

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO**

In re:

ROMAN CATHOLIC CHURCH OF THE  
DIOCESE OF GALLUP, a New Mexico  
corporation sole,

Debtor.

Jointly Administered with:

BISHOP OF THE ROMAN CATHOLIC  
CHURCH OF THE DIOCESE OF GALLUP,  
an Arizona corporation sole.

This pleading applies to:

- ☒ All Debtors.  
☐ Specified Debtor.

Chapter 11

Case No. 13-13676-t11

**Jointly Administered with:**

Case No. 13-13677-t11

**FIRST AMENDED DISCLOSURE STATEMENT TO ACCOMPANY “DEBTORS’  
FIRST AMENDED AND RESTATED PLAN OF REORGANIZATION DATED MARCH  
21, 2016”**

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## I. INTRODUCTION

The Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole (“**RCCDG**”) and the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole (the “**Arizona Entity**”), each a debtor in the above-captioned, jointly-administered Chapter 11 reorganization cases (the “**Reorganization Cases**”), have prepared this Disclosure Statement (the “**Disclosure Statement**”) in connection with soliciting acceptances of “Debtors’ First Amended and Restated Plan of Reorganization Dated March 21, 2016” (the “**Plan**”). The purpose of the Disclosure Statement is to provide creditors with adequate information about the Plan as RCCDG and the Arizona Entity (the “**Debtors**”) solicit acceptances of the Plan from their creditors. A copy of the Plan is attached as **Exhibit 1** to this Disclosure Statement. Certain settlement agreements defined in the Plan as Insurance Settlement Agreements and Participating Party Agreements are exhibits to the Plan and are integral parts of the Plan.

It is impossible to overstate the tragedy of the Abuse<sup>1</sup> that was inflicted on the children and teenagers of the Diocese. Such Abuse was perpetrated by priests or others purporting to do the missionary work of the Roman Catholic Church. Instead of fulfilling their missions, such perpetrators inflicted harm and suffering on the children and teenagers of the Diocese. Much of this harm was inflicted at a time when the Debtors did not have insurance that covered such Claims, or had insurance with an insurer that is now insolvent.

The Debtors propose the Plan in order to use their limited resources to pay compensation to survivors of Abuse perpetrated by individuals associated with the Diocese. The Debtors have worked since the Reorganization Cases were filed to obtain funding for a Plan from their Insurers and others who may have some liability for some of the Claims because of their relationship with the Debtors, or others who were simply willing to assist the Debtors. Through their efforts, the efforts of the Official Committee of Unsecured Creditors (the “**Committee**”), and through their settlements with Insurers, other religious orders and dioceses, the Debtors have assembled a cash fund and an allowed claim in the insurance receivership of one of the Debtors’ Insurers which will either be liquidated or paid in through distributions from the receivership in the same amount as claims in a similar class in the receivership. The contributions and commitments from third parties together with the funding provided by the Debtors from their Assets 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 critical programs intended to protect children and vulnerable adults, address the spiritual needs of those who were harmed, and preserve current ministries and develop the ministries and missions facilitated by the Debtors that are so critical to many underprivileged people living well below the national poverty line in northwestern New Mexico, northeastern Arizona, and the several sovereign nations that exist in the geographical area of the Diocese.

Through this Disclosure Statement, the Debtors have provided adequate information for creditors to evaluate the Plan and decide whether to vote to accept it as well as the process by

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

which creditors will vote to accept or reject the Plan. In addition to summarizing the Plan itself, the Disclosure Statement provides creditors with information about the Debtors, their history, Assets, liabilities, property that they hold in trust for others, insurance, events that have occurred 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 Diocese, the steps taken by the Diocese to address the injuries inflicted by those individuals, and steps taken to prevent such Abuse from occurring both now and in the future. Further, this Disclosure Statement provides information about the Assets owned by the Debtors and those held in trust for the benefit of the Parishes and missions and about sources of compensation for Tort Claimants.

This Disclosure Statement also describes the circumstances under which the Bankruptcy Court may approve the Plan even if some creditors do not vote to accept it.

## **II. INFORMATION ABOUT THIS 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 \_\_\_\_\_, 2016, commencing at \_\_\_\_\_ Mountain Daylight 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 personnel at RCCDG working 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 DEBTOR ARE AUTHORIZED BY THE DEBTORS 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 DEBTORS AND IT IS NOT A SOLICITATION BY THE DEBTORS’ ATTORNEYS OR ANY OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS. THE REPRESENTATIONS MADE HEREIN ARE THOSE OF THE DEBTORS AND NOT OF THE DEBTORS’ ATTORNEYS OR ANY OTHER PROFESSIONAL.

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<sup>2</sup> Such documents include, but are not limited to, pleadings and Proofs of Claim filed in the Bankruptcy Court and Superior Court for the State of Arizona, 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 Claims of Ally Bank (Impaired; Entitled to Vote)

Class 4 – Secured Claim of Pinnacle Bank (Impaired; Entitled to Vote)

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

Class 6 – Phoenix Diocese Unsecured Claims (Impaired; Entitled to Vote)

Class 7 – General Unsecured Claims (Impaired; Entitled to Vote)

Class 8 – Other Tort and Employee Claims (Impaired; Entitled to Vote)

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

Class 10 – Unknown Tort Claims (Impaired; Entitled to Vote)

Class 11 – St. Bonaventure Claims (Impaired; Entitled to Vote)

Class 12 - Insurance and Benefit Claims (Impaired; Entitled to Vote)

Class 13 – Penalty Claims (Impaired; Not Entitled to Vote—Deemed to Reject)

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>Class</u>              | <u>Description</u>                 | <u>Status</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 13                  | Penalty Claims                     | Receive \$0.00 – Deemed to Reject |

The specific treatment of each Class under the Plan is set forth in the Plan and is summarized in Article VII 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 with respect to the rejecting Class(es) of Claims; and (ii) at least one Class of impaired Claims has voted to accept the Plan.

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

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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). Similarly, 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 get to vote.



### **III. OVERVIEW OF THE 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 and develop the ministries and missions that are facilitated by the Diocese. These ministries and missions are critical to Catholics and non-Catholics alike in northeastern Arizona and northwestern New Mexico. The Debtors have proposed the Plan, which has been negotiated with various constituencies, to accomplish these ends. The Plan will be funded by the Debtors as well as contributions from the Parishes, Settling Insurers, and various Catholic religious orders and entities and their insurers. In addition, certain professionals whose fees would be paid as Administrative Expenses have agreed to forego portions of their fees in order to provide additional funds for the benefit of the creditors. The fund, which will consist of cash plus the distributions or proceeds from an allowed claim in the Home Liquidation, represents the significant support of others and sacrifice by one of the poorest dioceses in the United States. Of these funds, approximately \$17,606,241 will be used to fund the Trust that will pay the Tort Claimants pursuant to the Tort Claims Allocation Protocol that was developed by the Committee and the attorneys representing the majority of the Tort Claimants. The Unknown Tort Claimants will be compensated pursuant to the Unknown Tort Claims Allocation Protocol and the Unknown Claims Certificate that will be issued by CM (defined below). 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 or no insurance for the period during which some of the Tort Claims arose; (ii) exhaustion of limits of insurance in those instances where insurance has been available; and (iii) the limited resources of the Debtors to respond to judgments outside the Reorganization Cases.

**The Plan incorporates a number of settlement agreements through which the Debtors will obtain a significant amount of the money committed to the Plan with the Debtors' Insurers and with other Entities that might have liability for some of the Tort Claims or against which the Debtors may have Claims for contribution, indemnity, allocation of fault or any other basis upon which the Debtors may have rights against such other Entities. The Plan therefore provides settlements with Catholic Mutual Relief Society of America and Catholic Relief Insurance Company of America (collectively, "CM"), the New Mexico Property and Casualty Insurance Guaranty Association ("NMPCIGA"), and the Home Insurance Company ("Home Insurance"). The terms of those settlements involve, in some instances, a sale of certain Insurance Policies or rights or obligations of the Settling Insurers.**

**The other Entities with which the Debtors have agreements for funding of the Plan (defined as Participating Parties under the Plan) consist of the Parishes, certain religious orders (and/or their Insurers), the Phoenix Diocese, and certain non-profit corporations that work with the Diocese in carrying out the mission and ministry of the Catholic Church within the territory of the Diocese and otherwise. Although the Participating Parties dispute any liability to the Debtors or Tort Claimants, each of the Participating Parties will pay a lump sum to the Debtors in exchange for various releases and being included as a Protected Party for purposes of the Channeling Injunction provided under the Plan and, in the case of St. Bonaventure, to settle disputes over ownership of real property as well.**



To fund the Plan, the Debtors have also sold numerous parcels of real property which were not used in or critical to the mission and ministry of the Debtors. To further generate funds for the Debtors' contribution to the Plan, the Debtors may sell certain real property or use real property as collateral for a loan. In those cases, the Debtors will be utilizing property that is critical to their mission or ministry but also are committed to being able to consummate a plan that is supported by the Committee 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 the respective Tort Claims Allocation Protocol and the Unknown Tort Claims Allocation Protocol that is part of the Plan and will be approved by the Court prior to the Effective Date of the Plan. The Tort Claims and the Unknown Tort Claims will be determined by an Abuse Claims Reviewer who will be proposed by the Committee and approved by the Court as part of confirmation of the Plan.

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

##### **A. The Civil Law Debtors and Their Relationship to the Diocese and Other Religious Entities.**

Bishop James Wall (the "**Bishop**") is the sole member of RCCDG and the Arizona Entity. The Bishop became a director of RCCDG and of the Arizona Entity on February 5, 2009 as a result of being appointed Bishop of the Diocese. Each of the civil entities operates as a 501(c)(3) organization. RCCDG, which is the operating civil entity, maintains its offices in Gallup, New Mexico.

RCCDG and the Arizona Entity are the civil entities incorporated under certain statutes that exist or at one time existed under Arizona and New Mexico law. These entities also hold and administer property for the benefit of the Parishes and certain other religious entities and functions that exist within the territory of the Diocese.

The Diocese is the religious canonical entity that carries out the mission and ministry of the Roman Catholic Church in the geographic area decreed as the Diocese, subject to the jurisdiction and administration of the Bishop. The Bishop must carry out his canonical duties in accordance with the Code of Canon Law, which is the ecclesiastical law of the Roman Catholic Church ("**Canon Law**").<sup>5</sup> He serves as the principal teacher, sanctifier, and governor of the Roman Catholic faith and the Catholic faithful within the territory of the Diocese, which encompasses approximately 55,468 square miles.

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<sup>5</sup> The Roman Catholic Church is a hierarchical religious organization governed by its own laws and customs. These laws are codified in the Code of Canon Law. The Code of Canon Law applicable to the Roman Catholic Church is, for the most part: (1) a set of norms created to bring order to the life of the ecclesial community; (2) articulated and promulgated by those who are entrusted with the community's care; and (3) to serve the common good, thus imposing obligations and establishing legal bonds from which certain rights, duties, and interests flow.

Many Roman Catholic ecclesiastical entities operate within the Diocese. Under Canon Law, such entities are referred to as “juridic persons.” The most prominent of these ecclesiastical entities are Parishes, but other juridic persons include the various religious orders (including without limitation the Franciscans) that minister or have at one time ministered within the Diocese’s territory.

Under Canon Law, parishes are defined as established stable communities of the Christian faithful whose pastoral care is entrusted by the diocesan bishop to a pastor. A parish pastor is the priest responsible for the members of the parish community as well as being the exclusive administrator of parish property, subject to the bishop’s power to replace the parish pastor. The pastor, and for that matter, the bishop, is required to acquire, hold, administer and alienate such property in accordance with Canon Law. Canon Law mandates that the debts of a parish be paid with assets from that particular parish; and that the debts of the diocese be paid with the assets of the diocese.

The bishop of a diocese oversees and/or monitors the parishes within the diocese to ascertain whether or not each parish is operating in accordance with Canon Law. Part of this role means that the bishop has the right to request an annual accounting report from each parish. However, although the bishop’s role is to oversee the parish, a bishop does not have the right to possess, sell, encumber or dispose of parish property, although a bishop must approve the sale of parish property if the sale exceeds a certain dollar amount.

Although in many parts of the United States parishes are separately incorporated, in the Diocese, parish communities function for civil law purposes as unincorporated associations typically known as “\_\_\_\_\_ Catholic Church.” Many of the Parishes therefore list RCCDG or the Arizona Entity as the entity of record that holds title to their real property. The Debtors contend that they hold title to certain church and related properties in trust for such Parishes and certain other religious entities and functions, and the practice of the Roman Catholic religion and that to the extent a Debtor’s name appears on a deed, the Debtor holds mere legal title and not the beneficial interest in that property. The Committee disputes that contention. The Plan resolves those disputes. Additionally, several of the Parishes within the geographic territory of the Diocese are located on Native American reservations, and, therefore, under federal law, those Parishes do not, and cannot, own the real property on which they are located.

Before the Petition Date, and as described in more detail below, the Bishop and the pastors of the various Parishes, acting on behalf of the Diocese, RCCDG, the Arizona Entity, and the Parishes, executed and caused to be recorded in the public records of the county in which the real property is located a notice of the trust relationship between RCCDG or the Arizona Entity and the Parish, and the beneficial interest the Parish holds in the related property. The Committee does not acknowledge that Canon Law has any applicability to the Reorganization Cases or that the subject real property is held in trust and contends that the recordation of the notices was a fraudulent conveyance. The deadline for commencing an action to avoid these notices has been tolled by order of the Bankruptcy Court. The Plan resolves this dispute.

**B. The Ministries and Activities of the Debtor and the Diocese.**

The Diocese and Parishes seek to provide the people that live in rural New Mexico and Arizona with a stable and enriching element in the lives of all those—both Catholic and non-Catholic—that live in these communities. The Diocese provides not only spiritual guidance to the missions, Parishes, volunteers, and faithful individuals within its geographic territory, but also material assistance in the form of charitable activities. The Diocese also provides administrative services to the Parishes that require assistance, such as financial services, a pension plan, and insurance programs.

The Diocese is a “mission” diocese, meaning that it (and many of the missions and Parishes within its territory) are not financially self-sustaining and rely on the generosity of others for grants and other assistance. The areas that comprise the Diocese are overwhelmingly rural and underdeveloped, with high instances of unemployment, and low income. In fact, there are no large metropolitan areas within the territory of the Diocese. Therefore, not only does the Diocese provide religious and spiritual support to the Catholics who live in the area, but many non-Catholics also depend on the social services the Diocese provides, some of which are material and monetary, and others which are spiritual as well. These services are discussed in more detail below.

There are approximately forty-three (43) active priests working in the Diocese. There are also approximately twenty-eight (28) deacons and several seminarians. A deacon is not a priest; however, he can perform baptisms, weddings, and funerals. Because the Diocese comprises a large area, but has few active priests to serve this expansive area, deacons are an integral part of the Catholic community and are able to augment the work of the priests. RCCDG also employs approximately fifty (50) people who work in its missions, schools, and other ministries. There are also a significant number of people who offer their services as volunteers.

The Diocese supports a number of programs within its territory and funds these programs through direct donations, by applying for grants, and from Parish collections on behalf of the Diocese. Though there are many programs the Diocese supports, one notable example is the Office of Native American Ministry. The mission of the Office of Native American Ministry is to better determine how to serve the spiritual needs of the Native American population within the Diocese. Additionally, the Diocese provides physical support for this population (and other populations within its territory) as well, including by subsidizing or providing utilities, meals, and water for those in need.

There are also a number of Catholic schools in the territory of the Diocese, but only one school, Gallup Catholic School (“**Gallup School**”) is owned and operated by RCCDG. The rest of the Catholic schools are either owned and operated by Parishes or are private endeavors. As discussed in more detail below, the Gallup School is funded through tuition and fundraising; however, it has historically operated at a loss and required additional financial support from RCCDG.

The Diocese also operates the Sacred Heart Retreat Center (the “**Retreat Center**”), located near Gallup. RCCDG owns the Retreat Center. The Diocese considers the Retreat Center to be an integral part of the ministry of the Diocese, offering a place of hospitality, quiet

prayerfulness, and desert beauty to serve the needs of those who come through prayer, retreat, spiritual and educational programs.

**C. History and Formation of the Diocese.**

The current geographic make-up of the Diocese stretches over 55,468 square miles throughout New Mexico and Arizona. Much of this area includes Native American reservations. There are at least seven (7) tribes within the Diocese: the Acoma, Laguna, Zuni (Pueblo Indians), Jicarilla Apache, White Mountain Apache, Hopi, and the Navajo. The remainder of the population is divided among approximately thirty (30) other nationalities, with Hispanic being the largest ethnic group.

Although it was formed in 1939, the Diocese has had a presence in the region since approximately 1539, when a Spanish explorer and Franciscan friar named Marcos de Niza dedicated the region to St. Francis. Thus began the long tradition of Franciscan service in the geographic area that would become the Diocese. In 1850, the Pope created the Diocese of Santa Fe, which at that time included portions of the region that now is the Diocese. The remainder of the region that is now the Diocese was served by the Diocese of Tucson, which was created in 1897. In 1898, the Franciscans established the parish and mission known as St. Michael's Mission, in Navajo Nation. Shortly thereafter, the Sisters established St. Michael School, a boarding school for Native American children, and have owned and operated St. Michael School since that time.<sup>6</sup>

In 1939, the Diocese was created. At its formation, the Diocese included all of San Juan, McKinley, and Catron counties in New Mexico, parts of Rio Arriba, Sandoval, Bernalillo, and Valencia counties in New Mexico, and all of Mohave, Coconino, Yavapai, Navajo, and Apache counties in Arizona. Since its inception, the Diocese has been a mission diocese. Additionally, since its inception, the Diocese has been staffed by Franciscan priests, particularly in the more northern regions of the Diocese including the Navajo Nation.

In 1969, the Diocese ceded some of its territory (the western and central parts of northern Arizona) to the newly created Diocese of Phoenix, leaving the Diocese with its present territory.

**D. The Financial Structure and Operations of RCCDG.**

Every Parish in the geographic territory of the Diocese, except for one, manages its own finances and, the Debtors contend, operates independently from the Debtors. The exception to this general rule is St. Anthony's Parish in McNary, AZ, which is administratively supported by RCCDG because it does not have a resident or full-time pastor to manage its own affairs, although the Debtors contend St. Anthony's Parish is a separate entity from the Debtors. The

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<sup>6</sup> St. Michael Indian School, Incorporated (defined in the Plan as St. Michael School) is a civil entity that is separately incorporated and is not the same as the Franciscans, St. Michael's Mission, or St. Michael's Parish. St. Michael School is not a Protected Party under the Plan. The Franciscans, St. Michael's Mission and St. Michael's Parish are Protected Parties under the Plan.

