Housing Services Corporation of the Diocese of Camden, Incorporated and later added four nursing homes associated with the Diocese. In 2015, I became the Director of Finance for the Diocese of Camden. In 2018, I became the Chief Financial Officer and Diocesan Finance Officer and Bishop's Delegate for Temporalities of the Diocese. The position of Finance Officer is established under Can. 494 §1 of Canon Law, which requires: "every diocese, after having heard the College of Consultors and the Finance Council, the Bishop is to appoint a Finance Officer who is truly expert in Financial affairs and absolutely distinguished for honesty."

#### **OPERATIONAL SUPPORT**

8. The Diocese, through its central administrative offices: (a) provides operational support to the Catholic parishes, schools and certain other Catholic entities that operate within the territory of the Diocese (each, an "Other Catholic Entity" or "OCE"); (b) conducts school operations through which it provides parish schools with financial and educational support; (c) provides comprehensive risk management services to the OCEs; (d) administers a lay pension trust and a priest pension trust (collectively, the "Pension Trusts") for the benefit of employees and priests of the Diocese and the OCEs; and (e) other administrative and operational support.

#### **REVENUE AND EXPENSES**

9. Under New Jersey law, the Diocese is an incorporated legal entity formed pursuant to Article 2 of Chapter 15 of Title 16 of the Revised Statutes of New Jersey (N.J.S.A. 16:15-9 to 15-17) with its own corporate structure and governance separate and distinct from the other Catholic entities located in the same geographic area.

10. Gross revenue and support (“Gross Revenue”) for the current fiscal year (July 1, 2020 through August 31, 2020) are approximately \$14.9 million. Gross Revenue for the fiscal year ending on June 30, 2020 was approximately \$53.2 million while expenses were approximately \$66.2 million. Gross Revenue for the fiscal year ending on June 30, 2019 was approximately \$63 million and expenses were approximately \$73.4 million. Expenses include non-cash items including depreciation and reserves.

11. From 1990 to 2019, the Diocese paid 99 settlements to abuse victims totaling \$10,120,000 (\$102,222 per claim). In addition, the Diocese has expended \$945,000 to provide therapeutic assistance to victims.

12. The primary source of funds used by the Diocese to support its operations comes from parish assessments. The Diocese assesses parishes a percentage of their annual Ordinary Income. Assessments are due on a monthly basis and provide financial support for pastoral, education, religious personnel development (education and care of priest and seminarians), youth and administrative program areas. Additional sources of operating funds include: (i) revenue from the *House of Charity – Bishop’s Annual Appeal* and the Diocesan share (30%) of the *Catholic Strong* appeal; (ii) contributions and bequests from the faithful and grants from the Diocese of Camden Trusts, Inc. and the Diocese of Camden HealthCare Foundation, Inc.; and (iii) realized investment gains.

13. The House of Charity – Bishop’s Annual Appeal is an annual campaign undertaken early in the calendar year, the proceeds of which are used to support various ministerial and social service programs. As of June 30, 2020, pledges for the House of Charity – Bishop’s Annual Appeal were over \$916,000 to be collected through June 30, 2021. The House of Charity provides the day-to-day operational income that supports the pastoral, charitable and social ministries of the Diocese, including Catholic Charities, support for seminarian education and housing for retired

priests, support for VITALity Catholic Healthcare Services, support for Catholic education including special education, as well as support for our various pastoral ministries. Monies that are raised in this fiscal year are expended next fiscal year. Without the House of Charity, the Diocese could not fulfill our mission.

14. The Catholic Strong Campaign (“CSC”) was a capital campaign that sought to raise \$40 million to primarily benefit the parishes. Of the funds raised through the CSC, 70% are designated solely for the parishes from which these funds were raised. Their needs include updates to physical plant, new or expanded youth and pastoral ministries, and the hiring of staff to support parish programs. Thirty (30%) percent of the funds raised are designated for the Diocese for supporting stronger faith, stronger service and stronger Catholic schools. As of June 30, 2020, the CSC had \$40.5 million in pledges, of which \$20.7 million has been collected and \$13.3 million has been distributed to the parishes.

### **RETIREMENT PROGRAMS**

15. The Diocese administers several retirement programs for the priests and lay employees of the Diocese.

#### **A. Pension Plan for Priests of the Diocese of Camden**

16. As part of its retirement programs, the Diocese has a Pension Plan for Priests of the Diocese of Camden (the “Priest Pension Plan”). The Priest Pension Plan is a non-contributory defined benefit plan covering all incardinated priests in good standing of the Diocese. The Priest Pension Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), nor are the Priest Pension Plan’s benefits guaranteed by the Pension Benefit Guarantee Corporation. The Priest Pension Plan is exempt from federal income tax under provisions of

Section 501(c)(3) of the Internal Revenue Code. The Priest Pension Plan is covered under Code Section 414(e) - Church Plans.

17. Priests who serve in a Diocesan assignment for at least 25 years begin receiving benefits upon retirement with approval from the Ordinary of the Roman Catholic Diocese of Camden. Priests with less than 25 years, but at least 10 years of service receive a reduced benefit upon retirement. Under the Priest Pension Plan, normal retirement age is 70 with mandatory retirement at age 75. The Priest Pension Plan permits early retirement at age 65 due to permanent mental or physical disability, or with the approval of the Bishop.

18. Retired priests received \$2,284 and \$2,222 per month for the years ended June 30, 2019 and 2018, respectively, if they live outside a rectory or Diocesan facility. If the priest lives in a rectory or a Diocesan facility, the monthly benefit to the participant was \$1,374 and \$1,337 for the years ended June 30, 2019 and 2018, respectively, with the difference being paid each month to the parish or Diocesan facility providing residence. If a priest receives a pension benefit from another source, the monthly benefit is reduced by the amount of the outside benefit.

19. Contributions to the Priest Pension Plan are assessed by the Diocese to the parishes and affiliated organizations being served by priests in a Diocesan assignment. For the years ended June 30, 2019 and 2018, the amount assessed on behalf of each priest was \$7,000 and \$6,650, respectively.

**B. Pension Plan for Certain Lay Employees of the Diocese of Camden**

20. As part of its retirement programs, the Diocese has a Pension Plan for Certain Lay Employees of the Diocese of Camden (the "Lay Pension Plan"). The Lay Pension Plan is a non-contributory defined benefit plan covering certain employees of the Diocese and affiliated organizations designated by the Diocese as entitled to adopt the Lay Pension Plan. The Lay Pension Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject

to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), nor are the Lay Pension Plan's benefits guaranteed by the Pension Benefit Guarantee Corporation. The Lay Pension Plan is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Plan is covered under Code Section 414(e) - Church Plans.

21. An employee became eligible to participate in the Lay Pension Plan after age 21 and completing one full year of service to the Diocese or other affiliated organization. An employee received a 100% vested benefit after ten years of credited service. Effective July 1, 2009, participation in the Lay Pension Plan was frozen for employees hired on or after such date. Current Lay Pension Plan participants continue to participate in the Lay Pension Plan with no change. Any former participant who vested and left the Diocese can re-enter the Plan upon rehire. Non-vested former employees can re-enter the Lay Pension Plan within two years from the date of separation unless such participant was separated as part of a merger or closure in which case the participant may re-enter within four years of separation. Additionally, a participant is enrolled in the Lay Pension Plan as of his or her date of eligibility, and the participating organization is billed for his or her contribution.