Committee disagrees that the Parishes operate independently from the Debtors. The Plan resolves this dispute.

Canon Law requires each Parish to be assessed an amount which it is to remit to the Diocese. However, given the poor financial circumstances of almost every Parish, the assessments are insubstantial and often are not enough to support all of RCCDG's operating costs. The Diocese also receives donations from various sources, and through an annual fundraising event (the "**Bishop's Appeal**") the Parishes help facilitate (and from which the Parishes receive a portion). Many donations received through the Bishop's Appeal are conditioned on being used for a certain purpose.

However, as noted above, the Diocese has been a mission diocese since its inception. RCCDG therefore receives funding from the several non-profit entities described below, in addition to grants from the United States Conference of Catholic Bishops and other Roman Catholic entities. RCCDG uses the funds to support its business functions and the Diocese uses them to carry on the ministries and missions described above. Many of the Parishes are not self-sustaining, either. These also rely on grants from non-profit entities.

The Diocese and its mission are also served by several non-profit entities that are Roman Catholic, are separately incorporated and have historically and continue to operate independently from the Diocese. The Diocese relies to some extent on these independent organizations to carry out its mission. The Catholic Peoples Foundation ("**CPF**") is one such entity, which provides funding to support the ministry of the Diocese in the form of endowments and gifts that are restricted to a specific enumerated purpose. Southwest Indian Foundation ("**SWIF**") is another independent entity that provides education and cultural support to Native Americans, and primarily assists the elderly, the handicapped, and families with dependent children, to provide necessary services for the diocesan mission that the Diocese cannot afford to provide.<sup>7</sup> Catholic Charities of Gallup is another separately incorporated non-profit entity that provides services necessary for the diocesan mission to assist the needy within the Diocese, including housing for pregnant teens and teenage mothers, transitional housing, hot meals, clothing, furniture, and other services.

Typical with other Catholic entities throughout the world, the Diocese and the Parishes also collect funds from parishioners and others for specific Catholic programs, such as missions outside the Diocese. The funds are held by RCCDG, solely as custodian, for a short period of time after which RCCDG remits the funds to the appropriate person or agency.

Between June of 2013 and September 2015, the Debtors did not have a chief finance officer. Prior to June 2013, Deacon James Hoy was the chief finance officer for over fourteen (14) years. Therefore, when the Debtors filed their Reorganization Cases in November, 2013, it became necessary to seek outside assistance from financial advisors. The Debtors retained Keegan, Linscott & Kenon, P.C. ("**KLK**") for this purpose. KLK has also been assisting the Debtors in other financial and accounting areas. In 2015, after many months of searching with

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<sup>7</sup> Both CPF and SWIF are Participating Parties under the Plan.

the assistance of KKK, the Debtors hired a new chief finance officer to assist the Debtors in emerging from Chapter 11 and continuing post-confirmation operations.

**E. Disputes Over Property Ownership and Associated Risk.**

Similar to other diocesan reorganization cases, RCCDG and the Arizona Entity scheduled property that they hold in trust for the benefit of Parishes as property held for the benefit of others, under line 14 of their Statements of Financial Affairs. Pursuant to Bankruptcy Code § 541(d), property that a debtor holds in trust (a trustee holds bare legal title) for the benefit of another (who holds the equitable interest in the property) does not constitute property of the debtor's bankruptcy estate and cannot be used to pay the debtor's creditors.

A summary of property the Debtors contend they hold in trust for others is attached to this Disclosure Statement as **Exhibit 2**; however, whether or not listed on Exhibit 2, the Debtors contend that all personalty that a Parish uses or possesses, but which is titled in one or both of the Debtors' names, is held in trust for the benefit of the Parish. The property identified on Exhibit 2 includes: (1) real property used by a Parish but titled in one or more of the Debtors' names; and (2) custodial funds held by the Debtors primarily resulting from consolidating "second collections" at church services for payment of a single check to the national charity; and (3) a list of certain bank accounts maintained, under the Debtors' tax identification number, by certain Parishes. Such accounts are described further in Section VI.C below.

The Committee's counsel has asserted at various times (although not in any action filed in the Reorganization Cases) that the Parish real property should be available for use in funding a plan of reorganization. The Debtors dispute the Committee's position for a number of reasons, including without limitation because the Debtors and the Parishes share no liabilities or assets, and, as noted above, to the extent the Debtors hold property for the Parishes, such property is held in trust. Nevertheless, as noted elsewhere in this Disclosure Statement, the Debtors and Parishes have entered into a settlement agreement (which is supported by the Committee) in order to resolve these and other Claims that each may have against the other, under which the Parishes will contribute money to fund the Trust.

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

**A. The Sexual Abuse Crisis and the Diocese's Response.**

The Catholics of the Diocese have not been immune from the sex abuse tragedy that has sadly affected so many others within the Roman Catholic Church. Formal and informal Claims alleging Abuse at the hands of priests and other workers in the Roman Catholic Church have been asserted against the Debtors. At the filing of the Debtors' cases, thirteen (13) lawsuits alleging such Abuse had been filed against the Debtors. Fifty-seven (57) Tort Claimants filed Proofs of Claim alleging Abuse in the Debtors' Reorganization Cases; the Unknown Claims Representative also filed a Proof of Claim on behalf of Unknown Tort Claimants.

The inexcusable harm caused by the abusers to the survivors of the Abuse, their families, and their communities cannot be underestimated. The abusers also betrayed and harmed the Catholic faithful and the Roman Catholic Church through their violation of the fundamental principles and mission of the Roman Catholic Church. A list of certain individuals associated



with the Diocese who are known to the Debtors to have been credibly accused of Abuse is displayed on the Diocese's website at <http://www.dioceseofgallup.org/youth-protection/credibly-accused-list/>. This list may be supplemented from time to time.

Although the Diocese cannot change the tragedies of the past, it has long been committed to combating Abuse of minors in the present. The Diocese was one of the first in the United States to adopt its own guidelines and procedures to prevent Abuse of minors. In 1993, it promulgated a policy to protect the children of the Diocese and promulgated the policy to its deanery and Parishes. It later began requiring background checks for both religious and lay people working in the Diocese, even before such measures were standard.

In June 2002, the United States Conference of Catholic Bishops adopted the "Charter for the Protection of Children and Young People" (the "**Charter**"). The Charter, among other things, established the Office of Child and Youth Protection (the "**OCYP**"). OCYP assists dioceses in implementing the Charter to ensure consistent application of guidelines and procedures to prevent Abuse of minors and properly address allegations of misconduct. The Diocese adopted the Charter and remains committed to the implementation of the Charter and following the procedures and guidelines to prevent Abuse of minors, as well as dealing proactively and diligently with allegations of misconduct, regardless of when they were alleged to have occurred.

Within the Diocese, the "Safe Environment Program" emphasizes prevention by communication to all parishioners that Abuse must be reported, requiring background checks on all adults working with minors, and requiring each school and Parish in the Diocese to appoint a local Director of Safe Environment to oversee the local program and to submit an annual compliance report to the Diocese. Additionally, all individuals that minister with minors must successfully complete the juvenile sexual abuse training awareness program VIRTUS. VIRTUS was developed by National Catholic Risk Retention Group, Inc. and it identifies best-practices programs designed to help prevent wrongdoing and promote "right-doing" within religious organizations. Additionally, the Bishop has been a leader in the various dioceses in which he has served, including the Diocese, in protection of children and young people.

The harm that was caused by the abusers is unacceptable. Also unacceptable is that the voices of the survivors were not heard for too long. Too often when survivors or others on their behalf reached out to the Diocese in the past, their Abuse was not adequately addressed or taken seriously. Unfortunately the Diocese was not alone in this respect. However, starting with adoption of the Charter in 2002 and continuing thereafter, the Debtors and the Diocese began instituting policies and procedures to address these issues, including establishment of the Victim Assistance Coordinator and the Sexual Misconduct Review Board ("**SMRB**") discussed in detail below. Under Bishop Wall's leadership, steps have been taken to further improve and bolster the Diocese's response to any reports of Abuse regardless of when the Claim arose. In 2003, the Diocese published the names of five (5) priests against whom credible allegations of Abuse towards minors had been determined. In 2005, the Diocese published an additional six (6) names, and in 2014, the Diocese published an additional twenty (20) names of priests against whom credible allegations of Abuse towards minors had been determined. The Diocese and the Reorganized Debtor are committed to continue their efforts in this regard. Improvements can always be made and the non-monetary commitments that comprise a part of the Plan are part of



the ongoing effort of the Diocese and the Reorganized Debtor to review and improve on the protections and procedures that are already in place.

The Bishop has previously apologized to survivors for the inexcusable acts that occurred, for the past failures to adequately address the reports by past Bishops and to promise a different response by this administration. The Bishop, the Debtors and the Diocese want to take the opportunity of this Disclosure Statement to once again apologize to the survivors and their families for the inexcusable harm that was done to them by those in positions of trust and to again commit to be mindful of the need for vigilance and to ensure that the protections already in place as augmented by the non-monetary commitments continue. In addition, the Bishop will be sending out the attached apology letter to all survivors (except those that specifically request that he or she not receive the letter). See **Exhibit 3**.

While references have been made to the role the SMRB plays in carrying out the policies and procedures for protection of children and vulnerable adults, a brief description of its role and its make-up might be helpful in further understanding the commitment of the Diocese and the Bishop to these issues.

The SMRB is a confidential consultative board that is guided by the Charter and other policies and procedures adopted by the Diocese. The SMRB receives Claims of Abuse that come through the Victim Assistance Office or are otherwise referred to the Bishop. The SMRB analyzes the Claims even if law enforcement has declined to pursue or prosecute a Claim and regardless of when the Abuse occurred. After its analysis which very often has included trying to go through decades old materials and when appropriate, hiring outside investigators to further investigate Claims, the SMRB provides recommendations to the Bishop regarding Claims of Abuse by a priest, deacon or other employee of the Diocese. Even when there is not sufficient information that can be ascertained because of the age of the Claim or for other reasons and the SMRB is unable to make a recommendation, the matter is not closed and if additional information comes to light, the SMRB will revisit Claims or priests to determine whether further action is necessary. Regardless, however, of the work of the SMRB, in all instances, complaints are reported to law enforcement and all applicable laws are complied with.

The members of the SMRB are confidential in all aspects. The members of the SMRB are appointed for a period of five (5) years to an unpaid position, and the majority of the members are not priests, members of a religious order or employees of the Diocese. Currently, the SMRB includes a survivor, a priest, a deacon, an education professional, and a licensed professional with experience in child abuse, among others. With approval, some of the members may be reimbursed for extraordinary travel, but the members are otherwise volunteers. It is a requirement that the SMRB must include at least one member with particular knowledge and expertise regarding the sexual abuse of minors.

In addition to the non-monetary commitments, the Plan, the monetary commitments included in the Plan for compensation of Tort Claimants and the treatment of Unknown Tort Claims are another step in the efforts of the Debtors and the Diocese to bring some healing and closure to the survivors.

The Diocese and the Debtors appreciate that there have been too many instances where the survivors' voices have not been heard or acted upon appropriately in the past. That has changed and, as noted, improvements can always be made. The non-monetary and the continued work of the SMRB are steps towards continuing to bring these past acts to light and continuing to examine and improve the policies, procedures and responses to protect the Diocese's most valuable resource—its children and its people.

**B. The State Court Abuse Litigation.**

As mentioned in the preceding paragraphs, thirteen (13) lawsuits were filed against the Debtors prior to the Reorganization Cases. Many of those cases related to times when the Debtors either had no insurance or limited coverage. Numerous other Claims were settled out of court over the years. Due to the limited resources of the Debtors, the number of pending lawsuits and other Claims of which the Debtors had been advised (but had not yet resulted in lawsuits) and the Debtors' inability to continue paying Claims indefinitely, the Debtors determined that the best way to balance healing to those harmed by the Abuse with the continuing mission and ministry of the Diocese was through the filing of the Reorganization Cases.

Many of the Claims in the lawsuits which originated in state court relate to acts that occurred in the 1950's, 1960's, and 1970's, with the majority of the alleged acts to have occurred in the 1960's and 1970's. At the filing of the Reorganization Cases, the Debtors were unaware of any insurance policies that would cover Claims that occurred in the early years. In addition, for the period from October 1, 1965 to December 1, 1977, the Debtors were insured by Home Insurance (the "**Home Coverage Period**"), which was placed into receivership (defined in the Plan as the Home Liquidation) some time ago. Any Claims which fall within the Home Coverage Period may have limited coverage by the NMPCIGA as well as the Home Liquidation. Although the Debtors also contend that the Arizona Fund is liable to them for Claims falling within the Home Coverage Period, the Arizona Fund has denied coverage. Due to the uncertainty regarding the extent and scope of potential sources of insurance coverage for the Claims asserted against the Debtors, on April 1, 2014, the Debtors filed an employment application to authorize the employment of the Insurance Archaeology Group ("**IAG**"). The employment of IAG is discussed more fully below.

Despite a thorough search by IAG, the Debtors appear to lack coverage beyond the limited funds they may receive from Claims against Home Insurance, NMPCIGA, and the coverage provided by CM, which began in 1977. Although the Arizona Fund disputes coverage, the Debtors have preserved their Arizona Fund Claims under the Plan as Retained Claims, but the Arizona Fund Claims may be assigned to the Trust upon the written request of the Trustee.

The Debtors also explored recovery from Co-Defendants named in, or potentially implicated by, the lawsuits and Claims filed against them. These include various religious orders or other dioceses that may have provided abusive priests to the Diocese. Certain of those parties are contributing funds to the Trust under the Plan for payment of Tort Claims in exchange for the protection of an injunction that will channel all present and future Tort Claims to the Trust.

Others, however, such as the Sisters of the Blessed Sacrament (defined in the Plan as the “**Sisters**”), were named as defendants in the lawsuits but will not receive injunctive relief under the Plan because the Debtors were unable to reach an agreement with them that would allow them to become a Participating Party under the Plan. The Diocese of Corpus Christi (defined in the Plan as “**Corpus Christi**”) is another Entity with whom the Debtors were unable to reach an agreement that would allow them to become a Participating Party. Corpus Christi, from whence came one of the worst abusive priests ever to afflict the Diocese, is implicated by the Tort Claims arising from Abuse by Father Clement Hageman. The Diocese initiated a proceeding requesting the assistance of the United States Conference of Catholic Bishops to attempt to obtain remuneration for some of the funds the Debtors have paid (and will pay pursuant to the Plan) as a result of Father Hageman’s Abuse. The proceeding is currently pending. The Claims against the Sisters and Corpus Christi are Retained Claims under the Plan.

**C. Clarification of Fiduciary Relationships.**

As is discussed extensively above, the Debtors have always believed that they served in the capacity of a trustee holding the legal but not the beneficial interest in certain property belonging to the Parishes and others. As the Debtors became aware of decisions in other diocesan reorganization cases, it became clear that unnecessary confusion and litigation about the debtor-parish/trustee-beneficiary relationships could arise with respect to these longstanding trustee-beneficiary relationships under the corporation sole statutes. Indeed, in the Diocese of Davenport’s reorganization case where the parishes are separately incorporated and directly hold title to their land, the controversy over parish property that was so time consuming and costly in other diocesan reorganization cases was completely avoided. As fiduciaries, the Bishop and the Debtors believed it to be important to try to avoid any confusion about property that the Debtors hold as trustees for the Parishes in the geographic territory of the Diocese. Therefore, in the three (3) months prior to the Petition Date, each Parish recorded a “Notice of Beneficial Interest” to further give notice of the trust relationship of which third parties already had actual notice by virtue of each Parish’s signage, physical occupation, and/or other use of their respective real properties. In the absence of the agreements contained in the Plan, the Committee and Debtors would likely have litigated these issues; however, the Plan settles this dispute.

**D. Diocesan Property.**

Upon filing the Reorganization Cases, the Debtors also identified a number of parcels of real property that the Debtors believe they owned outright, not in trust for any third parties. Those properties were scheduled on the Debtors’ Schedule A. Certain of those properties were determined not to be critical to the Debtors’ mission and ministry. Those were sold, as further described below in Section VI.D.

Another group of properties listed on RCCDG’s Schedule A located in and near Thoreau, New Mexico is used by a separate non-profit organization known as Saint Bonaventure Indian Mission and School, Inc. (“**St. Bonaventure**”). St. Bonaventure filed a complaint, initiating Adversary Proceeding Number 14-01014-t in the United States Bankruptcy Court for the District of New Mexico against RCCDG, alleging that the real property scheduled by RCCDG actually belongs to it, but later withdrew the action without prejudice. As part of the Plan, the Debtors have settled this dispute with St. Bonaventure. In exchange for a payment of \$550,000 from St.

Bonaventure, mutual releases, and other consideration, the Debtors will quit claim the disputed property to St. Bonaventure and St. Bonaventure will benefit from the channeling injunction set forth in the Plan.

The Debtors' most valuable properties are the Gallup School, the Chancery, the Retreat Center, and the Catholic Indian Center which are also vital to the continued mission and ministry of the Diocese.

In order to fund the Plan, however, the Debtors will obtain a loan from the Catholic Order of Foresters ("Foresters") that will be secured by the Gallup School and the Retreat Center. The Debtors have a loan commitment from Foresters for a loan to the Debtors in the principal amount of at least \$2,300,000. For the first five (5) years, the loan will bear interest at a rate of four percent (4%) per annum, computed on a 360-day year. Beginning on the sixth (6th) anniversary of the loan origination the interest rate will increase to five and one-half percent (5.5%); and beginning on the eleventh (11th) anniversary of the loan origination, the interest rate will increase to seven percent (7%). The loan will mature on the fifteenth (15th) anniversary of the loan origination date. The Debtors will request the Court approve such financing under Bankruptcy Code § 364 as part of the Confirmation Order.

The Debtors will sell the Catholic Indian Center to SWIF, and will then lease space back from SWIF where the Debtors may also move all or part of their operations. Catholic Charities and CPF also provide their services and operate their functions at the Catholic Indian Center. This sale is part of an agreement with SWIF whereby SWIF will also become a Participating Party. Through this transaction, the Debtors will realize value from a property that is essential to their mission and ministry.

The Debtors may sell other property in order to meet their obligations under the Plan although confirmation of the Plan does not depend on such sales.

## **VI. SIGNIFICANT EVENTS IN CHAPTER 11**

Certain significant events that have occurred since the Petition Date are summarized as follows:

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

The Court granted the Debtors' "first day" motions and entered orders approving, among other things:

1. A motion to jointly administer the Debtors' Reorganization Cases in order to save substantial time and expense by eliminating the need to prepare, replicate, file and serve duplicative notices, motions and orders. ["Motion for Entry of Order Directing Joint Administration" Dkt. No. 9; Arizona Entity Dkt. No. 11.]
2. A motion to limit service in order to avoid the impractical and significant administrative and economic burden upon the Debtors' Estates by sending notices to more than a thousand recipients each time notice to all creditors

and other parties in interest is required. [“Motion for an Order Limiting Notice and Establishing a Limited Notice List” Dkt. No. 17; Arizona Entity Dkt. No. 16.]

3. 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. [“Motion for an Order Under 11 U.S.C. § 107 and Fed. R. Bankr. P. 1007(j) and 9018 Authorizing Debtor to File Portions of Schedule F, the Master Mailing List and Other Pleadings and Documents Under Seal and Related Relief” Dkt. No. 13; Arizona Entity Dkt. No. 14.]
4. 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. [“Motion for an Order Under 11 U.S.C. § 107 and Fed. R. Bankr. P. 9018 Authorizing Debtor to File Under Seal Exhibits to Motion for an Order Under 11 U.S.C. § 105, 363, and 507 Authorizing Debtor to Continue to Pay Pre-Petition Wages, Compensation and Honor Employee Benefit Plans and Programs” Dkt. No. 16.]

**B. Motions to Employ Professionals.**

The Debtors filed applications to employ certain professionals to assist them with the Reorganization Cases. The Bankruptcy Court has entered orders approving the employment of the following professionals by the Debtors:

1. An application to employ Quarles & Brady LLP as general reorganization and restructuring counsel for Debtors. [“Debtor’s Application for an Order Authorizing the Employment of Quarles & Brady LLP as General Reorganization and Restructuring Counsel for the Debtor and Debtor-in-Possession” Dkt. No. 10; Arizona Entity Dkt. No. 12.]
2. An application to employ KLK 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 Debtor and Debtor-in-Possession” Dkt. No. 11; Arizona Entity Dkt. No. 13.]
3. An application to employ Walker & Associates, P.C. as bankruptcy counsel for Debtors. [“Application to Employ Walker & Associates, P.C. as Bankruptcy Counsel for Debtor” Dkt No. 14, Arizona Entity Dkt. No. 15.]
4. An application to employ Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A. as special litigation counsel for RCCDG. [“Debtor’s Application for an Order Authorizing the Employment of Stelzner,

Winter, Warburton, Flores, Sanchez, & Dawes, P.A. as Special Counsel for the Debtor and Debtor-in-Possession” Dkt. No. 27.]

5. The Bankruptcy Court entered an order approving the employment of the law firm of Pachulski Stang Ziehl & Jones, LLP by the Committee. [“Order Authorizing Employment of Pachulski Stang Ziehl & Jones LLP as Counsel for the Official Committee of Unsecured Creditors” Dkt. No. 185.]
6. An application to employ IAG as insurance archaeologist for the Debtors in order to assist in the determination whether liability coverage exists for certain periods of time and to assist with other historical insurance issues. [“Debtors’ Application for an Order Authorizing the Employment of Insurance Archaeology Group as an Insurance Archaeologist for the Debtors and Debtors-in-Possession” Dkt. No. 211.]
7. An application to appoint a legal representative for Unknown Tort Claimants and to employ Michael P. Murphy as the Unknown Claims Representative, and his firm, AlixPartners, LLP to assist him in this undertaking. [“Motion for Order Appointing a Legal Representative to Represent the Interests of Unknown Tort Claimants, Including Minors, in the Reorganization Cases and Application to Employ Michael P. Murphy as Unknown Claims Representative” Dkt. No. 348.] Later, Mr. Murphy and AlixPartners, LLP resigned as Unknown Claims Representative, and the Hon. (Ret.) Michael R. Hogan took over the role of Unknown Claims Representative. [“Order Approving Debtors’ Motion for an Order Substituting Michael R Hogan as Legal Representative to Represent the Interests of Unknown Tort Claimants, Including Minors, in the Reorganization Cases and Application to Employ Michael R. Hogan as Unknown Claims Representative; and Motion for Order Authorizing the Resignation of Michael P. Murphy” Dkt. No. 526.]
8. An application to employ brokers Tucson Realty and Trust Company and the Accelerated Marketing Group to assist in the sale of certain real property. [“Motion to (I) Retain Brokers; (II) Sell Property Under 11 U.S.C. § 363(b), (f), and (m); and (III) Approve Sale Procedures” Dkt. No. 383.]

**C. Parish Use of Debtors’ Tax Identification Numbers.**

In approximately January 2014, the Debtors became aware that at least some of the Parishes were using the Debtors’ tax identification number. Although the Debtors contend this usage had no proprietary or financial implications for the Debtors, a contention the Committee disputed in the Bankruptcy Court, the Debtors disclosed it to the Bankruptcy Court and various parties in interest. *See* Dkt. Nos. 147, 151, 153 and 166. In all events, even if the use of the tax identification numbers could be contended to have proprietary or financial implications for the Debtors, the accounts using the tax identification numbers would be held in trust by the Debtors



for the Parishes. Since that time, the Debtors have attached the bank statements of such Parishes to their monthly operating reports for reference. Any issues related to this matter are resolved pursuant to the agreement with the Parishes whereby they become a Participating Party.

**D. Real Property Sale.**

The Debtors owned numerous parcels of real property that they acquired, or which were donated to them, over many years. Many of these properties were in remote or inaccessible areas, and the real property records maintained by the counties in which the properties sat were often incomplete. After undertaking extensive work with the assistance of counsel to identify the properties that could be sold without harming the mission or ministry of the Diocese, the Debtors filed a motion requesting the Court to approve certain auction and sale procedures to monetize the excess real property. *See* “Motion to (I) Retain Brokers; (II) Sell Property Under 11 U.S.C. § 363(b), (f), and (m); and (III) Approve Sale Procedures” [Dkt. No. 383]. The Court approved the motion, and the real property was auctioned in Arizona and New Mexico on September 12 and September 19, 2015, respectively, after extensive marketing campaigns. All of the real property was sold; however, the sale of one auction lot consisting of numerous parcels, commonly known as La Vega Estates (Item 71 on RCCDG’s Schedule A) did not close. Therefore RCCDG continues to own that property. The Debtors realized approximately \$162,000 in net income from the sales.

A newspaper reporter from the *Gallup Independent* raised a concern with the Court that she was unable to attend the New Mexico auction. The Court conducted a hearing on the matter and ultimately concluded that the sales would not be overturned.

**E. Stay Relief Proceedings.**

On July 8, 2015, three Tort Claimants filed motions for relief from the automatic stay in order to conduct jury trials of their Tort Claims, and the Committee filed a memorandum of law in support of the motions. The Debtors objected, as did CM and NMPCIGA. The Court conducted a preliminary hearing on the motion on August 13, 2015, and held status hearings in the matter on October 15, 2015, November 10, 2015 and December 16, 2015.

Later, another group of Tort Claimants filed a motion for relief from the automatic stay also seeking to conduct one or more trials on their Tort Claims. Status hearings were conducted in this matter on November 10, 2015 and December 16, 2015, after which proceedings on both stay relief motions were stayed. All issues related to all stay relief motions are resolved pursuant to the Plan.

**F. Claims Bar Date and Plan and Disclosure Statement.**

To determine the universe of Claims that would be dealt with in a plan of reorganization, the Debtors filed a motion (the “**Bar Date Motion**”) requesting the Court set August 11, 2014 as the deadline by which Claims against the Debtors must be filed and approving claim forms, form of notices and procedures for giving notice of the deadline to file proofs of claim (the “**Bar Date**”). [“Motion for an Order Fixing Time for Filing Proofs of Claim, Approving Claim Forms, and Approving Manner and Form of Notice” Dkt. No. 192.] The Court approved the Bar Date Motion and the Debtors undertook an extensive publicity and publication program to alert the



public and their creditors of the Bar Date. The program was formulated with the Committee's input and assistance and was completed. The Bar Date passed on August 11, 2014.

The Court granted the Debtors' motions to extend their exclusive period to solicit acceptances of a plan of reorganization in order to facilitate negotiations with key creditors and creditor constituencies and allow additional time to reach a resolution and attempt to file a consensual plan of reorganization. Ultimately, however, the exclusivity periods expired without a consensual plan having been filed. Therefore, the Committee and Debtors stipulated that to allow them to continue negotiating, neither would file a unilateral plan of reorganization without first giving the other at least sixty (60) days' notice. Both the Committee and Debtors gave each other notice on August 28, 2015, that they may file competing plans of reorganization. As a result of the mediations ordered by the Court, the constituencies in the Reorganization Cases were able to reach a mediated settlement, obviating the need for what would otherwise be significantly expensive confirmation litigation or the potential of competing plans.

**G. Other Motions and Applications.**

In addition to the foregoing, the following have also occurred:

1. The Debtors filed their Schedules of Assets and Liabilities and their Statements of Financial Affairs. [Dkt. Nos. 66-67; Arizona Entity Dkt. Nos. 44-45.]
2. The Debtors have filed all required monthly operating reports and paid all quarterly fees as they are assessed or become due to the United States Trustee's office. [Dkt. Nos. 125, 142, 183, 209, 227, 239, 254, 263, 281, 295, 308, 333, 338, 339, 350, 353, 359, 385, 393, 423, 434, 440, 473, 496, 501, 510, 539, 559, and 560; Arizona Entity Dkt. Nos. 57, 58, 60, 61, 63, 64, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, and 89.]

**H. Mediation and Settlement Negotiations.**

As part of the Debtors' ongoing efforts to present a consensual resolution of the Reorganization Cases and facilitate confirmation of a plan of reorganization that could be supported by all significant creditor constituencies, the Debtors engaged in ongoing mediation in June, August, and December 2015 with parties essential to their Plan. The June mediation session was unsuccessful, and in August and December, the mediations were conducted by a different mediator, Frank "Dirk" Murchison. Ultimately, the parties were able to reach a settlement as part of the December 2015 mediation session, which resulted in the Plan.

**VII. DESCRIPTION OF THE PLAN**

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 Cash by various parties to fund the Plan and related expenses. The following monetary contributions will be made to fund

the Plan, pursuant to the Plan, and in some cases, the Insurance Settlement Agreements and the Participating Party Agreements (which are exhibits to the Plan and may be reviewed for further information):

| <i><b>Party</b></i>     | <i><b>Commitment</b></i>  |
|-------------------------|---|
| Debtors                 | \$3,020,000   |
| Phoenix Diocese         | \$300,000   |
| SWIF                    | \$515,000   |
| CPF                     | \$665,000   |
| Parishes                | \$500,000   |
| Franciscans (Guadalupe) | \$300,000   |
| Franciscans (St. John)  | \$1,850,000 (a portion of this funding will come from an Insurer of the Franciscans (St. John), the United States Fidelity and Guaranty Company).   |
| CM                      | \$11,550,000  |
| NMPCIGA                 | \$1,850,000   |
| St. Bonaventure         | \$550,000   |
| Home Insurance          | The Liquidator in the Home Liquidation agrees to recommend to the court supervising the Home Liquidation that the Debtors receive a \$5,600,000 allowed claim in the Home Liquidation. The allowed claim in the Home Liquidation will be reduced by the subrogation claim of NMPCIGA in the amount of \$1,850,000, once NMPCIGA has paid that amount in accordance with the NMPCIGA Settlement Agreement, leaving the Debtors with a claim in the amount of \$3,750,000. The Debtors will receive an interim cash distribution in the Home Liquidation, in the amount of approximately 25% of the allowed claim, if and when the allowed claim is approved in the Home Liquidation. |
| CM                      | In addition to the Cash sum stated above, CM will issue the Unknown Claims Certificate in the amount of \$1,800,000 (exclusive of administrative charges for CM) that will insure any Unknown Tort Claims that may be filed in the future. The Unknown Claims Certificate shall be for the sole purpose of paying Allowed Unknown Tort Claims and shall have a  |

| <i>Party</i> | <i>Commitment</i>   |
|--------------|---|
|              | <p>maximum term of 8 years from the Effective Date of the Plan. It will terminate on the earlier of exhaustion of the \$1,800,000 in coverage or 8 years from issuance, and CM shall have no further liability, regardless of whether policy limits were exhausted, under the Unknown Claims Certificate upon its termination. Among other policy terms of the Unknown Claims Certificate, the Unknown Tort Claims shall be determined and paid in accordance with the manner and amount determined by the Abuse Claims Reviewer. The determination shall be final and non-appealable. The Unknown Claims Certificate will not contain any provisions that would allow CM to object to Claims based on ordinary defenses, and CM agrees it will not interfere with the allowance or disallowance of Claims. The payment for charges for the coverage for the Unknown Claims Certificate will be paid by the Debtors based on the Debtors' ability to pay. The coverage shall stay in place independent of the Debtors' payment of charges for the coverage.</p> |

Each of the contributions listed above, except for those from the Debtors themselves, will be made pursuant to various settlement agreements:

**A. Insurance Settlement Agreements.**

The settlements the Debtors reached with the Settling Insurers are integral parts of the Plan. Disputes existed between the Debtors and CM, including the extent of the Debtors' coverage. Additionally, significant disputes existed between the Debtors and NMPCIGA relating to the insurance coverage provided by the now-insolvent Home Insurance and NMPCIGA's statutory obligations. Also, as a result of the settlements, the Debtors will receive the Home Liquidation Allowed Claim (if approved in the Home Liquidation).

The Settling Insurers contend, for a variety of reasons, that the foregoing settlement amounts exceed the amounts they could be deemed obligated to pay pursuant to the Insurance Policies and/or applicable statutes in connection with the Tort Claims, including any Unknown Tort Claims that might be asserted against the Debtors. The Debtors disagree, but given the substantial time and financial resources it would take for the parties to litigate the Insurance Coverage issues to completion, the extremely 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 numerous Insurance Coverage related issues results in a substantial recovery for the Estates, which money will be available to fund the Plan pursuant to the negotiated settlements and the terms of the Plan including providing recovery for Tort Claimants. Therefore, the Debtors are requesting that the Court approve the Insurance Settlement Agreements as part of the Confirmation Order.

The Plan provides the ability for Insurers that are currently Non-Settling Insurers to become Settling Insurers after the Effective Date; however, the Debtors are not aware of any Non-Settling Insurers with coverage for Tort Claims who are not already Settling Parties. To the extent any Non-Settling Insurer would request to become a Settling Insurer, the Trustee would file and notice a motion for an order approving any such agreement; however, the Reorganized Debtor has standing and the right to object to any such motion. In all events, any such agreement must be approved by the Bankruptcy Court.

Principal Terms Of The Insurance Settlement Agreements Include:

1. Settlement Amount/Purchase Price. The Settling Insurers will pay the amounts indicated above (or, with respect to Home Insurance, will provide the Debtors with the Home Liquidation Allowed Claim, subject to approval by the court with jurisdiction over the Home Liquidation), upon agreed notice. 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, the Settling Insurers, and other Participating Parties.
2. Releases. The Debtors, on the one hand, and the Settling Insurers, 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 Insurance Policies, Home Guaranty Claims, and the Reorganization Cases, as set forth in their respective settlement agreements.
3. Sale and Buyback of Policies. The Debtors will sell all of their Interests in the Released Insurance Policies to Home Insurance and CM, respectively, free and clear of all liens, Claims, encumbrances and other Interests pursuant to 11 U.S.C. § 363. The Debtors will sell all of their Interests in and to the Home Guaranty Claims to NMPCIGA free and clear of all liens, Claims, encumbrances and other Interests pursuant to 11 U.S.C. § 363. Such sales will be approved, along with the settlements themselves, as part of the Confirmation Order.

Notwithstanding the sales of the Insurance Policies of Home Insurance to Home Insurance and the Home Guaranty Claims to NMPCIGA, the Debtors do not intend to waive or release, and are not waiving or releasing, any Arizona Fund Claims that stem from the Insurance Policies of Home Insurance. However, the Debtors have not analyzed or investigated, and are not providing any analysis, of the effects of the Home Insurance Settlement Agreement with respect to the Arizona Fund Claims.

4. Supplemental Injunction. The Settling Insurers 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, Non-Settling Insurers, and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Insurance Settlement Agreements) against any of the Participating Parties, Insured Entities, or the Settling Insurers, which, directly or indirectly, relate to, any of the 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 the Settling Insurers, Insured Entities, and/or the Insurance Policies.

5. Conditions to Settling Insurers' payment. The Settling Insurers' payments are conditioned on, among other things, approval of the Insurance Settlement Agreements, entry of the Confirmation Order, and such order becoming a Final Order. The Plan must be in all aspects consistent with the Insurance Settlement Agreements and contain no provisions that diminish or impair the benefits to which the Settling Insurers are entitled under the Insurance Settlement Agreements. Additionally, the Home Settlement Agreement must be approved by the court overseeing the Home Liquidation proceeding.

Unless expressly set forth in any Insurance Settlement Agreement, the Plan and Confirmation Order will 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 an applicable Insurance Settlement Agreement.

**B. Participating Party Settlements.**

The settlements the Debtors reached with certain Entities known, by virtue of such settlements, as Participating Parties under the Plan, are integral parts of the Plan. Certain of these Participating Parties, such as the Parishes, are separate but are related in some way to the Diocese. Others, including the Franciscans (and the Franciscans (St. Johns) insurer, United States Fidelity and Guaranty Company), the Phoenix Diocese, St. Bonaventure, SWIF, and CPF, are separately incorporated third parties. Certain of the Parishes and third parties could potentially face liability from the Tort Claims, because of certain individuals that were at some point employed by or affiliated with them. St. Bonaventure has a dispute, described elsewhere herein, with the Debtors relating to certain real property. CPF, though separate and separately incorporated from the Debtors, exists in order to fund certain programs that are important to the mission and ministry of the Diocese, or to provide fundraising services for the Debtors themselves. The Debtors lease property (the Bishop's home) from CPF, which could therefore potentially be subject to certain Avoidance Actions. Also, given the contrast between Canon Law and civil law relating to the Parishes' real property, and the Committee's position on the matter, the Parishes could potentially be subject to certain Avoidance Actions (although the Debtors and Parishes disagree).