22. The Lay Pension Plan provides for normal retirement on the last day of the month coinciding with or next following the later of the date the participant attains age 65 or the tenth anniversary of the date he or she becomes a plan participant. The Lay Pension Plan permits early retirement for participants on the last day of the month in which a participant attains age 62, or the tenth anniversary of the date he or she becomes a plan participant, if later. Benefits under early retirement are reduced by 1/2 of 1% for each month prior to normal retirement date.

23. A participant who retires on or after his or her normal retirement date is entitled to an annual pension benefit equal to 1.4% of annual earnings for the first ten years of credited service plus 1.8% of annual earnings for the next fifteen years of credited service plus 2.2% of annual

earnings for the remaining years of credited service. In no event does a participant receive less than \$100 per month in full retirement.

24. In the event of the death of a vested active or vested terminated participant, a death benefit is paid to the employee's eligible spouse beginning when the deceased participant would have reached the age of 65. The benefit is equal to one-half of the amount the eligible employee would have received had the employee retired the day before the employee's death and elected a 50% contingent annuitant option.

25. Contributions to the Lay Pension Plan are assessed by the Diocese to each participating organization. For each of the years ended June 30, 2019 and 2018, these assessments were made based upon 13.5% and 13% of participating employees' W-2 salaries for the years ended December 31, 2018 and 2017, respectively.

**C. Post-Retirement Benefits Plan for Priests of the Diocese of Camden**

26. As part of its retirement programs, the Diocese has a Post-Retirement Benefits Plan for Priests of the Diocese of Camden (the "Priest Post-Retirement Plan"). The Priest Post-Retirement Plan is a non-contributory defined benefit plan that provides health benefits and automobile insurance for all incardinated priests in good standing of the Diocese. The Priest Post-Retirement Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Priest Post-Retirement Plan is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Priest Post-Retirement Plan is covered under Code Section 414(e) - Church Plans.

27. Under the Priest Post-Retirement Plan, participants who have served in a Diocesan assignment for at least 25 years receive health benefits (medical, dental, vision and prescription) upon retirement with approval from the Ordinary of the Roman Catholic Diocese of Camden.



Normal retirement age is 70 with mandatory retirement at age 75. The Priest Post-Retirement Plan permits early retirement at age 65 due to permanent mental or physical disability, or with approval of the Bishop. Participants who retire at age 70 and have at least 10 years of service in a Diocesan assignment also receive full health benefits upon retirement. Automobile insurance premiums are also paid by the Priest Post-Retirement Plan for certain priests.

28. The Diocese assesses the parishes and affiliated organizations in which priests are serving for the Priests Post-Retirement Plan. For the years ended June 30, 2019 and 2018, the amount contributed on behalf of each priest was \$3,000 and \$2,850, respectively.

**D. The Diocese of Camden Retirement Plan**

29. As part of its retirement programs, the Diocese has established The Diocese of Camden Retirement Plan (the "Lay Retirement Plan"). The Lay Retirement Plan is a non-contributory defined contribution "profit sharing" plan covering certain employees of the Diocese and affiliated organizations designated by the Diocese as entitled to adopt the Lay Retirement Plan. The Lay Retirement Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Lay Retirement Plan is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Plan is covered under Code Section 414(e) - Church Plans.

30. An employee becomes eligible to participate in the Lay Retirement Plan after age 21 and completing one full year of service. An employee has a 100% vested benefit after ten years of credited service.

31. Employer discretionary contributions are allocated to a participant's account as a uniform percentage of the employee's annual earnings. Each participant's account is credited with

contributions, allocated forfeitures and earnings thereon. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested balance.

32. The Lay Retirement Plan provides for normal retirement on the first day of the calendar year month immediately following the date the participant attains age 65 with ten years of credited service. A participant's normal form of distribution is a single lump sum cash distribution. A participant who has not terminated employment and has attained age 59-1/2 may elect a withdrawal of all, or any portion of, his/her vested account benefit.

33. A person who terminates employment is entitled to elect to receive a distribution of all or any portion of his/her vested account benefit as soon as reasonably possible following the termination date. The participant may elect to receive a distribution of any deferred amount at any time.

34. The Diocese assesses participating organizations to the Plan. For each of the years ended June 30, 2019 and 2018, assessments were made based upon 3% of participating employees' W-2 wages for each of the years ended December 31, 2018 and 2017.

35. The benefit of a participant who is not vested is retained by the Diocese, as the Trustee of the Lay Retirement Plan, and deposited into the forfeiture account after that participant has incurred two consecutive one-year breaks in service, and is applied to reduce employer contributions under the Lay Retirement Plan or to pay Lay Retirement Plan expenses. At June 30, 2019 and 2018, the forfeiture balance was \$10,609 and \$10,369, respectively.

## **INVESTMENTS**

### **A. Diocese of Camden Trusts, Inc.**

36. The Diocese of Camden Trusts, Inc. ("DOC Trusts") is a separate legal entity from the Diocese, formed in 2001, and is more fully described in Father Hughes' Declaration. DOC

Trusts is organized for the purpose of assisting the Diocese in fulfilling its religious, charitable and educational mission by providing funding for education, religious personnel development, health care needs, canonically required offices and long-term capital needs.

37. The Board of Trustees of DOC Trusts is responsible for the overall governance of DOC Trusts. The Board of Trustees of DOC Trusts is assisted by the Diocese's Investment Committee with respect to the investment of the DOC Trusts' assets. All of the investments are managed based on the Diocese of Camden Trusts, Inc. Statement of Investment Policies and Objectives. See **Exhibit A** annexed hereto.

38. The Investment Committee's oversight of the portfolio includes:

- a. Developing sound and consistent investment objectives, policies, and guidelines that each investment manager can use in formulating corresponding investment strategies and decisions;
- b. Determining DOC Trusts' asset allocations among various asset classes and styles;
- c. Determining the number of managers and investment styles/strategies for the equity, bond, and alternative strategy allocations;
- d. Selecting qualified investment managers;
- e. Monitoring and evaluating each investment manager's portfolio and performance to insure that the investment policy guidelines are being adhered to and that objectives and goals are being achieved;
- f. Taking appropriate action to replace an investment manager.;
- g. Communicating clearly the duties and responsibilities of each investment manager; and
- h. Reviewing investment portfolio data quarterly and monthly flash reports.

39. The investments of DOC Trusts are administered by Cobble Hill Financial Services, Inc. ("Cobble Hill"), which acts as the investment consultant and advisor for the Diocese and DOC Trusts.

40. As set forth below, DOC Trusts has pledged certain of its investment accounts (see ¶47 supra) as collateral for the Diocese's line of credit with PNC Bank.