Each of the Participating Parties contends, for a variety of reasons, that the foregoing settlement amounts exceed the amounts they could be deemed obligated to pay in connection with the Claims described above and/or the Tort Claims, including any Unknown Tort Claims that might be asserted against the Debtors, or in connection with their various other disputes with the Debtors. Many of the Participating Parties dispute that they would be liable for any amount. However, given the substantial time and financial resources it would take for the parties to litigate such issues to completion, the extremely 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 the best interests of all the constituencies to resolve these issues consensually which also assist in facilitating a resolution between the Debtors' and the Tort Claimants' and form the basis of a consensual plan. Given the foregoing, the Debtors will request the Court approve the Participating Party Agreements as part of the Confirmation Order.

The Plan provides the ability for Entities that are not currently Participating Parties to become Participating Parties after the Effective Date. Among other things, the Bankruptcy Court must enter an Order approving the agreement in order for any Entity to become a Participating Party after the Effective Date.

**C. Principal Terms Of The Participating Party Settlement Agreements Include:**

1. Settlement Amount/Purchase Price/Channeling Injunction. The Participating Parties will provide the amounts set forth above, upon agreed notice. 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 Participating Parties and other Protected Parties.
2. Releases. The Debtors, on the one hand, and the Participating Parties, on the other, will grant the mutual releases of all Claims relating to the Debtors, the Claims against the Debtors, and the Insurance Policies, which any Protected Party may have against another Protected Party except as may be specifically reserved or set forth in their respective settlement agreements.
3. Conditions to Participating Parties' payments. The Participating Parties' payments are conditioned on, among other things, entry of the Confirmation Order which includes the Channeling Injunction, and such order becoming a Final Order. The Plan must be in all aspects consistent with the Participating Party Agreements and contain no provisions that diminish or impair the benefits to which the Participating Parties are entitled under the Participating Party Agreements.

**D. Effective Date.**

The Effective Date will occur on the first Business Day after the conditions to effectiveness stated in Section 27.1 of 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 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. Accordingly, in the description of the treatment of Claims below 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, the Trust Agreement and the Unknown Claims Certificate, as applicable.

Treatment of different Classes of 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, the Trust Agreement, and the Unknown Claims Certificate, 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.

#### **E. Unclassified and Unimpaired 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, Professional Charges, Priority Unsecured Claims, and Priority Tax Claims.

##### **1. Unclassified Claims.**

- a. Administrative Claims include any actual and necessary costs or expenses of administration under Bankruptcy Code § 503, post-petition operating expenses, certain post-petition property tax claims, and charges assessed under Chapter 123 of Title 28, United States Code. Professional Charges include those fees and expenses approved by the Bankruptcy Court under Bankruptcy Code §§ 330, 331, 503(b) and the terms of the Plan. These will be paid from the Trust subject to the Professional Charges Reduction and Professional Charges Cap, which are voluntary concessions made by certain Chapter 11 Professionals in the Reorganization Cases in order to provide additional funding for the Trust.
- b. 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 Administrative Claims and 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.

- c. Priority Tax Claims include all unsecured Claims entitled to priority pursuant to Bankruptcy Code § 507(a)(8) and provides for the treatment authorized by Bankruptcy Code § 1129(a)(9)(C).
2. Unimpaired Claims. The following Classes of Claims are unimpaired by the Plan - that is to say that the Claims will be paid in full in accordance with the Claim holder's existing contractual rights:
    - a. Class 1: Priority Employee Unsecured Claims. This Class is defined to include the Claims of RCCDG's employees for vacation or sick leave pay which are entitled to priority under Bankruptcy Code § 507(a)(4)(A). These Claims will not be paid in Cash, but will instead be honored in the ordinary course in accordance with RCCDG's policies at the time the Claims mature. 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. In that event, the holders of the Priority Employee Unsecured Claims will be impaired and entitled to vote on the Plan.

**F. Impaired Claims.**

The following Classes of Claims are impaired by the Plan - that is to say that the existing contractual rights of the holders of the Claims will be altered under the Plan:

1. Class 2: Prepetition Date Secured Tax Claims - Impaired and 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.

- 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 Debtor. 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 applicable 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.

2. Class 3: Secured Claims of Ally Bank - Impaired and Entitled to Vote.

- a. The Secured Claims of Ally Bank will be treated as Allowed, fully Secured Claims. Each Secured Claim of Ally Bank secured by a vehicle identified below will be classified as a subclass in Class 3 as subclass 3A, 3B, 3C, and 3D, respectively, and will be paid fully and in Cash as follows:
  - i. The Allowed Class 3 Secured Claims in each subclass will bear interest from and after the Effective Date until they are paid in full at the rate of four percent (4%) per annum or such other rate as ordered by the Bankruptcy Court.
  - ii. Each Class 3 Secured Claim in the subclasses, including interest thereon from and after the Effective Date, will be paid in forty (40) equal monthly installments, commencing on the first Business Day which is thirty (30) days after the Effective Date or the Claim Payment Date.
  - iii. No penalties will be paid on any of the Allowed Class 3 Secured Claims.

- iv. Except to the extent necessary to modify the current documents evidencing the Class 3 Secured Claims to conform to the treatment of the Class 3 Allowed Secured Claims under the Plan, the prepetition loan documents for each subclass of Class 3 will remain in full force and effect.
- v. Retention of Liens. The holder of the Class 3 Secured Claims will retain its lien(s) on its collateral to the extent of its Class 3 Secured Claims.
- vi. Specific Provisions Relating to Value of Collateral:
  - (a) Subclass 3A - 2012 CHEVROLET MALIBU; VIN: 1G1ZC5E09CF299583. The value of this vehicle will be deemed to be \$12,551.61 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3A Allowed Secured Claim.
  - (b) Subclass 3B - 2011 JEEP WRANGLER; VIN: 1J4BA6H11BL548106. The value of this vehicle will be deemed to be \$21,198.34 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3B Allowed Secured Claim.
  - (c) Subclass 3C - 2012 CHEVROLET MALIBU; VIN: 1G1ZC5EU0CF125601. The value of this vehicle will be deemed to be \$12,551.61 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3C Allowed Secured Claim.
  - (d) Subclass 3D - 2012 CHEVROLET MALIBU; VIN: 1G1ZC5EUXCF255711. The value of this vehicle will be deemed to be \$12,020.31 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3D Allowed Secured Claim.

3. Class 4: Pinnacle Bank Secured Claim - Impaired and Entitled to Vote.

- a. This Class includes the Claim of Pinnacle Bank, which is at least partially secured by the collateral of Pinnacle Bank, the Chancery.

The Class 4 Claim is a Disputed Claim. When the Class 4 Claim becomes an Allowed Secured Claim, it will be paid the amount of its Allowed Secured Claim as follows:

- i. The Allowed amount of the Class 4 Secured Claim will be determined in accordance with Bankruptcy Code § 506. The Allowed Class 4 Secured Claim will be paid in monthly installments of principal amortized over twenty-five (25) years from the Effective Date plus interest at the rate of three percent (3%) from the date the Class 4 Claim becomes an Allowed Secured Claim and thereafter until the tenth (10th) anniversary of the Claim Payment Date applicable to the Allowed Class 4 Secured Claim at which time all principal and accrued interest thereon will be fully due and payable. The first (1st) payment on the Class 4 Claim when and if it becomes an Allowed Secured Claim will be due on or before the first Business Day that is ninety (90) days after the Claim Payment Date and continuing on the first (1st) day of each month thereafter until the tenth (10th) anniversary of the Claim Payment Date.
- ii. Alternatively, if Pinnacle Bank agrees to reduce its Claim to the amount of \$116,000.00, the Class 4 Secured Claim will be an Allowed Secured Claim in such amount. In that event, thirty (30) days after the Effective Date, the Reorganized Debtor will commence interest only payments at the rate of three percent (3%) per annum which will continue to be paid on the first (1st) day of each month thereafter until the collateral securing the Allowed Class 4 Claim is sold at which time the full amount of the Allowed Class 4 Secured Claim (as voluntarily reduced by the holder of the Class 4 Claim) shall be fully due and payable.
- iii. The Pinnacle Bank Loan Documents will be modified to the extent necessary to conform to the Plan. Notwithstanding anything in the prepetition loan documents to the contrary, if Pinnacle Bank does not agree to reduce its Claim as provided in subparagraph ii above, the Pinnacle Loan Documents will be further modified to allow the Reorganized Debtor to sell the Chancery subject to the Pinnacle Bank Loan and to grant additional liens so long as such liens are junior and subordinate to the Pinnacle Bank Loan. If the Chancery is sold subject to the Pinnacle Bank Loan, the repayment terms will be as provided in the Plan.

- b. Retention of Liens. The holder of the Class 4 Claim will retain its lien(s) on the Chancery to the extent of its Class 4 Claim until Pinnacle Bank is paid as provided in the Plan.
- 4. Class 5: General Unsecured Convenience Claims - Impaired and Entitled to Vote.
  - a. This is a Class in which holders of General Unsecured Claims in an amount less than \$500, inclusive of interest, will receive full payment; 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, meaning that it will be paid a total of \$500 in two equal installments, without interest. The first (1st) installment will be paid on the first Business Day which is six (6) months 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.
- 5. Class 6: Phoenix Diocese Unsecured Claims - Impaired and Entitled to Vote.
  - a. The Class 6 Unsecured Claims of the Phoenix Diocese will be treated as Allowed. The holder of the Class 6 Claims shall pay the Class 6 Claim in full as set forth in the Phoenix Diocese Settlement Agreement, calculated upon a fully amortizing basis with a 30 year term and with interest at 1.0%. The first payment is due on the first Business Day that is two (2) years after the Effective Date and each subsequent payment shall be made every three (3) months after the previous payment until the Class 6 Claim is satisfied.
- 6. Class 7: General Unsecured Claims - Impaired and Entitled to Vote.
  - a. Class 7 includes every Claim against 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), which (1) is not an unclassified claim, and (2) is not classified in any other Class under the Plan.
  - b. Each holder of a Class 7 General Unsecured Claim, as and when such General Unsecured Claim is or becomes an Allowed Claim, will be paid the full amount of its Claim (without interest or penalties) in Cash in five (5) annual installments with the first (1st) installment to be paid on the first Business Day that is nine (9) months after the Effective Date (or the Claim Payment Date), and each installment thereafter on the first Business Day that is twelve (12) months after the previous payment.

7. Class 8: Other Tort and Employee Claims - Impaired and Entitled to Vote.
- a. Class 8 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.
  - b. Each holder of a Class 8 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, except to the extent that any such Insurance Policies have been purchased and released by a Settling Insurer pursuant to an Insurance Settlement Agreement, the Plan and the Confirmation Order. To the extent that such Claims may not be satisfied in full pursuant to the applicable Insurance Policies, or if such Insurance Policies have been sold and released pursuant to the applicable Insurance Policy, Participating Party Agreement, or Insurance Settlement Agreement, then such Other Tort and Employee Claims, to the extent not so satisfied, will be a Disallowed Claim.
8. Class 9: Tort Claims - Impaired and Entitled to Vote.
- a. Class 9 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, any Protected Parties, the Trustee, or the Trust, related to bodily injuries or personal injuries, including:
    - i. Acts of Abuse committed by any cleric, employee, volunteer or other Entity associated with the Debtors, the Diocese, any Parish or any affiliated Entity within the territory of the Diocese;
    - ii. The failure of the Debtors or the Diocese to properly hire, install and/or supervise any cleric, any volunteer, or any other employee of, or Entity associated with, the Debtors, the Diocese, a Parish or any affiliated Entity within the territory of the Diocese;
    - 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 related to or within the territory of the Diocese; 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 Diocese, the Parishes or any affiliated entities within the territory of the Diocese.
- b. On the Effective Date, the Trust shall assume all liability for and the Trust will pay all Class 9 Claims pursuant to the provisions of the Plan, Plan Documents, Confirmation Order, Tort Claims Allocation Protocol, and Trust Documents, including review of such Tort Claims by the Abuse Claims Reviewer in accordance with the Tort Claims Allocation Protocol.
- c. Tort Claimants shall have their Class 9 Claims treated pursuant to the Tort Claims Allocation Protocol, including review of such Tort Claims by the Abuse Claims Reviewer in accordance with the Tort Claims Allocation Protocol. **The right of any Tort Claimant to a trial by jury or otherwise against the Reorganized Debtor 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.**
- d. 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 Debtor against whom all such rights and/or Claims shall be and are hereby released and enjoined as provided in Section 28 of the Plan.**
- e. Debtors, the Reorganized Debtor and their counsel shall reasonably cooperate with the Abuse Claims Reviewer and the Trustee as requested by the Abuse Claims Reviewer or the Trustee but only in connection with any reasonable inquiries by either in the administration of the Tort Claim Allocation Protocol.
- f. No Tort Claimant may challenge the merit, validity, or amount of any Class 9 Claim. If any objection to a Class 9 Claim is pending as of the Effective Date, such objection is deemed withdrawn with



prejudice on or after the Effective Date. The Trustee shall have the sole and exclusive right to object to a Class 9 Claim.

- g. The Trustee shall pay Class 9 Claims in accordance with the terms of the Plan, Plan Documents, Allocation Protocols, Confirmation Order, and Trust Documents. Notwithstanding the foregoing, **no Tort Claimant shall receive any payment from the Trust unless and until the Tort Claimant has executed a written release of any and all past, present, and future Claims against the Protected Parties, in the form provided for in the Ballot;** provided, however, that nothing in Article 15 of the Plan shall require any Tort Claimant to release any Claims against any Co-Defendants except as expressly provided in the Plan. 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 Claims against all of the Protected Parties and made the certifications set forth in the Class 9 Ballot (although a Tort Claimant does not need to vote a Class 9 Ballot to receive payment on an Award). The Trust shall be obligated to provide copies of the Tort Claimants' releases to any of the Protected Parties upon request.
- h. 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 Debtor 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.
- i. Before any payment to Tort Claimants, the Trustee will subtract all Qualified Counsel Fees from the balance of the Trust Assets in an amount equal to: (a) the total fees payable to Qualified Counsel by the beneficiaries of the Trust based on the reserves or distributions calculated under the Allocation Protocols; and (b) an amount equal to the unpaid reimbursable expenses (prepetition and post-petition through the Effective Date) payable to Qualified Counsel by the beneficiaries of the Trust. The Trust shall pay fees to Qualified Counsel as and when the Tort Claimant receives a distribution from the Trust.
- j. Subject to the treatment of Qualified Counsel Fees pursuant to the Plan, the fees and expenses of attorneys representing Tort Claimants who receive payments from the Trust will be borne by such Tort Claimants based on applicable state law and individual arrangements made between such Tort Claimants and their respective attorneys. The Reorganized Debtor and the Protected

Parties will not have any liability for any fees and expenses of attorneys representing any of the Tort Claimants or for any Qualified Counsel Fees. The Trust and the Trustee will not have any liability for any fees and expenses of attorneys representing any of the Tort Claimants, except to the extent that the Trust or the Trustee is required to make payments pursuant to the provisions herein relating to Qualified Counsel Fees.

- k. No payment or Award will be made to any Tort Claimants asserting Penalty Claims relating to Tort Claims and such Penalty Claims will be Disallowed Claims.
- l. A Tort Claimant may withdraw a Tort Claim at any time on written notice to the Trustee. If withdrawn:
  - i. The Tort Claim will be withdrawn with prejudice and may not be reasserted against the Reorganized Debtor, the Trustee, the Trust, or any Protected Party, including as an Unknown Tort Claim;
  - ii. As a condition to withdrawal of the Tort Claim, any funds paid to the Tort Claimant by the Trust (inclusive of attorneys' fees and costs) shall be returned to the Trust; and
  - iii. Any reserve maintained by the Trust on account of such Claim shall revert to the non-reserved assets of the Trust for distribution in accordance with the Plan and the Trust.
  - iv. Withdrawal of any Tort Claim by a Tort Claimant shall be without prejudice to such Tort Claimant's rights against any Co-Defendant but subject to the limitations contained in the Plan and the Confirmation Order.

9. Class 10: Unknown Tort Claims - Impaired and Entitled to Vote.

- a. Definition.
  - i. Class 10 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:
    - a. 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

- b. Turns 18 on or after July 11, 2014 (the date which is thirty (30) days prior to the generally applicable Bar Date in the Reorganization Cases of August 11, 2014); or
  - c. As to which the applicable Arizona or New Mexico tort claim statute of limitations, for any reason, has not expired or has been tolled as of July 11, 2014, as determined under applicable Arizona or New Mexico federal law, but without regard to federal bankruptcy law; and
  - d. Submits a Proof of Claim in accordance with the procedures set forth in the Plan, the Confirmation Order, and the Unknown Tort Claims Allocation Protocol.
- b. Treatment.
- i. On the Effective Date, the Trust shall 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, Unknown Claims Certificate, and Trust Documents.
  - ii. Unknown Tort Claimants shall have their Class 10 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. **The right of any Unknown Tort Claimant to a trial by jury or otherwise against the Reorganized Debtor, and any of the Protected Parties is waived and released upon occurrence of the Effective Date, and the Tort Claim of an Unknown Tort Claimant will be solely determined by the Abuse Claims Reviewer and in accordance with the Unknown Tort Claims Allocation Protocol.**
  - iii. 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 Section 28 of the Plan.**

- iv. The Debtors, the Reorganized Debtor and their counsel shall cooperate with reasonable requests from the Abuse Claims Reviewer and the Trustee for information reasonably requested by the Abuse Claims Reviewer or the Trustee but only with respect to reasonable inquiries regarding the determination of the Unknown Tort Claim and in the administration of the Unknown Tort Claim Allocation Protocol.
- v. The Trustee shall have the sole and exclusive right to object to an Unknown Tort Claim.
- vi. The Trustee shall pay any awards to Unknown Tort Claimants by drawing on the proceeds of the Unknown Claims Certificate subject to the terms and conditions of the Unknown Claims Certificate. In the event all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Certificate are less than the face amount of the Unknown Claims Certificate, in the aggregate, no additional amounts will be paid to the Trust at the expiration of the Certificate. If all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Certificate are greater than the face amount of the Unknown Claims Certificate, 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, including CM.
- vii. Although the Reorganized Debtor is obligated to pay for the Unknown Claims Certificate, the Unknown Claims Certificate cannot be revoked for non-payment.
- viii. No Unknown Tort Claimant shall receive any payment on account of any Award unless and until such Unknown Tort Claimant has executed a written release of any and all Claims against all of the Protected Parties and the

certifications required pursuant to the Class 9 Ballot. The release and certifications included in the Class 9 Ballot for voting on the Plan may be used for this purpose. The Trust shall be obligated to provide copies of the Unknown Tort Claimants' releases and certifications to any of the Protected Parties upon request.

- ix. If an Unknown Tort Claim is denied payment pursuant to the Unknown Tort Claims Allocation Protocol, the holder of such Unknown Tort Claim will nevertheless have no rights against the Reorganized Debtor, the Trust, Trustee, or Protected Parties 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 Injunctions as provided in the Plan.
- x. The fees and expenses of attorneys representing Unknown Tort Claimants who receive payment from the Trust will be borne by such Unknown Tort Claimants based on applicable state law and individual arrangements made between such Unknown Tort Claimants and their respective attorneys. None of the Reorganized Debtor, the Trust, the Trustee, or the Protected Parties will have any liability for any fees and expenses of attorneys representing any of the Unknown Tort Claimants and any Claims for such fees and expenses will be disallowed.
- c. No payment or Award will be made to any Unknown Tort Claimants asserting Penalty Claims relating to Tort Claims and such Penalty Claims will be Disallowed Claims.
- d. An Unknown Tort Claimant may withdraw an Unknown Tort Claim at any time on written notice to the Trustee. If withdrawn:
  - i. The Unknown Tort Claim will be withdrawn with prejudice and may not be reasserted against the Reorganized Debtor, the Trustee, the Trust, or any Protected Party;
  - ii. As a condition to withdrawal of the Unknown Tort Claim, any funds paid to the Unknown Tort Claimant by the Trust (inclusive of attorneys' fees and costs) shall be returned to the Trust; and
  - iii. Any reserve maintained by the Trust on account of such Unknown Tort Claim shall revert to the non-reserved assets

of the Trust for distribution in accordance with the Plan and the Trust.

- iv. Withdrawal of any Unknown Tort Claim by an Unknown Tort Claimant shall be without prejudice to such Person's rights against any Co-Defendant but subject to the limitations contained in the Plan and Confirmation Order.

10. Class 11: St. Bonaventure Claims - Impaired and Entitled to Vote.

- a. In full satisfaction of all Class 11 Claims, the holder of the Class 11 Claim will be treated in accordance with the St. Bonaventure Settlement Agreement which will, among other things, provide for the Debtors to sell the Disputed Property to St. Bonaventure pursuant to a sale ordered by the Bankruptcy Court free and clear of all liens, Claims, Interests and encumbrances and further subject to the St. Bonaventure Settlement Agreement. The conveyance will be pursuant to a quit claim deed from the Debtors (or the Reorganized Debtor) to St. Bonaventure and the property will be sold "as is, where is" with no representations and warranties.

11. Class 12: Insurance and Benefit Claims - Impaired and Entitled to Vote.

- a. The Class 12 Claims will be treated by the Reorganized Debtor in accordance with the past practices and policies of the Debtors.
- b. With respect to Claims alleged against the Debtors relating to benefits payable by the "Diocese of Gallup Priest Pension Plan" revised and restated generally effective January 1, 2010, as thereafter modified or amended (the "**Pension Plan**"), such Claims are not included in Class 12, because under the terms of the documents governing the Pension Plan, such Claims are against the Pension Plan, not the Debtors. Moreover, contributions to the Pension Plan are governed by the documents relating to the Pension Plan, which do not require the Debtors to make or guarantee any monetary contributions to the Pension Plan.

12. Class 13: Penalty Claims - Deemed to Reject Plan and Not Entitled to Vote.

- a. Class 13 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. All Penalty Claims will be Disallowed Claims and there will be no distribution to the holders of any Penalty Claims.

## **VIII. MEANS FOR EXECUTION OF THE PLAN**

### **A. Establishment of Plan Implementation Account.**

After the Confirmation Date, the Debtors will establish the Plan Implementation Account which will be held and administered in accordance with the Plan, the Insurance Settlement Agreements, the Participating Party Agreements and the Confirmation Order. The Plan Implementation Account will include the following:

1. Debtors' Funding. The Debtors will transfer \$3,020,000 or so much as is necessary to satisfy the Debtors' obligations under the Plan to the Plan Implementation Account. A portion of such funding may be obtained from a loan that the Foresters may extend to the Debtors and Reorganized Debtor, to be secured by various Revested Assets.
2. Pursuant and subject to the CM Settlement Agreement between the Debtors and CM, CM will transfer \$11,550,000 to the Plan Implementation Account and deliver the Unknown Claims Certificate to the Debtors.
3. Franciscan Settlement Agreements. Pursuant and subject to the Franciscan Settlement Agreements, Franciscans (Guadalupe) will transfer \$300,000 to the Plan Implementation Account and Franciscans (St. John) and its insurer, United States Fidelity and Guaranty Company, will transfer \$1,850,000 to the Plan Implementation Account.
4. Home Liquidation Allowed Claim. Pursuant and subject to the Home Settlement Agreement, the Liquidator will seek allowance of the Home Liquidation Allowed Claim in the amount of \$5,600,000 which, after reduction in the amount of NMPCIGA's subrogation claim of \$1,850,000, will equal \$3,750,000. The Liquidator has already approved a distribution equal to 25% of the amount of the allowed claims in the Home Liquidation, which amount will be paid after the Home Liquidation Allowed Claim is allowed by the Court overseeing the Home Liquidation. This and any other distributions or dividends previously authorized by the Liquidator to be paid on account of the Home Liquidation Allowed Claim will be paid to the Trustee; or, if received by the Debtors prior to the Effective Date, will be transferred to the Plan Implementation Account. At the Trustee's direction and in the Trustee's sole discretion, the Debtors shall either (a) assign their rights under the Home Settlement Agreement to the Trust or (b) market and sell that portion of the Home Liquidation Allowed Claim payable to the Debtors and pay all the proceeds thereof to the Trust. All costs and expenses of marketing and selling the Home Liquidation Allowed Claim will be subtracted from the proceeds received

and will not otherwise be paid by the Debtors or the Reorganized Debtor. There is no guaranty as to the ultimate amount that will be received on account of the Home Liquidation Allowed Claim.

5. NMPCIGA Funding. Pursuant and subject to the NMPCIGA Settlement Agreement, NMPCIGA will transfer \$1,850,000 to the Plan Implementation Account.
6. Parish Funding. Pursuant and subject to the Parish Settlement Agreement, the Parishes will transfer \$500,000 to the Plan Implementation Account.
7. St. Bonaventure Purchase. Pursuant and subject to the St. Bonaventure Settlement Agreement, St. Bonaventure will transfer \$550,000 to the Plan Implementation Account.
8. Phoenix Diocese Funding. Pursuant and subject to the Phoenix Diocese Settlement Agreement, the Phoenix Diocese will transfer \$300,000 to the Plan Implementation Account.
9. SWIF Sale. Pursuant and subject to the SWIF Sale Agreement, SWIF will transfer \$515,000 to the Plan Implementation Account.
10. CPF Funding. Pursuant and subject to the CPF Settlement Agreement, CPF will transfer \$665,000 to the Plan Implementation 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. 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 Debtor's Revested Assets and ongoing operations. Payments for Allowed Professional Charges will be paid from a portion of the funding described in Section 20.2 of the Plan.

**D. Dissolution of Arizona Entity.**

On or before the Effective Date, the Arizona Entity will assign all its Assets (including without limitation any contractual rights) to RCCDG. Any obligations of the Arizona Entity will be paid, channeled, assigned, or discharged under the Plan and the Arizona Entity will be dissolved.

**E. Retained Claims.**

On or before the Effective Date, all Retained Claims will be assigned by the Debtors to the Reorganized Debtor. The Reorganized Debtor may pursue any Retained Claims at its discretion and will retain the proceeds of all such Retained Claims, if any. The Retained Claims are defined in the Plan, and mainly consist of claims against third parties, including the Sisters and Corpus Christi. Retained Claims also include any Claims the Debtors may have for indemnity, contribution, fault allocation, and certain other Claims as set forth in the Plan.

**F. Unknown Claims Certificate.**

On or before the Effective Date, the Unknown Claims Certificate shall be delivered and become effective.

**G. Approval of 363 Sales, Foresters Financing, and Settlement Agreements in Confirmation Order.**

On or before the Effective Date, the Court shall have approved the sale under Bankruptcy Code § 363 of (i) any Insurance Policies to be purchased by a Settling Insurer pursuant to the requirements of the applicable Insurance Settlement Agreement, (ii) the Home Guaranty Claims to NMPCIGA, and (iii) any property to be purchased by a Participating Party under a Participating Party Agreement, and the Court shall have granted the purchasers the protections available under Bankruptcy Code § 363(m). The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Bankruptcy Code § 363 sales free and clear of all liens, Claims, and Interests, and grant of Bankruptcy Code § 363(m) protections.

On or before the Effective Date, the Court shall have approved the financing under Bankruptcy Code § 364 that the Debtors or Reorganized Debtor may receive from Foresters. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Bankruptcy Code § 364 financing.

Additionally, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the various compromises and settlements contained in the Plan and shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estates, Participating Parties, Settling Insurers, and creditors, and are fair, equitable and within the range of reasonableness.

**H. Debtors' Waiver and Release of Claims Against Settling Insurers.**

As required in the Insurance Settlement Agreements, upon the occurrence of the Effective Date and payment by each Settling Insurer of such Settling Insurer's settlement amount pursuant to the applicable Insurance Settlement Agreement, the Debtors on behalf of themselves, their Estates, their current and former successors and assigns, their subsidiaries, affiliates, officers, and directors, shall fully, finally, and completely remise, release, acquit, and forever discharge and release the corresponding Settling Insurer (and any property thereof) and any of their reinsurers or retrocessionaires from any and all past or present Claims, causes of action, rights and remedies, including all Claims that relate to Tort Claims and Unknown Tort Claims, the Insurance Policies issued by such Settling Insurer, the Home Guaranty Claims (as

applicable), or any other binder, certificate, or policy of insurance issued by such Settling Insurer, including any Channeled Claims, all Extra-Contractual Claims and all Related Insurance Claims that, directly or indirectly, arise from, relate to, or are in connection with the Debtors or their property or the Reorganization Cases. This release specifically includes all Unknown Tort Claims that are based in whole or in part on the Tort Claims, the Insurance Policies, the NMPCIGA statutory obligations, or any other binder, certificate, or policy of insurance or certificate issued by such Settling Insurer, with all Tort Claims and Unknown Tort Claims channeled to the Trust, pursuant to the Plan, and with no liability to such Settling Insurer; provided, however, that nothing in Plan Section 20.10 is intended to affect or release any obligations arising from the Unknown Claims Certificate. Notwithstanding the release described in Section 20.10, if any Insurance Policies or Insurance Coverage is reserved and not released or sold in an applicable Insurance Settlement Agreement, then this release shall only apply to those Insurance Policies and/or Insurance Coverage specifically exhausted, sold or released under an applicable Insurance Settlement Agreement. Also, if there is any conflict between an Insurance Settlement Agreement and the Plan (including the foregoing release), the terms of the applicable Insurance Settlement Agreement shall prevail.

**I. Debtors' Waiver and Release of Claims Against Participating Parties and Settling Insurers.**

In consideration of the terms of the Participating Party Agreements, the Insurance Settlement Agreements and other consideration, upon the Effective Date and the Participating Party's or Settling Insurer's performance under their respective Participating Party Agreement or Insurance Settlement Agreement, including without limitation delivery of any dismissal orders or stipulations that may be required thereunder, the Debtors, on behalf of themselves, their Estates, their current and former successors and assigns, subsidiaries, and affiliates, officers and directors shall fully, finally, and completely remise, release, acquit, and forever discharge and release each Participating Party and Settling Insurer and any of their reinsurers or retrocessionaires (and any property thereof) from any and all past and present Claims that arise from or relate to Tort Claims, Unknown Tort Claims or Channeled Claims, and any Extra-Contractual Claims and Related Insurance Claims.

**J. Non-Monetary Commitment to Healing and Reconciliation.**

In order to further promote healing and reconciliation, and in order to continue its efforts to prevent Abuse from occurring in the Diocese in the future, the Reorganized Debtor agrees that beginning within thirty (30) days after the Effective Date (unless a different date is provided below), it will undertake the commitments set forth in Exhibit R attached to the Plan and incorporated into the Plan.

**K. Procedure for Determination of Claims Other Than Tort Claims or Unknown Tort Claims.**

The following procedures will be used for purposes of allowance and disallowance of creditors' Claims that are not Tort Claims or Unknown Tort Claims:

1. **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 Claims, including Tort Claims and Unknown Tort Claims, on any grounds permitted by the Bankruptcy Code at any time.
2. **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 if provided for in the Plan) will commence on the Claim Payment Date.
3. **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).

**L. 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 Debtor 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 Debtor 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 Debtor failed to pay the tendered payment.

**M. 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, are hereby preserved in full for the benefit of the Reorganized Debtor, except for such Claims or causes of action, cross-claims, and counterclaims which: (a) have been released hereunder or

pursuant to any applicable Insurance Settlement Agreement, Participating Party Agreement or a Final Order prior to the Effective Date; and (b) which have been or are being transferred to the Trustee. Claims or causes of action, cross-claims and counterclaims which are being transferred to the Trustee, if any, are preserved under the Plan for the benefit of the Trust. To the extent necessary, the Reorganized Debtor is designated under the Plan as the estate representative pursuant to, and in accordance with, Bankruptcy Code § 1123(b)(3)(B). Furthermore, in accordance with Bankruptcy Code § 1123(b)(3), after the Effective Date, the Reorganized Debtor will own and retain, and may prosecute, enforce, compromise, settle, release, or otherwise dispose of, any and all Claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtors or their Estates, including, but not limited to the Retained Claims. The Debtors and the Reorganized Debtor will also be entitled to assign their rights under the Plan (except to the extent they are prohibited from doing so pursuant to the express terms of any applicable agreement for Insurance Coverage or Participating Party Agreement). On the Effective Date, and except as otherwise specifically provided in the Plan, including but not limited to Retained Claims which are specifically retained by the Debtors and assigned to the Reorganized Debtor, the Plan designates the Trustee 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.

**N. Special Provisions Governing Unimpaired Claims.**

Except as otherwise provided in the Plan, nothing will affect the Debtors' or the Reorganized Debtor's 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.

**O. 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, any such deposits, together with any interest or other income earned thereon, if any, will be refunded to the Reorganized Debtor within fifteen (15) days of demand by the Reorganized Debtor for return of such deposit.

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

Distributions will be made by the Debtors or the Reorganized Debtor 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, the Reorganized Debtor, the Trustee has not been notified of a change of address;



2. At the addresses set forth in written notices of address change delivered to the Debtors, the Trustee or the Reorganized Debtor 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, the Trustee or the Reorganized Debtor has not received a written notice of change of address.

**Q. 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, payments to Tort Claimants and Unknown Tort Claimants will be made by the Trustee and payments to all other creditors will be made by the Reorganized Debtor. Payments to Tort Claimants and Unknown Tort Claimants will be made in accordance with the Trust Documents.

**R. Efforts Regarding Absence of Address or Returned Mail.**

If a claimant's payment is not mailed or is mailed but returned to the Reorganized Debtor or Trustee because of the absence of a proper mailing address, the Reorganized Debtor 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 payments made to the client trust account of a Tort Claimant's attorney.

**IX. 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 Section 27.1 of the Plan:

1. The Bankruptcy Court shall have entered a Final Order or Final Orders approving all Insurance Settlement Agreements and any appropriate judgments consistent therewith, in form and substance reasonably acceptable to the Settling Insurer with respect to that Settling Insurer's Insurance Settlement Agreement and consistent with the requirements of such Settling Insurer's applicable Insurance Settlement Agreement, and no stay of such order(s) is in effect;
2. The Bankruptcy Court shall have entered a Final Order or Final Orders approving all Participating Party Agreements and any appropriate judgments consistent therewith, in form and substance reasonably acceptable to the Participating Party with respect to that Participating Party's Participating Party Agreement and consistent with the

requirements of the such Participating Party's applicable Participating Party Agreement, and no stay of such order(s) is in effect;

3. The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Reorganized Debtor, the Committee, the Settling Insurers, the Participating Parties and the Confirmation Order is a Final Order and no stay of the Confirmation Order is in effect;
4. The Trustee and the Reorganized Debtor have signed the Trust Agreement;
5. All of the Settling Insurers and the Participating Parties have transferred their applicable amounts into the Plan Implementation Account;
6. CM shall have delivered the Unknown Claims Certificate to the Debtors; and
7. The Debtors have transferred \$17,606,241.04 from the Plan Implementation Account to the Trust.

**B. Waiver of Conditions.**

Any condition set forth in Section 27.1 of the Plan may be waived by the mutual written consent of the Debtors, the Committee, the Settling Insurers with respect to any conditions affecting such Settling Insurer's obligations and the Participating Parties with respect to any conditions affecting such Participating Party's obligations.

**C. 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 an Insurance Settlement Agreement or Participating Party Agreement (as the case may be), the Plan shall become null and void unless agreed otherwise by the Debtors, the Committee, the Settling Insurers and the Participating Parties. 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.

**X. REORGANIZATION OF THE DEBTORS AND PARISHES**

**A. Reorganization of Debtors.**

After assigning all of its Assets or the transfer of such Assets pursuant to the Confirmation Order, the Arizona Entity will be dissolved and shall no longer have any corporate existence. RCCDG will, as the Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, with all powers of a religious corporation sole under the laws of the State of New Mexico 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 Debtor and the Diocese may operate their respective businesses and carry on the ministry and the mission of the Roman Catholic Church 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 Debtor will continue to be managed in accordance with the principles of Canon Law and applicable state law.