41. The Diocese of Camden Healthcare Foundation, Inc. (the "Healthcare Foundation") is a separate legal entity from the Diocese, formed in 2015, and is more fully described in Father Hughes' Declaration. Doc No. 3, ¶ 101. The Healthcare Foundation assists in funding the development, implementation and ongoing support of healthcare programs.

42. The Board of Trustees is responsible for the overall governance of the Healthcare Foundation. All of the investments are managed based on the Diocese of Camden Healthcare Foundation, Inc. Statement of Investment Policies and Objectives. See Exhibit J attached hereto.

43. The investments of Healthcare Foundation are administered by Cobble Hill Financial Services, Inc. ("Cobble Hill"), which acts as the investment consultant and advisor for the Healthcare Foundation.

44. The Foundation was assigned the net proceeds of the purchase price of the sale of three nursing homes in 2015 pursuant to the Order and Opinion of the Honorable Deborah Silverman Katz, Assignment Judge. See Exhibit K attached hereto. As part of the transaction, \$10 million must remain in an account with PNC Bank (the "Control Account") until December 14, 2023 as a guarantee of certain covenants in the transaction.

#### **B. Other Investments**

45. In addition to the investments held by DOC Trusts, the Diocese holds investments in the following accounts:

a. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS - Special Gifts;

b. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden Stock CHFS;

c. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS - Targeted General; and

d. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS - Treasury General.

46. These accounts hold funds in trust for the Parishes in accordance with the Trust Agreements.

47. In addition to the investment of Diocese funds, the Diocese also holds and invests certain Parish funds. Each of the Parishes are separately formed and incorporated under civil law. The finances of these entities are maintained separate and apart from the Diocese. Each Parish has a Trust Agreement which provides, in relevant part, as follows:

WHEREAS the Diocese has held for purposes of management and investment certain assets which are the property of St. Elizabeth Ann Seton, Absecon, NJ, a juridic person of the Roman Catholic Church operating pursuant to Canon 515 of the aforesaid Code of Canon Law, and a religious corporation of New Jersey operating pursuant to Title 16:15-1, et seq. of the aforementioned Revised Statutes (and which is hereinafter referred to as “the Parish” or “the Beneficiary”), which maintains an office at 591 New Jersey Avenue in Absecon, NJ, in the County of Atlantic in the State of New Jersey, and has attributed interest on such funds to such Beneficiary; and

WHEREAS the Diocese wishes to memorialize the trustee relationship which governs its holding of certain funds of the Parish in custody, which trustee relationship has existed since it first undertook to so hold such funds in custody;

NOW, THEREFORE, the Diocese does hereby publish and affirm the fact that such Trust Assets (as hereinafter defined) of the Parish as it holds in custody are held as a charitable trust, for the exclusive use and benefit of the said Parish, and with the equitable ownership thereof being vested in the said Parish, on the terms and conditions hereinafter set forth; and

...

### **1.2 Trust Assets**

(a) The assets of the Trust (which are also referred to herein as the funds of the Trust) consist of such amounts that the Parish may have

from time to time consigned to the Trustee for management and investment, together with such interest attributable thereto which the Trustee and the Beneficiary understand to be fixed at three percentum (3%) on an annualized basis.

(b) The assets of the Trust may, in the discretion of the Trustee, be commingled with its own assets and with other assets which it holds in trust, and the Trustee is expressly authorized and empowered to do so; provided, however, that the Trustee shall maintain such records so as to make the assets held upon behalf of the Beneficiary readily identifiable, and records of such accounting must be maintained in the trust records by the Trustee and be readily available to the Beneficiary for inspection during normal business hours.

(c) The assets of this Trust shall be used to further the religious, charitable and educational purposes of the Beneficiary and shall not be subject (in whole or in part) to voluntary or involuntary assignment, anticipation, or legal process, or to the claims of creditors of the Trustee, or the creditors of any other entity whose assets are held in trust by the Trustee. . .

Annexed hereto as **Exhibit B** is a sample copy of the Declaration of Trust and Trust Agreement between the Diocese and St. Elizabeth Ann Seton, Absecon, NJ Parish. Each of the parish trust agreements (collectively, the “Trust Agreements”) mirror this agreement. The Diocese has operated in conformance with the Trust Agreements. While the Diocese administers and monitors the Parishes’ liquid assets and provides administrative services related to the Parish, all Parish assets are separate and distinct from the Diocese assets and fully accounted for in such a manner.

48. These accounts are managed by Cobble Hill Financial Consultants and are in the custody of PNC Bank.

## **CAPITAL STRUCTURE**

### **A. Secured Debt**

49. On December 9, 2011, the Diocese entered into a Loan Agreement with PNC Bank, National Association (“PNC”) for a revolving line of credit (the “Loan”) wherein the Diocese may

borrow the lesser of (a) \$25 million dollars or (b) 90% of the margin value of the “Pledged Collateral” (as defined in the Loan Agreement). See Exhibit C annexed hereto.

50. In addition to the Loan Agreement, the Diocese and PNC entered into a Committed Line of Credit Note (the “Note”). See Exhibit D annexed hereto. Pursuant to the note, the Loan carries a rate of interest equal to (a) the Daily LIBOR Rate plus (b) the “Applicable Margin” (as that term is defined in the Note). The current “Applicable Margin” is .55%. Interest payments are due monthly and the entire principal balance of the Loan is due upon expiration of the Loan. The original expiration date of the Loan was December 9, 2014, which was extended to December 9, 2017, and further extended to December 9, 2020. PNC is aware of this filing for reorganization and we are working with them to continue or amend the Loan.

51. In connection with, and as security for, the Loan, DOC Trusts entered into a Pledge Agreement with PNC. See Exhibit E annexed hereto. Through the Pledge Agreement, DOC Trusts pledged the following collateral as security for the Loan: all investment property held in security account nos. xx-xx-xxx-xxx7115; xx-xx-xxx-xxx7123; xx-xx-xxx-xxx7131; xx-xx-xxx-xxx7149; xx-xx-xxx-xxx7157; xx-xx-xxx-xxx7165; and xx-xx-xxx-xxx7173 maintained with PNC Investments, LLC in its capacity as custodian (collectively, the “Pledged Accounts”), all assets credited to the Accounts and all additions, substitutions, replacements, proceeds, income, dividends and distributions thereon. The value of the Pledged Accounts as of June 30, 2020 was \$77.4 million.

52. In addition to the Pledge Agreement, the Diocese of Camden Trusts, Inc. entered into a Guaranty and Suretyship Agreement (the “Guaranty”) with PNC, whereby the Diocese of Camden Trusts, Inc. unconditionally guaranteed and became the surety for, the prompt payment of all amounts due under the Loan. See Exhibit F annexed hereto.

53. On December 11, 2017, the Diocese entered into an Amendment with PNC. Pursuant to the Amendment, the expiration date of the Loan was extended from December 9, 2020. See **Exhibit G** annexed hereto.

54. As of September 30, 2020, the outstanding balance of the Loan is \$22,807,500. It is the Diocese's position that PNC is over secured, as the current value of the Pledged Accounts as of September 30, 2020 was \$77.4 million.