**B. Reorganization of Parishes.**

After the Confirmation Date and after consultation with the Parishes, all real property, legal title to which is held in the name of the Debtors in trust for the benefit of the Parishes will be transferred into a separate express trust. At that time or thereafter, the civil structure of the Parishes may be further reorganized. Notwithstanding the structure of such reorganization, such reorganization will comply, in all respects, with Canon Law. Any disputes regarding the interpretation and governance of the legal structure and operation of a Parish will be referred for determination to the appropriate agency or tribunal provided for under Canon Law. Such transfer may occur before or after the Effective Date, and, although it will be approved in the Confirmation Order, is not a condition precedent to the Effective Date.

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

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

1. Proceeds of the Unknown Claims Certificate (but only for the purpose of compensating Unknown Tort Claimants);
2. Liquidation or financing of any and all Retained Assets;
3. Cash generated by the post-Effective Date operations of the Reorganized Debtor; and
4. Any reserves established by the Debtors or the Reorganized Debtor; provided, however, that no part of the Trust may be used to pay creditors other than Tort Claimants, Unknown Tort Claimants, and Trust administrative expenses under the 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 administrative expenses.

**B.** 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.

**C.** Subject to Sections 23.1 and 27.1 of the Plan, the Reorganized Debtor will:

1. In the exercise of its 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. Honor the Debtors' obligations arising under each Participating Party Agreement and Insurance Settlement Agreement and any other agreement that has been approved by the Bankruptcy Court as part of the Plan;
3. Transfer the Home Liquidation Allowed Claim to the Trust;
4. If not previously completed, transfer \$17,606,241.04 from the Plan Implementation Account to the Trust within two (2) Business Days after the Effective Date and such other funds received and which are to be paid to the Trust, pursuant to the terms of the Plan within three (3) Business Days after receipt thereof; and,
5. Perform all of its obligations under the Plan and Plan Documents, in each case, as and when the same become due or are to be performed.

**D.** No professional fees or expenses incurred by a Tort Claimant will be paid by the Reorganized Debtor, the Trust, the Trustee, or any Protected Party with respect to any Claim except as specified in the Plan or the Trust Documents.

**E.** As soon as practicable after the Effective Date, when the Reorganized Debtor deems appropriate, the Reorganized Debtor 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 Debtor, 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 District of New Mexico 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 New Mexico, 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 terminate and the Trustee discharged as ordered by the Bankruptcy Court without reopening either of both of the Reorganization Cases. Additionally, 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 any final decrees and closing of the Reorganization Cases and without the necessity of reopening any one or both of the Reorganization Cases.

**F.** The Reorganized Debtor shall retain and exclusively enforce 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 Reorganized Debtor shall have the exclusive right, authority, and discretion to institute,

prosecute, abandon, settle, or compromise any and all such Retained Claims, without obtaining Bankruptcy Court approval.

**G.** Except for 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 Debtor, 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.

## **XII. POST-CONFIRMATION MANAGEMENT**

**A.** The Reorganized Debtor will continue to be managed in accordance with the principles of Canon Law and applicable state law, and the Bishop will be the sole director of the Reorganized Debtor.

**B.** The Committee has designated the Hon. William L. Bettinelli (Ret.) as the person who shall serve as the Abuse Claims Reviewer. The Abuse Claims Reviewer's *curriculum vitae* will be filed with the Court, along with a proposal from the Abuse Claims Reviewer with respect to his or her service as the Abuse Claims Reviewer including the proposed Allocation Protocols and proposed fees with respect to his service as the Abuse Claims Reviewer.

**C.** The Committee has designated Eric Schwarz of Omni Management Acquisition Corporation as the person who shall serve as the person who shall serve as the Trustee. The Trustee's *curriculum vitae* will then be filed with the Court, along with a copy of the rate schedule or other fee agreement that will apply to his service as the Trustee.

## **XIII. LIQUIDATION OF TORT CLAIMS AND UNKNOWN TORT CLAIMS**

**A.** The Trustee shall pay Tort Claims in accordance with the terms of the Plan, Confirmation Order, the Plan Documents, Trust Documents and Allocation Protocols and without regard to the Debtor against which the Tort Claimant or Unknown Tort Claimant filed his or her Proof of Claim.

**B.** The amount of the Trust's distributions/reserves on account of the Tort Claims shall not be binding upon any Non-Settling Insurer or any Co-Defendant in connection with a Co-Defendant's liquidation of any contribution or indemnity claim.

**C.** Nothing in the Trust Documents shall (i) impose any costs, directly or indirectly, upon the Estates, the Reorganized Debtor, any Participating Party or any Settling Insurer relating to the treatment of Tort Claims or (ii) otherwise modify the rights or obligations of the Estates, the Reorganized Debtor, any Participating Party or any Settling Insurer as otherwise set forth in the respective Insurance Settlement Agreement, Participating Party Agreement, Unknown Claims Certificate, the Plan or a Plan Document.

**D.** Because Tort Claims are being paid by the Trust without regard to whether those Claims are covered by Insurance Policies issued by Settling Insurers or Participating Parties: (a) the Trust shall be deemed to be subrogated to the Claims of the Tort Claimants paid by the Trust to the extent of those payments and (b) the Trust may pursue such subrogation Claim and any Contribution Claim unless such Claim is against the Reorganized Debtor or any Protected Party. The Trust may not bring any action against the Reorganized Debtor, any Protected Party, and/or their respective Assets; provided, however, that the Trust may bring an action against any of the foregoing Entities to enforce the Plan or Plan Documents.

**E.** If a Tort Claim or Unknown Tort Claim is denied payment pursuant to the respective Tort Claims Allocation Protocol or Unknown Tort Claims Allocation Protocol, the holder of such Tort Claim or Unknown Tort Claim will have no further rights against the Debtors, Reorganized Debtor, Participating Parties, Settling Insurers, the Trust or Trustee relating to such Tort Claim or Unknown Tort Claims and such Tort Claim or Unknown Tort Claims shall be a Disallowed Claim and subject to all provisions of Article 28 of the Plan.

#### **XIV. NON-MONETARY COMMITMENTS**

In order to further promote healing and reconciliation, and in order to continue efforts to prevent Abuse from occurring in the Diocese in the future, the Reorganized Debtor agrees that beginning within thirty (30) days after the Effective Date, it will undertake the commitments set forth in Exhibit R to the Plan.

#### **XV. INSURANCE MATTERS**

##### **A. Settlement with Non-Settling Insurers.**

Following the Effective Date, the Reorganized Debtor shall not enter into a settlement agreement affecting any Insurance Policy or Insurance Policies with any Non-Settling Insurer solely with respect to any Insurance Coverage for Tort Claims without the express written consent of the Trust, which consent may be granted or withheld at the Trust's sole and absolute discretion. Following the Effective Date, the Reorganized Debtor authorizes the Trust to exclusively act on its behalf to negotiate a settlement with any Non-Settling Insurer on account of such Insurance Claims for Tort Claims. Such settlements may provide for the Non-Settling Insurer to become a Settling Insurer.

##### **B. Insurance Neutrality.**

1. Nothing in the Plan, the Confirmation Order or in any Plan Document modifies any of the terms of any: (i) Non-Settling Insurer's Insurance Policies, (ii) those Insurance Policies issued by a Settling Insurer with respect to the Debtors that are not Released Insurance Policies pursuant to an Insurance Settlement Agreement, or (iii) statutory liability of the Arizona Fund or any other Entity against whom the Debtors or Reorganized Debtors may have Retained Claims.
2. Subject only to Sections 24.1 and 24.3 of the Plan, nothing in the Plan, the Confirmation Order or any Plan Document shall impair or diminish any



Non-Settling Insurer's legal, equitable, or contractual obligations relating to the Insurance Policies, or the Insurance Claims against the Non-Settling Insurers in any respect. Subject to collateral estoppel and res judicata, in the event that any court determines that any provision of the Plan impairs or diminishes any Non-Settling Insurer's obligations with respect to Insurance Claims, Insurance Recoveries or Insurance Policies, such provision of the Plan shall be given effect only to the extent that it shall not cause such impairment or diminishment.

3. Except as otherwise provided in the Insurance Settlement Agreements or the Plan, the fact that the Trust is liquidating and paying or reserving monies on account of the Tort Claims and Unknown Tort Claims shall not be construed in any way to diminish any statutory or contractual obligation of any insurance guaranty fund or any Insurer under any Insurance Policy to provide Insurance Coverage or other accommodation to the Debtors, the Debtors' Estates or the Reorganized Debtor for Tort Claims or Unknown Tort Claims. The duties and obligations, if any, of the Non-Settling Insurers under each Non-Settling Insurer's Insurance Policy shall not be impaired, altered, reduced or diminished by: (a) the discharge granted to the Debtors under the Plan pursuant to Bankruptcy Code § 1141(d), (b) the exonerations, exculpations and releases contained in the Plan, or (c) the Channeling Injunction.
4. Neither the Trust's payment or reservation of monies on account of the Tort Claims or Unknown Tort Claims nor the Abuse Claims Reviewer's review of a Tort Claim or Unknown Tort Claim shall: (1) constitute a trial, an adjudication on the merits or evidence of liability or damages in any litigation with Non-Settling Insurers, or (2) constitute, or be deemed, a determination of the reasonableness of the amount of any Tort Claim or Unknown Tort Claim, either individually or in the aggregate with other Tort Claims or Unknown Tort Claims, in any litigation of Insurance Claims with any Non-Settling Insurers.
5. Notwithstanding any other provision in the Plan, the Confirmation Order or any Plan Document the transfer of rights or the appointment of the Trustee as a representative to enforce Insurance Claims and obtain Insurance Recoveries as to any Non-Settling Insurers with respect to Tort Claims or Unknown Tort Claims, as the case may be, shall not be asserted as a defense to coverage under any Non-Settling Insurer's Insurance Policy.
6. Subject to Section 24.3 of the Plan, no provision of the Plan, the Confirmation Order or any Plan Document shall diminish or impair the rights of any non-settling statutory insurance guaranty fund, Non-Settling Insurer under its Insurance Policy, or the rights of a Non-Settling Insurer to assert any defense to any Insurance Claims.

7. A Non-Settling Insurer's obligations, with respect to any Tort Claim or Unknown Tort Claim, shall be determined by and in accordance with the terms of the Insurance Policies and with applicable non-bankruptcy law.
8. Nothing in the Plan, Confirmation Order or any Plan Document, shall impose any obligation on any Insurer to provide a defense for, settle, or pay any judgment with respect to, any Tort Claim or Unknown Tort Claim.
9. Nothing in the Plan, Confirmation Order or any Plan Document shall grant to any Entity any right to sue any Insurer directly, in connection with a Tort Claim, Unknown Tort Claim or any Insurance Policy (including a Released Insurance Policy). To the extent that an Insurance Policy continues in effect after the Effective Date because it is not a Released Insurance Policy, the terms of the Insurance Policy and applicable non-bankruptcy law will govern the rights and obligations of the Entities with rights and obligations in, to, or arising from the Insurance Policy; provided, however, that pursuant to the Plan and the Insurance Settlement Agreements, no Entity shall have any right to sue any Settling Insurer directly or indirectly in connection with a Tort Claim, Unknown Tort Claim, or Released Insurance Policy.
10. Subject to Section 24.3 of the Plan, nothing in the Plan, in the Confirmation Order or in any Plan Document shall constitute a finding or determination that any Debtor and/or third party is a named insured, additional insured or insured in any other way under any Insurance Policy; or that any Insurer has any defense or indemnity obligation with respect to any Tort Claim or Unknown Tort Claim. Subject to Section 24.3 of the Plan, no defense, denial or position of a Non-Settling Insurer shall be impaired or prejudiced in any insurance coverage dispute.
11. Nothing in Plan Section 24.2 negates or undoes the voluntary alteration of an Insurer's rights should it elect to become a "Settling Insurer" under the Plan.
12. Nothing in the Plan is intended to affect the governing law of any Insurance Policy.

**C. Judgment Reduction.**

In connection to any action by the Trust to enforce statutory obligations or Insurance Claims with respect to an Insurance Policy issued by a Non-Settling Insurer (including without limitation a statutory guaranty fund), in the event that any Insurer obtains a judicial determination or binding arbitration award that, but for Article 28 of the Plan, it would be entitled to obtain a sum certain from a Settling Insurer or Participating Party as a result of a Contribution Claim, or a Claim for subrogation, indemnification, or other similar Claim against a Settling Insurer or Participating Party for such Settling Insurer's or Participating Party's alleged

share or equitable share, or to enforce subrogation rights, if any, of the defense and/or indemnity obligation of such Settling Insurer or Participating Party for any Claims released or resolved pursuant to any settlement agreement with a Settling Insurer or Participating Party, the Debtors, the Trustee, or other Participating Party or Settling Insurer, as applicable, shall be deemed to have reduced its judgment or Claim against, or settlement with, such other Insurer to the extent necessary to satisfy such contribution, subrogation, indemnification, or other Claims against such Settling Insurer or Participating Party. To ensure that such a reduction is accomplished, and in addition to invoking the protection afforded it under Article 28 of the Plan in the Bankruptcy Court, such Settling Insurer or Participating Party shall be entitled to assert this Section 24.3 as a defense to any action against it 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 such Settling Insurer or Participating Party and the other Protected Parties pursuant to a settlement agreement with a Settling Insurer or Participating Party from any liability for the judgment or Claim. Moreover, if a Non-Settling Insurer asserts that it has a Claim for contribution, indemnity, subrogation, or similar relief against a Settling Insurer or Participating Party, such Claim may be asserted as a defense against the Trust or Debtors in any litigation of Insurance Claims (and the Trust, the Debtors or Reorganized Debtor may assert the legal and equitable rights of such Settling Insurer or Participating Party in response thereto); and to the extent such a Claim is determined to be valid by the court presiding over such action, the liability of such Non-Settling Insurer to the Trust, the Debtors or other Participating Party shall be reduced dollar for dollar by the amount so determined. The Debtors and the Trust further agree that, in order to effectuate this clause in any action against a Non-Settling Insurer where the Settling Insurers or Participating Parties are not parties, the Debtors, the Reorganized Debtor or the Trust, as applicable, shall obtain a finding from that court of what amount the Settling Insurers or Participating Parties would have been required to pay such Non-Settling Insurer under its Contribution Claim, before entry of judgment against such Non-Settling Insurer. The Bankruptcy Court shall retain non-exclusive jurisdiction to determine the amount, if any, of any judgment reduction pursuant to the terms of this Section 24.3. In addition, any court of competent jurisdiction may determine the amount, if any, of any judgment reduction pursuant to the terms of Plan Section 24.3.

Notwithstanding any other provision of the Plan, Sections 24.2 and 24.3 of the Plan shall not (i) affect or be construed to restrict or limit the scope or application of the Settling Insurer Injunction or (ii) alter, impair, or diminish any of the protections afforded to Settling Insurers or Participating Parties under the Plan and Confirmation Order, the Insurance Settlement Agreements, the Participating Party Agreements, or the orders approving such settlement agreements.

## **XVI. TREATMENT OF EXECUTORY CONTRACTS**

**A.** On the Effective Date, except as otherwise provided in the Plan, all Executory Contracts of the Debtors that were not 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 pursuant to Plan Article 22 will revert in and be fully enforceable by the 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.

**B.** With respect to indemnification obligations of RCCDG to any Entity 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 RCCDG's constituent documents or by a written agreement with RCCDG or under the laws of the State of New Mexico pertaining to RCCDG, those obligations will be deemed and treated as Executory Contracts that are assumed by the 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; provided, however, that under no circumstances will the Reorganized Debtor assume or be responsible for any alleged indemnification obligations of the Franciscans or any 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 individual or such Entity has or may have engaged in some other conduct that would excuse the Reorganized Debtor from providing any indemnification to such individual or Entity.

**C.** The Debtors, as trustees, hold certain grazing permits to which the federal Bureau of Land Management or the State of Arizona are counterparties. These grazing permits are held in trust by the Debtors for the benefit of the St. John the Baptist Parish in St. Johns, Arizona. It is the position of the Debtors that the grazing permits are licenses, not Executory Contracts that could be assumed; however, to the extent such grazing permits are deemed to be Executory Contracts, they will also be assumed and, to the extent vested in the Arizona Entity, assigned to RCCDG, as of the Effective Date.

**D.** 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 7 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.

## **XVII. EFFECT OF CONFIRMATION**

### **A. Discharge.**

Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Debtors and the Diocese 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 or the Diocese entered into or obligation of the Debtors or the Diocese incurred before the Confirmation Date, or from any conduct of the Debtors or the Diocese prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such Claims and debts, whether such interest accrued before or after the Petition Date, 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 Debtor will be vested with all of the Assets, including all property of the Estates free and clear of all Claims, liens, encumbrances, charges and other Interests of creditors, including, without limitation, all Assets of the Arizona Entity, and the Reorganized Debtor will, thereafter, hold, use, dispose or otherwise deal with such property, operate its business and conduct its 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 Debtor. 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 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 Trusts created thereunder, 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).**

**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. Channeling Injunction.**

- 1. In consideration of the undertakings of the Protected Parties pursuant to the Plan, and other consideration, and to further preserve and promote the agreements between and among the Participating Parties, the Settling Insurers, and the Debtors which also benefit the Tort Claimants and Unknown Tort Claimants, and the protections afforded the Protected Parties under the Bankruptcy Code, including Bankruptcy Code § 105:**
  - a. Any and all Channeled Claims are channeled into the Trust and shall be treated, administered, determined, and resolved under the procedures and protocols and in the amounts as established under the Plan, the Unknown Claims Certificate, the Allocation Protocols and the Trust Documents as the sole and exclusive remedy for all holders of Channeled Claims; and**
  - b. All Entities who have held or asserted, hold or assert, or may in the future hold or assert, any Channeled Claim are hereby permanently stayed, enjoined, barred and restrained from taking any action, directly or indirectly, for the purposes of asserting, enforcing, or attempting to assert or enforce any Channeled Claim against any of the Protected Parties, including:**
    - i. Commencing or continuing in any manner any action or other proceeding of any kind with respect to any Channeled Claim against any of the Protected Parties or against the property of any of the Protected Parties;**
    - ii. Enforcing, attaching, collecting or recovering, by any manner or means, from any of the Protected Parties, or from the property of any of the Protected Parties, with respect to any such Channeled Claim, any judgment, award, decree, or order against any Protected Parties;**
    - iii. Creating, perfecting or enforcing any lien of any kind against any Protected Parties, or the property of any Protected Parties with respect to any such Channeled Claim;**



- c. Asserting, implementing or effectuating any 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.
- d. Taking any act, in any manner, in any place whatsoever that does not conform to, or comply with, the provisions of the Plan; and
- e. 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.

**F. The provisions of Section 28.5 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 Insurance Policies, which any Protected Party may have against another Protected Party except as may be specifically reserved or set forth in a Participating Party Agreement, an Insurance Settlement Agreement, or the Plan. The foregoing channeling provisions are an integral part of the Plan and are essential to its implementation. For purposes of Section 28.5(a) only, the definition of Protected Parties does not include the Committee and each of its members; the Committee's Professionals; the Unknown Claims Representative, AlixPartners LLP, Michael Murphy, and Young Kim, and all of their respective present or former members, managers, officers, directors, employees, Representatives, attorneys, and agents acting in such capacity.**

**G. Supplemental Injunction Preventing Prosecution of Claims Against Settling Insurers.**

- 1. Pursuant to Bankruptcy Code §§ 105(a) and 363 and in consideration of the undertakings of the Settling Insurers pursuant to the Insurance Settlement Agreements, including any of the Settling Insurers' purchases of Insurance Policies or Home Guaranty claims as applicable, 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 Entities holding a Claim, governmental, tax and regulatory authorities, lenders, trade and other creditors, Tort Claimants, Unknown Tort Claimants, perpetrators, Non-Settling Insurers, and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Insurance Settlement Agreements) against any of the Protected Parties, Insured Entities, or the Insurance Policies, which, directly or indirectly, relate to, any of the Insurance Policies, any Tort

**Claims or any Related Insurance Claims, are hereby permanently stayed, enjoined, barred, and restrained from taking any action, directly or indirectly, to assert, enforce or attempt to assert or enforce any such Interest against the Settling Insurers, Insured Entities, and/or the Insurance Policies, including:**

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

**H. Permanent Injunction Against Prosecution of Released and Channeled Claims.**

1. **Except as otherwise expressly provided in the Plan and the Unknown Claims Certificate, for the consideration described herein, or described in any agreement by which an Entity becomes a Settling Insurer or a Participating Party, or if such Entity is a Protected Party on the Effective Date, all Entities who have held, hold, or may hold Channeled Claims or Claims against the Protected Parties, whether known or unknown, and their respective civil law and Canon Law officers, directors, officials, Representatives, council members, employees, accountants, agents, attorneys, and all others acting for or on their behalf, will be permanently enjoined on and after the Effective Date from:**
  - 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 or any Unknown Tort Claim against the Protected Parties or the property of the Protected Parties;**

- b. **Asserting a Claim against any Entity if as a result of such Claim such Entity has or may have a Claim against one or more of the Protected Parties;**
  - 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 encumbrance of any kind against the Protected Parties or the property of the Protected Parties with respect to any discharged Claim or Channeled Claim;**
  - e. **Asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Protected Parties with respect to any discharged Claim or Channeled Claim; and**
  - f. **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.**
2. **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 28, shall be dismissed with prejudice.**

**I. Term of Injunctions or Stays and Confirmation of Settlements.**

**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 any Settling Insurer that has purchased its Insurance Policies in a Bankruptcy Code § 363 sale are permanent and will remain in full force and effect following the Effective Date and are not subject to being vacated or modified.**

**J. Retention of Jurisdiction.**

**After the Effective Date, the Bankruptcy Court will retain jurisdiction for the purposes expressly set forth in Article 30 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, approval of post-Effective Date agreements of Entities who may become Participating Parties or Settling Insurers, and other matters set forth in the Plan.**

## **XVIII. 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 “**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.**

The Trust is intended to be classified as a “qualified settlement fund” (“**QSF**”) within the meaning Treasury Regulations enacted under the Internal Revenue Code at 26 U.S.C. § 468B(g). 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.

#### **XIX. MODIFICATION OF PLAN**

The Debtors and the Committee or the Reorganized Debtor (as applicable) may modify the Plan or Plan Documents from time to time in accordance with, and pursuant to, Bankruptcy Code § 1127. The Plan may be modified by the Debtors and the Committee at any time before the Confirmation Date, provided that the Plan, as modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the Debtors and the Committee 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 Debtors 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 Debtor, Participating Parties and the Settling Insurers 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 Debtor, Participating Parties and the Settling Insurers may make technical and/or immaterial alterations, amendments, modifications or supplements to the terms of any settlement, subject to Bankruptcy Court approval, provided that the amendment or modification does not materially and adversely change the treatment of any holder of a Class 9 Claim without the prior written agreement of such holder. 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 29 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.

## **XX. 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. The Debtors will send notices of non-voting status to holders of Claims in Classes that are not entitled to vote.
- 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 and the Debtors have requested that the Court approve this estimation of Tort Claims. 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 \_\_\_\_\_, 2016, 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 9 Claims include certain releases and certifications that are required to be executed before a Class 9 Claimant may receive funds from the Trust. Any Class 9 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 7 General Unsecured Claims include two separate elections to opt into the General Unsecured Convenience Class and to waive the holder's Claim against the Diocese. 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 7 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 Entity 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 Entity signing the creditor's Proof of Claim may complete and sign the creditor's Ballot, except that creditors holding Class 9 Claims are required to sign his or her own Ballot except that a legal guardian or executor may sign on behalf of the claimant if proof of legal standing to do so is provided; and
- f. Any Class 9 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 an Entity 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 Debtors have previously authorized such means in writing and the original, hard copy Ballot is provided to the Debtors prior to the Confirmation Hearing.
  - h. The Debtors and the Committee shall be permitted to contact creditors in an attempt to cure the deficiencies specified herein.
4. Submission of Ballots.
- a. A pre-printed form of Ballot for each of the Classes entitled to vote on the Plan will be sent to all creditors along with a copy of this Disclosure Statement, approved by the Court which will have attached as an exhibit, a copy of the Plan. Creditors should read the Ballot carefully. The Bankruptcy Court has approved the form of Ballot and it 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: Elizabeth Fella  
Telephone: (520) 770-8755  
E-mail: elizabeth.fella@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 Debtor's ability to meet its obligations under the Plan has been analyzed. The Debtors have prepared projections of the cash flow for the ministries and operations of the Diocese and the Debtors. The projections were prepared by management and are attached as **Exhibit 4** to this Disclosure Statement. The Debtors reasonably believe that they will be able to fund the Plan on the Effective Date, and the Reorganized Debtor 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. The Debtors have included a hypothetical liquidation (attached as **Exhibit 5** to this Disclosure Statement). Thus, the Debtors' liquidation analysis excludes property that is not property of the Debtors' Estates. Specifically, Parish real and personal property, the priests' retirement fund, 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 Gallup School campus and related personal property. The Committee disagrees with the Debtors over whether the property excluded from the liquidation analysis is properly excluded, and the Plan settles that dispute.

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. The Settling Insurers and Participating Parties would not obtain a channeling or supplemental injunction or the releases provided under the Plan, and therefore would not make the substantial contributions they are making under the Plan.

**D. Confirmation Over Dissenting Class.**

1. In the event that any impaired Class of Claims does not accept the Plan, 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 clause (a) or (b) of this subparagraph (i).
    - 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. The Debtors believe that the Plan satisfies the “fair and equitable” test with respect to all impaired Classes.
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, in this case, the Bishop, have no personal Interest in the property of the corporation. Accordingly, there is effectively no equity Interest in the Diocese. Therefore, what is commonly referred to as the “absolute priority rule” embodied by Bankruptcy Code § 1129(b)(2)(B) is not relevant here.

## **XXI. ALTERNATIVES TO THE JOINT 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; 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, the Settling Insurers and Participating Parties have little or no incentive to provide funding for the Debtors to pay creditors. Absent the contributions of the Settling Insurers and Participating Parties that are available only through a confirmed Plan, the Debtors would not be able to contribute more than \$17 million to the Tort Claimants. Rather, they could, at most, contribute \$3,020,000 million, almost all of which would pay for the Professional Charges incurred in the Debtors’ Reorganization Cases. Even if the Committee prevailed in



litigation with the Debtors regarding the Parishes' real property, such real property is likely worth very little, as evidenced by the sale of real property that the Debtors conducted in September, 2015, as described above. Dismissal is therefore a poor alternative for creditors.

Therefore, the Debtors strongly recommend that creditors vote to accept the Plan, as set forth below.

**XXII. RECOMMENDATIONS OF THE DEBTORS AND CONCLUSION**


**THE DEBTORS 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.**

RESPECTFULLY SUBMITTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

ROMAN CATHOLIC CHURCH OF THE  
DIOCESE OF GALLUP, a New Mexico religious  
corporation sole,

and

BISHOP OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF GALLUP, an Arizona  
religious corporation sole

By   
Bishop James S. Wall

Responsible Person for the Roman Catholic Church  
of the Diocese of Gallup and the Bishop of the  
Roman Catholic Church of the Diocese of Gallup

Prepared and Submitted By:

/s/ Susan G. Boswell

Susan G. Boswell (AZ Bar No. 004791)  
Lori L. Winkelman (AZ Bar No. 021400)  
Elizabeth S. Fella (AZ Bar No. 025236)

*Admitted Pro Hac Vice*

QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701

-and-

Thomas D. Walker  
WALKER & ASSOCIATES, P.C.  
500 Marquette N.W., Suite 650  
Albuquerque, New Mexico 87102

*Counsel for the Debtors*

# **EXHIBIT 1**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO**

In re:

ROMAN CATHOLIC CHURCH OF THE  
DIOCESE OF GALLUP, a New Mexico  
corporation sole,

Debtor.

Jointly Administered with:

BISHOP OF THE ROMAN CATHOLIC  
CHURCH OF THE DIOCESE OF GALLUP,  
an Arizona corporation sole.

This pleading applies to:

- ☒ All Debtors.  
☐ Specified Debtor.

Chapter 11

Case No. 13-13676-t11

**Jointly Administered with:**

Case No. 13-13677-t11

**DEBTORS' FIRST AMENDED AND RESTATED PLAN OF REORGANIZATION**  
**DATED MARCH 21, 2016**

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**ARTICLE 1**  
**INTRODUCTION**

1.1 The Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole, and Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole, the debtors and debtors-in-possession in the above-captioned jointly administered Chapter 11 reorganization cases, propose the following Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code. Any term used in an initially capitalized form in the Plan will have the defined meaning ascribed to it in either Bankruptcy Code § 101 or Article 3 hereof.

1.2 ALL CREDITORS ARE ENCOURAGED TO CONSULT THE 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 GERMANE TO THE PLAN AND THE PROJECTED POST-CONFIRMATION OPERATIONS OF THE DEBTORS AND THE REORGANIZED DEBTOR, 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.

1.3 The Court has scheduled the Confirmation Hearing on \_\_\_\_\_, 2016.

**ARTICLE 2**  
**RULES OF INTERPRETATION**

2.1 The rules of construction in Bankruptcy Code § 102 apply to the Plan to the extent not inconsistent with any other provision in this Article 2. All definitions in the Bankruptcy Code and below will be subject to the rules of construction set forth in Bankruptcy Code § 102. 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.

2.2 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).

2.3 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.

2.4 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.

2.5 The definition of any given term or provision in a Plan Document shall be incorporated by reference in the Plan unless the Plan provides a different definition for such term or provision. 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.

2.6 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.

2.7 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.

2.8 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, articles, Sections, sections, clauses or exhibits are references to the Plan’s Articles, articles, Sections, sections, clauses or exhibits.

2.9 Section or Article captions and headings are used only as convenient references, do not affect the Plan’s meaning and will not limit or otherwise affect the provisions hereof.

2.10 The Plan includes as exhibits the Participating Party Agreements and the Insurance Settlement Agreements. The Participating Party Agreements and the Insurance Settlement Agreements contain terms that may not otherwise be defined in the Plan. For purposes of the interpretation and enforcement of the Participating Party Agreements and Insurance Settlement Agreements, the definitions in each Participating Party Agreement and Insurance Settlement Agreement, if any, control as to that agreement only unless otherwise indicated in such Participating Party Agreement or Insurance Settlement Agreement.

2.11 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 3**

#### **DEFINITIONS**

3.1 **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 3 will have the meanings hereinafter stated. The defined terms stated in Article 3 are also substantive terms of the Plan, and Article 3 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.

3.2 **“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.

3.3 **“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. Subject to the Allocation Protocols’ provisions for replacement of the Abuse Claims Reviewer, the Abuse Claims Reviewer is the Honorable (Retired) William L. Bettinelli.

3.4 **“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 postpetition expenses of preserving the Estates; (b) any actual and necessary postpetition 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.

3.5 **“Administrative Claim Bar Date”** means \_\_\_\_\_, 2016, the date 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.

3.6 “**Allocation Protocols**” means, when referred to collectively, the Tort Claims Allocation Protocol and the Unknown Tort Claims Allocation Protocol that provides for distribution of funds to Tort Claimants and Unknown Tort Claimants pursuant to the terms of the Plan and the Allocation Protocols, copies of which are attached hereto as **Exhibits A** and **B**, respectively, and incorporated herein as part of the Plan for all purposes.

3.7 “**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 3.30 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. Tort Claims are not Allowed Claims except as specifically provided in the Plan.

3.8 “**Arizona Entity**” means the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole, in all its civil capacities and a Debtor in the Reorganization Cases.

3.9 “**Arizona Fund**” means the Arizona Property and Casualty Insurance Guaranty Fund.

3.10 “**Arizona Fund Claims**” means every Claim the Debtors have against the Arizona Fund, including, without limitation any Insurance Claims for Insurance Coverage.

3.11 “**Assets**” means each and every item of property and Interest of the Debtors therein, as of the Effective Date, for which the Arizona Entity and/or RCCDG own the legal and equitable title, which is property 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.

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

3.13 “**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 Tort Claims Allocation Protocol or the Unknown Tort Claims Allocation Protocol including the Unknown Tort Claims Certificate.

3.14 “**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.

3.15 “**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.

3.16 “**Bankruptcy Court**” or “**Court**” each means the United States Bankruptcy Court for the District of New Mexico, 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.

3.17 “**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.

3.18 “**Bar Date**” means August 11, 2014, the date established by the Court in the Bar Date Order as the date 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.

3.19 “**Bar Date Order**” means the *Order Fixing Time For Filing Proofs Of Claim, Approving Claim Forms, and Approving Manner and Form of Notice*, entered April 11, 2014 [Docket No. 218].

3.20 “**Bishop**” means the Reverend James S. Wall, or such other individual who may in the future become the acting Diocesan Bishop of the Diocese during the term of the Plan.

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

3.22 “**Canon Law**” means and refers to the 1983 Code of Canon Law applicable to the Roman Catholic Church. References to Canon Law in the Plan are for discussion purposes only. Nothing in the Plan or any Plan Document shall be construed as making Canon Law binding on any Entity; nor shall Canon Law be construed to govern any provision of the Plan or any Plan Document; provided, however, that the foregoing does not constitute a waiver by the Debtors or the Reorganized Debtor of the right to assert Canon Law or any other applicable non-bankruptcy law as a defense to any action to enforce any provision of the Plan or the Plan Documents.

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

3.24 “**Chancery**” means that certain real property located at 711 South Puerco Drive in Gallup, New Mexico, as further described in RCCDG’s Schedule A, Item No. 9, at Docket No. 67.

3.25 “**Channeled Claim**” means any Tort Claim, Unknown Tort Claim, Extra-Contractual Claim, and/or Claim against a Protected Party, or any Entity insured by a Settling Insurer or Participating Party (to the extent such Claim against an Entity insured by a Settling Insurer arises from the same injury or damages asserted as a Tort Claim against a Protected Party and relates to a Released Insurance Policy) arising from, in connection with, or related in any way to a Tort Claim or any Released Insurance Policies issued by the Setting Insurers or Participating Party, including any Related Insurance Claims. Each Claim described in this Section 3.25 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.

3.26 “**Channeling Injunction**” means the injunction to be issued pursuant to Section 28.5 of the Plan.

3.27 “**Chapter 11 Professionals**” means the Debtors’ Professionals, the Committee’s Professionals and the Unknown Claims Representative wherever they are referred to collectively in the Plan.

3.28 “**CIC**” means that certain real property located at 506 W. Historic Hwy 66, in Gallup, New Mexico and commonly known as the Catholic Indian Center, as further described in RCCDG’s Schedule A, Item No. 14, at Docket No. 67.

3.29 “**Claim**” means any past, present or future claim, demand, action, requests, 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).

3.30 “**Claim Objection Deadline**” means the date by which any objections to Claims other than Tort Claims or Unknown Tort Claims, if not previously Allowed, 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.

3.31 “**Claim Payment Date**” means the date which is ten (10) Business Days after a Claim, other than a Tort Claim or an Unknown 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, the Trust Agreement and the Unknown Claims Certificate.

3.32 “**Class**” means each of the classifications of Claims described in Article 6 of the Plan.

3.33 “**Class 9 Ballot**” means the Ballot that the holders of Class 9 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.

3.34 “**Closing**” means the date the payments and transfers to the Trust of those Assets required to be paid and transferred in accordance with Section 23.1 of the Plan are paid and transferred.

3.35 “**CM**” means, collectively, Catholic Mutual Relief Society of America, Catholic Relief Insurance Company of America and their past, present and future parents, subsidiaries, affiliates, and divisions, each of their respective past, present, present and future parents, subsidiaries, affiliates, holding companies, merged companies, related companies, divisions and acquired companies, each of their respective past, present and future, directors, officers, shareholders, employees, subrogees, partners, principals, agents, attorneys, joint ventures, joint venturers, Representatives, and claims handling administrators, and each of their respective predecessors, successors, assignors, and assigns, whether known or unknown, and all Entities acting on behalf of, by, through or in concert with them.

3.36 “**CM Settlement Agreement**” means that certain agreement between CM and the Debtors attached hereto as **Exhibit C** and incorporated herein as part of the Plan.

3.37 “**Co-Defendant**” means an Entity that is named as a defendant in a lawsuit in which one or both of the Debtors are also named as a defendant, and/or who is 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. A Protected Party is not a Co-Defendant.

3.38 “**Committee**” means the Official Committee of Unsecured Creditors appointed by the United States Trustee on December 17, 2013 at Docket No. 118.

3.39 “**Committee’s Professionals**” means the law firm of Pachulski, Stang, Ziehl & Jones, LLP.

3.40 “**Confirmation Date**” means the date on which the Bankruptcy Court enters the Confirmation Order on the Court’s docket.