**B. Unsecured Debt**

55. The Diocese owes its vendors approximately \$600,000 as of the Petition Date. These claims are for the delivery of goods and services to the Diocese, which are used in the operation of the Diocese's business, including providing support for its ministries and other outreach programs. These creditors are essential to the Diocese's operations, as they provide the items and services necessary to continue the Diocese's mission.

**C. Litigation Claims**

56. On December 1, 2019, amendments to New Jersey's statute of limitations went into effect allowing individuals to assert claims of child abuse regardless of when it is reported to have occurred, and to file claims against institutions and individuals, even if those claims had already expired and/or were dismissed because they were filed late. Additionally, the new law also expands the statute of limitations for victims to bring claims of child sexual abuse to age 55 or until seven years from the time that an alleged victim became aware of his/her injury, whichever comes later. The nature and extent of the abuse claims, and the procedures the Diocese has taken to ensure that abuse never happens again within the Diocese, is more fully set forth in the Declaration of Reverend Robert E. Hughes, which is being filed simultaneously.

57. Prior to formation of the New Jersey Independent Victim Compensation Program ("IVCP"), from 1990 to 2019, the Diocese has paid settlements totaling over \$10.1 million, and,



in addition to the IVCP awards and non-IVCP settlements, has expended \$945,000 to provide therapeutic assistance to victims. The Diocese of Camden has paid \$8.1 million in additional settlements to victims since the inception of the IVCP.

58. Effective July 31, 2020, the Diocese suspended its participation in the IVCP due to the volatility of the financial markets and a sustained decline in parish revenues resulting from the COVID-19 pandemic.

59. The abuse and other litigation claims represent a large liability to the Diocese that may inhibit the Diocese from engaging in and providing its various ministries, charitable works and other aid that the Diocese provides to the community.

### **FIRST DAY MOTIONS**

60. To further the Diocesan mission and continue operations, the Diocese respectfully requests that the following First Day Motions be granted.

**I. Motion for Entry of an Order Authorizing the Diocese to File Portions of Schedule F, the Master Creditor Mailing Matrix, and Other Pleadings and Documents Under Seal (the “Motion to Seal”)**

61. Many of the unsecured creditors in this Chapter 11 Case are individuals whose claims against the Diocese are premised on allegations of abuse (“Abuse Claimants”). Some Abuse Claimants (the “Abuse Plaintiffs”) have filed tort claims against the Diocese following the passage of amendments to New Jersey’s statute of limitations. Many, but not all, of the Abuse Plaintiffs have elected to file their litigation claims against the Diocese under pseudonyms, with their real identity to be revealed only to the defendants in the course of litigation and with the understanding that their identities would not be publicly disclosed. Other Abuse Claimants are non-litigants who contacted the Diocese pre-petition, either with or without the assistance of counsel, and asserted claims of abuse with the understanding that the Diocese would protect their identities and keep their claims confidential. The Diocese has previously entered into settlements

with some of those Abuse Claimants where the Diocese agreed to keep the Abuse Claimant's name confidential but did not require the Abuse Claimant to keep the settlement confidential.

62. In light of the sensitive nature of the claims of the Abuse Plaintiffs and other Abuse Claimants, to avoid causing unnecessary additional anguish or embarrassment, and to encourage such individuals to feel safe and secure in advancing their claims without fear, the Diocese submits that it would be inappropriate and potentially harmful to require the public disclosure of identifying information relating to individuals who have, either informally, formally, or through filing a lawsuit, notified the Diocese of allegations of abuse by clergy members or other persons employed by Catholic entities or otherwise subject to Diocesan supervision.

63. With the mutual consent of certain Abuse Claimants, the Diocese has entered into certain confidentiality restrictions. It believes that it is imperative that the decision to come forward and identify oneself as an Abuse Claimant be left to the individuals in question, and that such accommodations can be made without adversely affecting the rights of any other parties in interest.

64. The Diocese respectfully requests permission to protect the identities of Abuse Plaintiffs and other Abuse Claimants while providing them notice of this Chapter 11 Case and notice of such events and motions as is required by the Bankruptcy Code and applicable Bankruptcy Rules. The Diocese further seeks to share names and contact information for Abuse Plaintiffs and other Abuse Claimants with the Court and Bankruptcy Clerk under seal. It is proposed that Abuse Plaintiffs and those Abuse Claimants currently represented by counsel be given notices in the Diocese's Chapter 11 Case only through their respective counsel. The Diocese seeks leave of the Court to serve notice of this Chapter 11 Case, and other requisite notices, directly on Abuse Claimants who have advised the Diocese of potential claims but have not yet identified counsel, without disclosing those Abuse Claimants' names or addresses to other parties.

**II. Motion for Entry of Interim and Final Orders Authorizing the Diocese to (A) Pay Prepetition Compensation and Reimbursable Employee Expenses, (B) Pay and Honor Medical and Other Benefits and (C) Continue Employee Benefit Programs (the “Wages Motion”)**

65. The Diocese seeks authorization to (i) pay employee claims for wages, salaries, commissions, contractual compensation, sick pay, personal pay, holiday pay, other accrued compensation, withholding and payroll related taxes for the Current Pay Period (as defined therein); (ii) direct all banks to honor pre-petition checks for payment of employee obligations in the Current Pay Period.

66. Any payments in respect of prepetition wages, salaries, commissions, and other compensation and benefit programs will not exceed the employee limitation for the Current Pay Period allowable as a priority claim under Bankruptcy Code sections 507(a)(4) and (5).

67. The Diocese believes that the payment of the employee obligations is critical in order to maintain the critical employees during the pendency of the chapter 11 case and to ensure that they remain with the Diocese.

**A. The Diocese’s Employees**

68. The Diocese is a Roman Catholic diocese organized pursuant to Article 2 of Title 16 of the Revised Statutes of New Jersey (N.J.S.A. 16:15-9 to 15-17) operating pursuant to Canon 369 of the Code of Canon Law. There are 62 parishes in the geographic area of the Diocese (with 486,368 parishioners) which are organized pursuant to Article 1 of Title 16 of the Revised Statutes of New Jersey (N.J.S.A. 16:15-1 to 15-8) operating pursuant to Canon 515 of the Code of Canon Law.

69. In completing its mission, the Diocese employs approximately 161 people, including, but not limited to, Priests, Deacons, Nuns, and lay people (collectively, the

“Employees”). The Employees are critical to the Diocese’s mission and the support the Diocese provides to homeless, poverty stricken, unemployed and veterans.

70. The Employees also include the staff and workers at each of the cemeteries run by the Diocese (the “Cemetery Employees”). The Cemetery Employees are members of Teamsters Local Union No. 676 (the “Union”). The Union is the sole and exclusive representative for all full-time cemetery field workers/foremen employed by the Diocese. The agreement between the Union and the Diocese was entered into effective August 1, 2019 and remains in full force and effect through July 31, 2023.

#### **B. Wages**

71. The Diocese’s full-time and part-time employees are paid as follows:

- a. Priests and Nuns: Monthly on the 15<sup>th</sup> of each month;
- b. Lay Employees: bi-weekly; and
- c. Cemetery Employees: weekly.

72. Funds are transferred from the operating accounts of the Diocese to the payroll account at PNC Bank, N.A. ending in 5448 (the “Payroll Account”) to cover its payroll. The Diocese uses Paycor, Inc. (“Paycor”) to process its payroll, calculate paychecks, administer all payroll deductions and tax withholdings, and file related tax returns. Paycor withdraws Employees’ net pay amounts from the Payroll Account in a lump sum in advance of the payroll date and issues checks and direct deposits drawn on Paycor’s own accounts to Employees.

73. The Employees receive wages and salaries. The Diocese’s aggregate payroll for September 2020 attributable to wages and salaries, before employee deductions and tax withholdings, was approximately \$572,279. The Diocese’s most recent Employee pay date for lay Employees was September 18, 2020, for priests was September 25, 2020, for nuns was September 15, 2020, and for Cemetery Employees was September 25, 2020.

74. Accordingly, as of the Petition Date, the accrued prepetition wages, salaries, and related obligations of the Diocese (the “Prepetition Wages”) are anticipated to be approximately \$76,343.33. The Diocese may also have additional prepetition obligations to Employees resulting from checks on account of Prepetition Wages that were previously issued to Employees, which have not yet been presented for payment or may not have cleared through the Diocese’s banking system. Accordingly, the aggregate amount of Prepetition Wages that have not yet been paid to the Employees may include amounts corresponding to additional prepetition pay periods.

75. In addition, there is an Accountable Reimbursement Plan that is paid to the priests monthly. This amount represents their expenses, which must be supported by documentation to the Diocese prior to year-end.

### **C. Workers’ Compensation Obligations**

76. The Diocese is required under applicable laws in the State of New Jersey to maintain workers’ compensation insurance to provide Employees with workers’ compensation coverage for injury claims arising from or related to their employment with the Diocese (the “Workers’ Compensation Insurance”).

77. The Diocese self-insures for Workers’ Compensation Insurance up to \$500,000. The Debtor carries excess Workers’ Compensation Insurance with Safety National Casualty Corp. in accordance with New Jersey law. As of the Petition Date, the Diocese is current with respect to its prepetition obligations for Workers’ Compensation Insurance.

78. Accordingly, the Diocese maintains workers’ compensation programs pursuant to the applicable requirements of local law and seeks authority to make all payments required in connection with such programs.

### **D. Payroll Taxes and Deductions**

79. During each applicable payroll period, the Diocese routinely deducts certain amounts from Employees' paychecks for items such as pre- and post-tax deductions payable pursuant to certain employee benefit plans, Employee retirement contributions, legally ordered deductions such as garnishments and child support, and other miscellaneous deductions (collectively, the "Deductions"). The Diocese seeks authority to forward prepetition Deductions (and to continue to forward Deductions on a postpetition basis whether or not related to the prepetition period) to the appropriate third parties in the ordinary course of business.

80. The Diocese is required by law to withhold from Employee paychecks amounts related to federal, state, and local income taxes, Social Security, Medicare, and state unemployment/disability taxes (collectively, the "Withheld Amounts") for remittance to the appropriate federal, state, or local taxing authorities. In addition, the Diocese is required to pay from their own funds Social Security and Medicare taxes, and, based on a percentage of gross payroll, additional amounts for federal and state unemployment/disability insurance (together with the Withheld Amounts, the "Payroll Taxes"). The Diocese remits the Payroll Taxes to the appropriate taxing authorities and file related periodic information returns when due. The Diocese seeks authority to pay this amount and to continue to honor and process all prepetition obligations with respect to Payroll Taxes on a postpetition basis in the ordinary course of business.

81. By way of the Wages Motion, the Diocese seeks authority to pay any accrued and unpaid Payroll Taxes and continue to forward all post-petition payroll Deductions to the appropriate parties.

#### **E. Paid Time Off**

82. To provide continuity of income for Employees during time off from their jobs for vacation, personal time, holidays, emergencies and illness, the Diocese provides paid time off ("PTO") to their full-time Employees. The amount of PTO provided varies by Employee based

upon each Employee's job classification, budgeted hours and length of continuous service according to an accrual schedule.

83. Certain of the Employees have accrued and unused PTO as of the Petition Date. The Diocese seeks authority to continue their prepetition policies with respect to PTO in the ordinary course of business.

**III. Motion for Entry of Interim and Final Orders (I) Authorizing the Continued Maintenance of the Diocese's Self-Insurance Programs; and (II) Authorizing the Payment of Prepetition Obligations in Respect Thereof (the "Self-Insurance Motion")**

84. The Diocese requests that the Court enter interim and final orders allowing the Diocese to continue to maintain its self-insurance program for property, casualty, workers' compensation and both general and automobile liability risks (the "DSIP") and its self-insured health program (the "CHIP-DOC", and, collectively with DSIP, the "Self-Insurance Programs"). The Diocese also seeks entry of an order authorizing, but not directing, the Diocese in its discretion, to pay any prepetition claims, premiums, defense costs, obligations and administrative costs related to the Self-Insurance Programs, and authorizing banks to honor checks and other withdrawals, whether for pre- or post-petition periods, for amounts representing payments or reimbursement of claims payable under the Self-Insurance Programs. To the extent coverage may be available under the Self-Insurance Programs' policies for claims made pursuant to by abuse claimants, the Diocese is not seeking authority to pay such claims at this time. The Diocese proposes to address all abuse claimants, as well as any insurance coverage which may be available to cover them, in connection with its plan of reorganization.

85. An order granting the requested relief is necessary to minimize unnecessary disruption to the Diocese and other participants in the Self-Insurance Programs and to continue the insurance coverage funded with their premium payments. The Diocese is not requesting the assumption or rejection of any executory contracts in connection with this Motion.

**A. Self-Insurance Program**

86. The Diocese implemented the DSIP as a means of ensuring that the Diocese and other affiliated entities (collectively, the “DSIP Participants”) have adequate insurance protection at a reasonable price by spreading risk among a large number of participants, self-insuring the expected losses and leveraging their collective buying power to secure excess coverage at favorable rates. A list of the DSIP Participants is annexed to the Self-Insurance Motion as Exhibit A.

87. Under the DSIP, the Diocese coordinates and administers a self-insurance program providing claims administration and risk management services to itself and each of the DSIP Participants. The DSIP currently provides the self-insurance services for claims limited to respective self-insurance retentions and purchases excess insurance policies for coverages including but not limited to: (i) direct and indirect property loss, business interruption and equipment breakdown; (ii) general liability claims, including personal injury, employee benefits, sexual misconduct, employment practices liability, directors and officers liability, school board legal liability, cyber liability, errors and omissions liability, automobile liability; and (iii) workers’ compensation.

88. The DSIP utilizes third party insurance brokers to assist the Diocese in purchasing appropriate excess coverage and administer various risk management programs. Continuation of the excess insurance program is the subject of a separate motion. As set forth in further detail below, the DSIP also utilizes third party claims administrators to oversee the administration and payment of claims including worker’ compensation and auto liability in compliance with New Jersey statutes.

89. The Diocese funds the DSIP primarily by billing each DSIP Participant a ratable portion of the projected overall cost of administering the program and paying claims, using



allocation methodologies which take into account numerous different ratable exposure bases. The Diocese tries to achieve a consistent and fair allocation of premium costs among the DSIP Participants. For fiscal year 2020-2021, the Diocese has budgeted approximately \$7.3 million in allocation revenue related to the DSIP. This revenue is used to pay administrative costs of the program, to pay claims for losses and to pay premiums for excess coverage.

90. Under the DSIP, the Diocese is responsible for paying claims for losses incurred by DSIP Participants, up to applicable Self-Insured Retentions (“SIR”). The Diocese has a \$50 million excess property policy which provides coverage for property and business interruption losses in excess of the \$1,000,000 property Diocesan self-insured retention on a per occurrence basis. For general, professional and automobile liability, the Diocese is responsible for paying claims of up to the \$250,000 per occurrence SIR with \$30 million of excess coverage provided through various excess insurance carriers. The Diocese pays the first \$250,000 per occurrence for sexual misconduct claims and purchases a claims-made policy with a limit of \$750,000 per occurrence and in the aggregate for the policy term excess of \$250,000 each and every occurrence. The Diocese also pays the first \$500,000 per occurrence with respect to any workers compensation claims. Workers’ Compensation claims above the SIR are paid by an excess insurance carrier currently Safety National Casualty Corporation. In addition, the Diocese buys crime coverage, including employee dishonesty, in excess of the DSIP’s \$50,000 retention. If there are surplus DSIP funds remaining at the end of a fiscal year after payment of all costs and expenses related to the program, such surplus funds are retained and used to offset future obligations under the program.

91. The Diocese contracts with Porter & Curtis, LLC for a part-time Risk Manager. They also contract with Advanced Enterprise Technologies, Inc. to provide risk management, cost allocations and billing for the DSIP. The Diocese also contracts with Sphere Risk Partners, as a

third-party administrator, to manage claims for all coverages referenced in paragraph 8 above except for worker's compensation. The Diocese contracts with Qual-Lynx, a third-party administrator, to manage claims for workers' compensation. As of the Petition Date, the DSIP had established reserves in the amount of \$9.4 million.

92. The DSIP provides a practical, cost-effective way to manage risk for the DSIP Participants under a single, comprehensive insurance program. If the DSIP is not continued, the Diocese, together with each of the DSIP Participants, will be forced to purchase separate insurance policies covering each entity and their respective properties. Upon information and belief, each of the Diocese and the other DSIP Participants would incur substantially higher costs to obtain their own individualized insurance (with or without a retention or deductible) than what they are currently assessed under the DSIP. Moreover, without the broad collective risk profile provided by the DSIP, certain types of coverage and available coverage limits may simply not be available on an individualized basis or on commercially reasonable terms.

93. The Diocese seeks to continue to maintain the DSIP for itself and on the behalf of the DSIP Participants and to pay claims under the DSIP in accordance with past practice and in the ordinary course of business. The Diocese believes that the maintenance of the DSIP is in the best interest of the estate and its creditors.

94. A chart demonstrating the coverage of the Self-Insurance Program, along with the excess coverage provided by the Diocese's excess insurance coverage is annexed to the Self-Insurance Motion as Exhibit B.

#### **B. Self-Insurance Health Program**

95. The Diocese also coordinates and administers the Catholic Health Insurance Plan Diocese of Camden ("CHIP-DOC"), which provides voluntary self-insured medical coverage for Diocesan employees, employees of other Catholic entities, and their dependents (the Diocese,

together with such other participating employers, the “CHIP-DOC Participants”). A list of the CHIP-DOC participants is annexed to the Self-Insurance Motion as Exhibit C. The CHIP-DOC currently provides health insurance coverage for approximately 862 employees. In total, over 1,526 people, including family members, are covered by the CHIP-DOC.

96. The CHIP-DOC utilizes a third-party administrator to assist the Diocese in processing claims and establishing appropriate financial contributions for the CHIP-DOC Participants and their employees. Horizon BC/BS of NJ (“Horizon”) serves as the administrator. Horizon administers CHIP-DOC coverage through Horizon, a self-funded, tailored-network plan available for large group employers in New Jersey.

97. As the administrator for the CHIP-DOC, Horizon evaluates reimbursement claims submitted by healthcare providers, determines the appropriate amounts owed, and coordinates payment of claims. Horizon bills the amount of any allowed claims on a weekly basis and a per-capita administrative fee to the CHIP-DOC on a monthly basis. The dollar value of claims payable to Horizon in any given billing cycle varies depending upon the medical services utilized from time to time by CHIP-DOC beneficiaries. The administrative fee paid to Horizon is, on average, approximately \$69,000 per month.

98. Each of the CHIP-DOC Participants pays premiums to cover the costs of providing coverage for its respective employees and their dependents under the CHIP-DOC. CHIP-DOC premiums are paid on a four-tiered basis and are calculated based upon the prior year’s claim experience. All funds related to the CHIP-DOC are maintained in a separate checking account with PNC Bank and are used to pay claims and other costs of administration. The reserves are maintained in a separate Revolving Fund savings account in the Diocesan Revolving Fund.

99. In the event a CHIP-DOC beneficiary requires extraordinary levels of medical care, the CHIP-DOC maintains a stop-loss policy with BCS, Inc. (“BCS”), which provides coverage for

claims of any individual in excess of \$350,000 per year. Premiums for the stop-loss policy are paid directly to BCS. The Diocese estimates that the ongoing monthly cost associated with maintaining CHIP-DOC stop-loss coverage is approximately \$41,700.

100. As of the Petition Date, the Diocese estimates that it has reserves for the CHIP-DOC of approximately \$2,500,000, which it believes to be sufficient to cover all known and anticipated claims under the program for the current fiscal year.

**IV. Motion for Interim and Final Orders Authorizing (I) the Continuation of the Diocese’s Insurance Policies; (II) the Continuation of the Diocese’s Premium Financing Agreements; and (III) the Performance of All Prepetition Obligations Related Thereto (the “Insurance Premium Financing Motion”)**

101. In the Insurance Premium Financing Motion, the Diocese respectfully requests that the Court enter interim and final orders authorizing the (i) the continuation of the Diocese’s insurance policies, other than its self-insurance policies, (ii) the continuation of the Diocese’s premium financing agreements, and (iii) the performance of all prepetition obligations related thereto.

102. The Diocese is largely self-insured for most risks. However, the Diocese does maintain excess insurance policies through a number of third-party insurers (collectively, the “Insurance Policies”). The Insurance Policies are essential to the preservation of the Diocese’s business and the proper functioning of its self-insurance program.

103. It is not economically advantageous for the Diocese to pay the premiums on all of the Insurance Policies on a lump-sum basis. Accordingly, in the ordinary course of business, the Diocese finances the premiums on some of their Insurance Policies by entering into premium finance agreements with premium finance companies.

104. With respect to some of the Insurance Policies, the Diocese entered into a Premium Finance Agreement with AFS/IBEX a Division of MetaBank (“AFS/IBEX”). The Insurance

Policies that are subject to the Premium Finance Agreement are listed in the schedule annexed to the Insurance Premium Financing Motion as Exhibit B (collectively, the “Financed Insurance Policies”).

105. With respect to the Financed Insurance Policies, the Premium Finance Agreement provides for the following terms:

<b>Total Premiums</b>	<b>Down Payment</b>	<b>Unpaid Principal Balance</b>	<b>Finance Charge</b>	<b>Total of Payments</b>	<b>APR</b>
\$2,782,382.41	\$234,838.18	\$2,547,544.23	\$35,675.75	\$2,583,219.98	2.790%

106. In addition, the Premium Finance Agreement provides for 11 monthly payments in the amount of \$234,838.18. The Diocese is current on all of its obligations with respect to the Insurance Policies as of the Petition Date.

107. If the Diocese is not able to pay its financing obligations under the Premium Financing Agreement, AFS/IBEX could attempt to seek modification of the automatic stay to terminate the various underlying insurance policies in order to recoup its losses. If such modification were permitted, the Diocese would then be required to obtain replacement insurance on an expedited basis and at tremendous cost to the Diocese’s estate. If the Diocese was required to obtain replacement insurance and pay a lump-sum premium in advance, this payment would likely be greater than what the Diocese currently pays. Even if AFS/IBEX was not permitted to terminate the underlying insurance policies, any interruption of payment would have a severe, adverse effect on the Diocese’s ability to obtain a new policy or finance premiums in the future.

108. In view of the importance of maintaining insurance coverage with respect to the Diocese’s business activities, its obligations under its self-insurance program and New Jersey law, and the preservation of the Diocese’s cash flow and estate by financing the insurance premiums, the Diocese believes it is in the best interests of its estate to authorize the Diocese to honor its

financing obligations under the Premium Financing Agreement. Any other alternative would likely require considerable additional cash expenditures and would ultimately reduce available distributions for unsecured creditors.

109. In addition, because the Premium Financing Agreement and the Insurance Policies may expire during the course of the Chapter 11 Case, the Diocese seeks authority to renew the Premium Financing Agreement and enter into other similar agreements in connection with the continuation of Insurance Policies in the ordinary course of the Diocese's business, without further Court approval. The Diocese will need continued excess insurance coverage throughout the entire duration of the Chapter 11 Case. The Diocese respectfully submits that renewal of the Premium Financing Agreement falls squarely within the ordinary course of its business, and, but for the constraints of section 364 of the Bankruptcy Code, the Diocese would not need the Court's prior approval to renew these agreements. To reduce the administrative burden, as well as the expense of operating as debtor-in-possession, the Diocese seeks the Court's authority now to renew the Premium Financing Agreement or enter into new insurance financing agreements for the Insurance Policies, if and when necessary.

110. In light of the importance of maintaining excess insurance coverage and preserving the Diocese's liquidity by financing the insurance premiums, the Diocese believes it is in the best interests of its estate and all stakeholders to honor its prepetition financing obligations, and to renew the Premium Financing Agreement or enter into similar premium financing agreements for the Insurance Policies, as necessary.

**V. Motion For an Order (I) Authorizing the Diocese to Continue and Maintain Its Existing Cash Management System, Bank Accounts and Business Forms, (II) Modifying the Investment Guidelines, (III) Providing the United States Trustee with a 60-Day Objection Period, and (IV) Granting Related Relief (the "Bank Accounts Motion")**

111. In the ordinary course of its operations, the Diocese receives deposits and issues checks, wire transfers and ACH transfers into and out of its bank accounts. The Diocese seeks authority to continue to use the bank accounts, subject to certain terms and conditions.

112. As of the Petition Date, the Diocese maintains the following bank accounts at PNC Bank, N.A. (“PNC”)<sup>3</sup>, TD Bank, N.A. (“TD Bank”), BB&T Bank (“BB&T”) and Ocean First Bank (“Ocean First”, and collectively with PNC and TD Bank, the “Banks”), which accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) (collectively, the “Bank Accounts”):

<b>Banking Institution</b>	<b>Account Number</b>	<b>Type of Account</b>
PNC Bank, N.A.	XXXXXX5329	Lay Defined
PNC Bank, N.A.	XXXXXX8225	Igbo Catholic
PNC Bank, N.A.	XXXXXX6476	Catholic Strong
PNC Bank, N.A.	XXXXXX1941	New Jersey Payroll
PNC Bank, N.A.	XXXXXX8769	Catholic Star Herald
PNC Bank, N.A.	XXXXXX8777	Brazil Mission
PNC Bank, N.A.	XXXXXX8785	Sacred Heart Res
PNC Bank, N.A.	XXXXXX8793	Campus Ministry
PNC Bank, N.A.	XXXXXX8814	Health Insurance
PNC Bank, N.A.	XXXXXX8822	Black Catholic Ministries
PNC Bank, N.A.	XXXXXX8857	Cemeteries
PNC Bank, N.A.	XXXXXX8873	House of Charity
PNC Bank, N.A.	XXXXXX8881	Revolving Fund
PNC Bank, N.A.	XXXXXX8902	Lay Pension
PNC Bank, N.A.	XXXXXX8929	Priest Pension
PNC Bank, N.A.	XXXXXX8937	PNC Operating
PNC Bank, N.A.	XXXXXX8945	Billing
PNC Bank, N.A.	XXXXXX5635	CREDO
PNC Bank, N.A.	XXXXXX8118	Est of Thomas A Guenther
PNC Bank, N.A.	XXXXXX0477	Catholic Social Services
TD Bank, N.A.	XXX-XXX9393	TD Operating
TD Bank, N.A.	XXX-XXX3393	Payroll Account
Ocean First Bank	XXXXXX0068	Gift Annuity Account
BB&T Bank	XXXXXX1763	Diocese of Camden Bishops Foundation
BB&T Bank	XXXXXX1755	Diocese of Camden G.I.F.T.

See **Exhibit I** annexed hereto.

<sup>3</sup> According to the U.S. Trustee Guidelines, PNC Bank, TD Bank and Ocean First are all approved depositories.

113. In the ordinary course of business, the Diocese maintains a cash management system to receive and disburse funds utilizing the Bank Accounts. The Cash Management System is used in connection with satisfying the Diocese's day-to-day operating expenses. A description of the Diocese's Cash Management System follows.

114. The Diocese uses the "Lay Defined" account for its monthly funding of the Lay Defined Pension Plan. The Diocese transfers funds to this account from its "PNC Operating" or "Billing" accounts the first week of each month.

115. The Diocese uses the "Igbo Catholic" account to pay for monthly Mass stipends and miscellaneous expenses. Deposits to this account come from contributions or events.

116. The Diocese uses the "Catholic Strong" account to deposit receipts from the Diocesan capital campaign. Monthly transfers are made to the "Revolving Fund" account on the 30<sup>th</sup> of each month.

117. The Diocese uses the "New Jersey Payroll" account for the weekly funding of payroll. Transfers are made from the "PNC Operating" account to this account on Tuesday or Wednesday of each week to cover payroll.

118. The Diocese uses the "Catholic Star Herald" account to process all activity for the Diocesan newspaper – the *Catholic Star Herald*. Bi-monthly transfers are made from this account to the "New Jersey Payroll" account for the Catholic Star Herald's share of payroll.

119. The Diocese uses the "Brazil Mission" account to make monthly \$1,000 payments for mission activity and assistance. The Diocese transfers \$6,000 from its "PNC Operating" account to the "Brazil Mission" account every six months.

120. The Diocese uses the "Sacred Heart Res" account for small miscellaneous expenses, repairs, and supplies related to the priest's retirement home. The Diocese makes account



transfers from the “PNC Operating” account as needed, with a \$5,000 allowed balance in the “Sacred Hear Res” account.

121. The Diocese uses the “Campus Ministry” account for small miscellaneous expenses, repairs, and supplies related to the Stockton Campus Ministry. Deposits to this account come from contributions.

122. The Diocese uses the “Health Insurance” account to pay for weekly health claims and premiums. Payments from this account are made on Thursday or Friday of each week.

123. The Diocese uses the “Black Catholic Ministries” account for small miscellaneous expenses. Deposits to this account come from contributions.

124. The Diocese uses the “Cemeteries” account for deposit of cemetery sales. There are no expenses paid out of this account except for bank fees. Funds deposited into this account are transferred to “PNC Operating” at month end.

125. The Diocese uses the “House of Charity” account for deposit of monies from its annual Diocesan campaign for Diocesan charitable ministries and programs. Funds deposited into this account are transferred to “Revolving Fund” on the 30<sup>th</sup> of each month.

126. The Diocese uses the “Revolving Fund” account to process payment of capital expenses for Parishes from their savings account, deposit loan payments for Parishes that have outstanding loan balances and various payments to elementary schools. Deposits are made to this account as noted elsewhere.

127. The Diocese uses the “Lay Pension” account for monthly funding of its Lay Pension Plan. Payments are made to the Diocese’s pension administrator. Transfers to this account are made from the “Billing” and “PNC Operating” accounts on or around the first week of each month. The Diocese will occasionally transfer funds from this account to its “Trust Account”.

128. The Diocese uses the “Priest Pension” account for monthly funding of its Priest Pension Plan. Transfers to this account are made from the “Billing” and “PNC Operating” accounts on or around the first week of each month. The Diocese will transfer funds from its “Trust Account” to this account on the third week of each month. A transfer is made from this account to the “PNC Operating” account during the last week of each month for ACH funding.

129. The Diocese uses the “PNC Operating” account to process most of its daily activity for its operations. Transfers are made to and from this account as noted elsewhere.

130. The Diocese uses the “Billing” account to deposit receipt of billings to Parishes, schools and other entities of the Diocese. In addition, there are monthly payments from this account to pay corporate credit card accounts. Transfers are made monthly from this account to the “PNC Operating”, “Revolving Fund”, “Priest Pension”, and “Lay Pension” accounts.

131. The Diocese uses the “CREDO” account for deposit of monthly membership fees for religious education. Payments are made out of this account for various expenses.

132. The Diocese uses the “Estate of Thomas A. Guenther” account for the residual balance of the Estate of Thomas A. Guenther, which is for the benefit of the Diocese of Camden.

133. The Diocese uses the “Catholic Social Services” account as a small imprest account for the Cape May Family Services Center.

134. The Diocese uses the “TD Operating” account to process online deposits for events and activities, and to pay select bills electronically. Periodic transfers are made between “PNC Operating” to reimburse “TD Operating” for expenses paid as well as forward receipts to “PNC Operating”.

135. “TD Payroll” is a former payroll account that has no further activity except for the accrual of interest.

136. The Diocese uses the “Gift Annuity Account” for its contract between donors and the Diocese. This account records additions, income, fees, realized gain (loss), unrealized gain (loss) and withdrawals of the annuitant.

137. The Diocese uses the “Diocese of Camden Bishops Foundation” for contributions and membership dues made to various groups at the Bishop’s discretion. Funding comes from Bishop’s Foundation revolving fund account. Average funding is \$30,000 every 3-6 months.

138. The Diocese uses the “Diocese of Camden G.I.F.T.” to fund tuition assistance for Diocesan schools. Funding comes from annual grants and gifts from various donors. Disbursements to schools are made annually between August and October averaging \$300,000 to \$350,000.

139. The Diocese also seeks authority to continue to use their prepetition business forms including, but not limited to, letterhead, invoices, checks, *et cetera* (collectively, the “Business Forms”), without reference to their status as debtors-in-possession. Requiring the Diocese to immediately print new Business Forms would be burdensome, expensive, and disruptive. The Diocese will, however, obtain checks marked “Debtor-in-Possession” when it replaces stock.

140. On or about August 1, 2019, the Diocese entered into an Amended and Restated PNC Commercial Express Card Program Authorization and Agreement (the “Credit Card Agreement”) through which PNC Bank extends credit to the Diocese by establishing a Visa commercial card program. Under the Agreement, the Diocese has a company credit limit of \$100,000.

141. The Diocese issues credit cards (the “Credit Cards”) to various employees, who use the Credit Cards for general expenses in the ordinary course of the Diocese’s operations and the fulfillment of its mission.

142. Through the Bank Accounts Motion, the Diocese seeks authorization to continue using the Credit Cards in the normal course of its operations.

**VI. Motion for an Interim Order and a Final Order (i) Prohibiting Utility Companies From Discontinuing, Altering, or Refusing Service; (ii) Deeming Utility Companies to Have Adequate Assurance of Payment; and (iii) Establishing Procedures for Resolving Requests for Additional Assurance Pursuant to 11 U.S.C. §§ 105(a) and 366 (the “Utilities Motion”)**

143. The Diocese seeks entry of (i) an Interim Order, and (ii) a Final Order, pursuant to sections 105(a) and 366 of the Bankruptcy Code, (a) prohibiting the utility companies from discontinuing, altering or refusing service to the Diocese, except as set forth herein, (b) deeming the utility companies adequately assured of future performance, and (c) establishing procedures for resolving requests for additional assurance of payment.

144. Uninterrupted utility services are essential to the Diocese’s ongoing operations and, therefore, to the success of the Diocese’s chapter 11 efforts. Indeed, any disruption to the Diocese’s businesses by virtue of the cessation of utility services by the utility companies will bring the Diocese’s operations to a halt.

145. The Diocese makes payments to the Utility Companies on a regular basis, which payments were timely prepetition. The Diocese also has sufficient cash on hand on a monthly basis to make payments to the Utility Companies.

146. A chart of all of the Utility Companies utilized by the Diocese is annexed to the Utilities Motion at Exhibit A.

Pursuant to 28 U.S.C. § 1746, I swear under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: October 6, 2020

/s/ Laura J. Montgomery  
Laura J. Montgomery, Diocesan Finance  
Officer of the Diocese of Camden, New  
Jersey