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

3.42 “**Confirmation Order**” means the Final Order confirming the Plan that is acceptable in form to the Debtors, the Committee, the Participating Parties, and the Settling Insurers on or before the Confirmation Date.

3.43 “**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.

3.44 “**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 Diocese or the Debtors; (b) relating to the Insurance Policies; or (c) channeled to or paid, in whole or in part, by the Trust.

3.45 “**Corpus Christi**” means the Roman Catholic Diocese of Corpus Christi, in all of its capacities.

3.46 “**Corpus Christi Claims**” means every Claim the Debtors have against Corpus Christi, including, but not limited to, all Claims for contribution, indemnity, subrogation, or allocation of fault; provided, however, that nothing herein shall be construed to include any individual Tort Claimant’s personal Claims against Corpus Christi within the definition of a Corpus Christi Claim.

3.47 “**CPF**” means the Catholic Peoples Foundation, a New Mexico non-profit corporation and its Representatives.

3.48 “**CPF Settlement Agreement**” means that certain agreement between CPF and the Debtors attached hereto as **Exhibit D** and incorporated herein as part of the Plan.

3.49 “**Debtors**” means the Arizona Entity and RCCDG.

3.50 “**Debtors’ Professionals**” means:

- (a) The law firm of Quarles & Brady LLP;
- (b) The law firm of Walker & Associates, P.C.;
- (c) The law firm of Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A.;
- (d) The accounting and financial consulting firm of Keegan, Linscott & Kenon, P.C.;
- (e) The insurance archaeologist firm of Insurance Archaeology Group;

- (f) The appraisal firm of Estate Valuation Consultants, Inc.;
- (g) The real estate firms of Tucson Realty & Trust Co. and Accelerated Marketing Group; and
- (h) Any and all other professionals which the Debtors retained 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).

3.51 “**Diocesan Bishop**” means, as provided pursuant to Canon Law, a title of the person within the Roman Catholic Church who is appointed by the Holy See and designated as the Bishop who is to govern the Diocese and care for its people, with the cooperation and assistance of other Catholics, clerics and laity. The term “Diocesan Bishop” does not mean or include the Bishop acting in his civil capacity as the corporate sole of the Arizona Entity or RCCDG.

3.52 “**Diocese**” means the canonical entity of the Roman Catholic Church encompassing the territory of the Roman Catholic Diocese of Gallup subject to the jurisdiction of the Bishop and through which the Bishop carries out his canonical duties in accordance with Canon Law.

3.53 “**Direct Action Claim**” means any Claim by any Entity against a Settling Insurer or Participating Party 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.

3.54 “**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.

3.55 “**Disclosure Statement**” means the Disclosure Statement relating to the Plan, as it may be amended from time to time and approved by the Bankruptcy Court pursuant to the Disclosure Statement Order.

3.56 “**Disclosure Statement Order**” means that certain *Order (A) Approving the Disclosure Statement in Support of Plan of Reorganization; (B) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan; (C) Approving the Form of Ballots and the Inclusion of the Releases and Certifications Therein; (D) Approving the Form and Manner of Notice of the Insurance Settlement Agreements, Participating Party Agreements and (E) Setting the Confirmation Hearing* [Dkt. No. \_\_\_\_] that, among other things, approved the Disclosure Statement, approved the procedures to solicit approval of the Plan, approved the notice procedures for noticing the Confirmation Hearing, approved the forms of Ballots and established the Administrative Claim Bar Date.

3.57 “**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 Debtor, 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.

3.58 “**Disputed Claims Reserve**” means the reserve to be established by the Reorganized Debtor 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 thereof, 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 \$100,000, the Reorganized Debtor need not establish the Disputed Claims Reserve. All Disputed Claims may be estimated by the Reorganized Debtor at an amount equal to (a) such lesser amount that is agreed to by the holder of such Claim, (b) the amount claimed if the Court has not made an estimation of such Claim or the holder of such 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 Claim for distribution purposes under the Plan. 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 Debtor, 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 this provision. 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.

3.59 “**Disputed Property**” means that certain real and personal property identified in the *Complaint to Quiet Title* filed by St. Bonaventure on January 30, 2014, in adversary case number 14-01014-t commenced and later dismissed without prejudice in the Bankruptcy Court.

3.60 “**Effective Date**” means the first Business Day after the Confirmation Date on which (i) all conditions to effectiveness specified in Section 27.1 of the Plan have been satisfied or waived, and (ii) the Confirmation Order is a Final Order.

3.61 “**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.

3.62 “**Estates**” means the bankruptcy estates of the Arizona Entity and RCCDG created under Bankruptcy Code § 541.

3.63 “**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 Debtor that is Contingent, unliquidated or disputed, but excluding any Tort Claim or any Unknown Tort Claim 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.

3.64 “**Exculpated Parties**” means the Committee and each of its members; the Debtors, the Debtors’ Professionals; the Committee’s Professionals; the Unknown Claims Representative, AlixPartners LLP, Michael Murphy, and Young Kim, and all of their respective present or former members, managers, officers, directors, employees, Representatives, attorneys, and agents acting in such capacity.

3.65 “**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 the Plan or pursuant to separate motion and in which the Debtors hold either a legal Interest or an equitable interest as trustee for a Parish.

3.66 “**Extra-Contractual Claim**” means any Claim against any Settling Insurer or Participating Party relating to: (a) allegations that any Settling Insurer or Participating Party 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; (b) failure to act in good faith; (c) failure to provide Insurance Coverage under any Insurance Policy; (d) violation or breach of any covenant or duty of good faith and fair dealing, whether express, implied or otherwise; (e) violation of any statute, regulation or code governing unlawful, unfair, or fraudulent competition, business, or trade practices, and/or untrue or misleading advertising, including any violation of any unfair claims practices act or similar statute, regulation, or code; (f) failure to investigate or provide a defense or an adequate defense; any type of alleged misconduct; (g) any other act or omission of any Settling Insurer or Participating Party of any type for which the claimant seeks relief other than coverage or benefits under an Insurance Policy; (h) any Settling Insurer’s or Participating Party’s handling of any Claim or any request for Insurance Coverage, including any request for coverage for and/or defense of any Claim, including any Tort Claim; (i) any Claim that, directly or indirectly relates to any of the Insurance Policies and any contractual duties arising therefrom, including any contractual duty to defend any of the parties thereto against any Tort Claims; and/or (j) the conduct of the parties with respect to the negotiation of any Insurance Settlement Agreement or Participating Party Agreement.

3.67 “**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 Debtor 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 or Trustee (if after the Effective Date), the Committee (if before the Effective Date), the Settling Insurers, and the Participating Parties 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.

3.68 “**Franciscan Settlement Agreements**” means those certain settlement agreements between the Debtors on the one hand, and the Franciscans (Guadalupe) and Franciscans (St. John) and its insurer, United States Fidelity and Guaranty Company, on the other hand, each of which is attached hereto as **Exhibits E** and **F**, respectively and which are incorporated herein as part of the Plan.

3.69 “**Franciscan Settlement Payments**” means the payment to be made by the Franciscans (Guadalupe) and the payment to be made by the Franciscans (St. John) pursuant to their respective Franciscan Settlement Agreements and by which the Franciscans (Guadalupe) and the Franciscans (St. John) and its insurer, United States Fidelity and Guaranty Company, become Participating Parties.

3.70 “**Franciscans**” means, collectively, Franciscans (Guadalupe) and Franciscans (St. John).

3.71 “**Franciscans (Guadalupe)**” means the Province of Our Lady of Guadalupe of the Order of Friars Minor, in all of its capacities, including St. Michael’s Mission; allied, affiliated or subsidiary missions, parishes, churches, chapels, provinces, entities and juridic persons; and any other entities owned or formed by any of them.

3.72 “**Franciscans (St. John)**” means the Province of St. John the Baptist of the Order of Friars Minor, in all of its capacities, including St. Michael’s Mission; allied, affiliated or subsidiary missions, parishes, churches, chapels, provinces, entities and juridic persons; and any other entities owned or formed by any of them.

3.73 “**General Unsecured Claim**” means every Unsecured Claim against 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 Insurance and Benefit Claim, a Claim of St. Bonaventure, a Claim of the Phoenix Diocese, a Tort Claim, an Unknown Tort Claim or a Penalty Claim, and which is classified and treated as the Plan provides for Class 7 Claims.

3.74 “**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 7, as to any and all Claims held by such holder.

3.75 “**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.

3.76 “**Home Insurance**” means The Home Insurance Company in liquidation proceedings under the June 13, 2003 Order entered by the Merrimack County, New Hampshire Superior Court in its case number 03-E-0106.

3.77 “**Home Liquidation**” means the liquidation proceedings for Home Insurance under the June 13, 2003 Order entered by the Merrimack County, New Hampshire Superior Court in its case number 03-E-0106.

3.78 “**Home Liquidation Allowed Claim**” means the allowed claim in the amount of \$5,600,000 in the Home Liquidation which will be allocated between the subrogation claim of NMPCIGA and the balance to the Debtors as set forth in the Home Settlement Agreement.

3.79 “**Home Settlement Agreement**” means that certain agreement between Home Insurance and the Debtors attached hereto as **Exhibit G** and incorporated herein as part of the Plan.

3.80 “**Insurance and Benefit Claims**” 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 either of the Debtors or for which either of the Debtors is otherwise obligated.

3.81 “**Insurance Claims**” means all Claims, Extra-Contractual Claims and enforceable rights (other than the duty to defend), against any Non-Settling Insurer whether sounding in contract, tort, or otherwise, including equity and bad faith, held by the Debtors for Insurance Coverage of a Tort Claim or Unknown Tort Claim including those for (i) indemnity and payment of any Tort Claim or Unknown Tort Claim; (ii) any Non-Settling Insurer’s failure or refusal to provide Insurance Coverage under any Insurance Policy for a Tort Claim or Unknown Tort Claim against the Debtors, including the failure or refusal to provide a defense to any Tort Claim or Unknown Tort Claim against the Debtors; (iii) any Non-Settling Insurer’s tortious or wrongful Claims handling including the failure or refusal of any Non-Settling Insurer to defend or timely compromise and settle any Tort Claim or Unknown Tort Claim against the Debtors pursuant to any Insurance Policy; and (iv) the



interpretation or enforcement of the terms of any Insurance Policy with respect to coverage of a Tort Claim or Unknown Tort Claim.

Notwithstanding the foregoing, nothing in the Plan affects the rights of a Settling Insurer or Participating Party under any agreement or contract providing reinsurance to the Settling Insurer or Participating Party, nor the rights of the Debtors or the Reorganized Debtor with respect to any Insurance Coverage for Claims other than Tort Claims or Unknown Tort Claims. All such rights are retained by the Settling Insurer, Participating Parties, the Debtors or the Reorganized Debtor.

3.82 “**Insurance Coverage**” means insurance that is available under any Insurance Policy, whether known or unknown to the Debtors or the Committee, or any party in interest that 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 a Settling Insurer or Participating Party.

3.83 “**Insurance Policy**” means an insurance policy providing Insurance Coverage, including any policy providing Insurance Coverage that is identified in a settlement agreement with a Participating Party or a Settling Insurer.

3.84 “**Insurance Recoveries**” means the rights to any and all proceeds, including any interest or income earned thereon, and other relief, from (a) any Award, judgment, relief, or other determination entered or made as to any Insurance Claims; (b) any and all amounts payable by an Insurer under any settlement agreement with the Debtors, a Participating Party or a Settling Insurer with respect to Insurance Claims; and (c) any and all proceeds of any Insurance Policy paid or payable to the Debtors, a Participating Party or a Settling Insurer with respect to Insurance Claims. Insurance Recoveries do not include any recoveries of a Settling Insurer or Participating Party under any agreement or contract providing reinsurance to the Settling Insurer or Participating Party.

3.85 “**Insurance Settlement Agreements**” means, collectively or separately as the case may be, the agreements between the Debtors and any Settling Insurer that resolve Insurance Claims, including the CM Settlement Agreement, the Home Settlement Agreement, and the NMPCIGA Settlement Agreement and any similar agreement with a Settling Insurer designated as such after the Effective Date pursuant to Section 26.4 of the Plan.

3.86 “**Insured Entity**” means any Entity insured by any Settling Insurer.

3.87 “**Insurer**” means (a) any Entity that during any period of time either (i) provided Insurance Coverage to the Debtors and/or a Participating Party, its predecessors, successors, or assigns, or (ii) issued an Insurance Policy to the Debtors and/or a Participating Party, its predecessors, successors, or assigns; and (b) any Entity owing a duty to defend and/or indemnify the Debtors and/or a Participating Party under any Insurance Policy.

3.88 “**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.

3.89 “**Liquidator**” means Roger A. Seigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as court-appointed liquidator of Home Insurance in the Home Liquidation.

3.90 “**Medicare Beneficiary**” means a Tort Claimant or Unknown Tort Claimant who has received, applied for, or is eligible to receive Medicare or Medicaid benefits, and is asserting a Tort Claim or Unknown Tort Claim against the Debtors.

3.91 “**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.

3.92 “**MMSEA**” means the Medicare, Medicaid, and SCHIP Extension Act of 2007.

3.93 “**MSPA**” means the Medicare Secondary Payer Act.

3.94 “**NMPCIGA**” means the New Mexico Property and Casualty Insurance Guaranty Association.

3.95 “**NMPCIGA Settlement Agreement**” means that certain settlement agreement between the Debtors and NMPCIGA attached hereto as **Exhibit H** and incorporated herein as part of the Plan.

3.96 “**Non-Settling Insurer**” means any Insurer that is not a Participating Party or Settling Insurer, including the Arizona Fund.

3.97 “**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 either or both 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 RCCDG 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.

3.98 “**Parish Settlement Agreement**” means that certain settlement agreement among the Debtors and the Parishes and affiliated entities attached hereto as **Exhibit I** and incorporated herein as part of the Plan.

3.99 “**Parishes**” means any one of the parishes, churches, and missions within the territory of the Diocese as set forth on **Exhibit J** hereto and their Representatives.

3.100 “**Participating Party**” means (i) those Entities listed on **Exhibit K** to the Plan, that are providing or will provide consideration or a portion of the funding for the Plan in exchange for (a) the release of any Claim by the Debtors against such Participating Party, (b) the benefit of the Channeling Injunction, and (c) any other benefits in favor of Participating Parties under the Plan, and (ii) the Representatives of such Entities. Pursuant

and subject to Section 26.3 of the Plan, and after notice and a hearing, upon the sole discretion of the Trustee pursuant to its powers under the Trust Agreement, an Entity may become a Participating Party after the Effective Date if the Bankruptcy Court approves an agreement between the Entity and the Debtors, Reorganized Debtor, or the Trustee pursuant to its retained jurisdiction. Upon the Bankruptcy Court's entry of a Final Order approving such an agreement, Exhibit K, the Plan, and the Confirmation Order will be deemed amended to include such Entity.

3.101 “**Participating Party Agreements**” means, collectively, the Franciscan Settlement Agreements, the SWIF Sale Agreement, the CPF Settlement Agreement, the St. Bonaventure Settlement Agreement, the Parish Settlement Agreement, and the Phoenix Diocese Settlement Agreement and any other agreements entered into between the Debtors, the Reorganized Debtor or the Trustee and such Entity after the Confirmation Hearing that is approved by the Bankruptcy Court after notice and hearing pursuant to which such Entity becomes a Participating Party.

3.102 “**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.

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

3.104 “**Petition Date**” means November 12, 2013, which is the filing date of the voluntary Chapter 11 petitions commencing the Reorganization Cases.

3.105 “**Phoenix Diocese**” means the Roman Catholic Diocese of Phoenix in all its capacities as set forth in more detail in the Phoenix Diocese Settlement Agreement.

3.106 “**Phoenix Diocese Settlement Agreement**” means that certain agreement between the Debtors and the Phoenix Diocese attached hereto as **Exhibit L** and incorporated herein as part of the Plan.

3.107 “**Pinnacle Bank**” means The Bank of Colorado d/b/a Pinnacle Bank.

3.108 “**Pinnacle Bank Loan**” means the loan from Pinnacle Bank to RCCDG in the original principal amount of \$200,000 dated June 24, 2011.

3.109 “**Pinnacle Bank Loan Documents**” means the documents evidencing the Pinnacle Bank Loan.

3.110 “**Plan**” means the “Plan of Reorganization” dated March 21, 2016, and every restatement, amendment, or modification thereof, if any, filed by the Debtors.

3.111 “**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, Insurance Settlement Agreements and the Participating Party Agreements, provided that the Committee shall have approved each of

said agreements, documents and exhibits as to form and content, such approval not to be unreasonably withheld.

3.112 “**Plan Implementation Account**” means the account to be established by the Debtors on or after the Confirmation Date at a financial institution acceptable to the Committee, the Settling Insurers and the Participating Parties into which all funds necessary to fund the Plan will be deposited, including all amounts to be paid by the Settling Insurers and the Participating Parties pursuant to the respective Insurance Settlement Agreements and Participating Party Agreements. The Reorganized Debtor will fund the Trust from the proceeds of the Plan Implementation Account into such account or accounts established by the Trustee pursuant to the Trust Agreement and pursuant to written instructions from the Trustee.

3.113 “**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 Debtor.

3.114 “**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.

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

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

3.117 “**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.

3.118 “**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.

3.119 “**Professional Charges Cap**” means a cap of \$375,000 for all Professional Charges incurred by Committee’s Professionals and Debtors’ Professionals from the period from December 1, 2015 through the Effective Date.

3.120 “**Professional Charges Reduction**” means a reduction of \$416,599.92 to be applied to Professional Charges incurred by Committee’s Professionals and Debtors’ Professionals from the period of the Petition Date through November 30, 2015, which reduction shall be inclusive of any other voluntary or involuntary reduction or disallowance of fees of such professionals through the Effective Date.

3.121 “**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.

3.122 “**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.

3.123 “**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.

3.124 “**Protected Parties**” means: (a) the Exculpated Parties; (b) the Participating Parties; (c) the Participating Parties’ Representatives, provincials, priests, brothers, friars, clerics, members, affiliates, subsidiaries, parents, 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 (except to the extent of such predecessor’s or successor’s independent liability for an act or acts of Abuse other than a Tort Claim); (d) the Settling Insurers and (e) the Settling Insurers’ present or former Representatives, members, parents, 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 to the extent their liability arises out of liabilities under Insurance Policies issued by a Settling Insurer. Protected Parties does not include: (i) an individual having personally committed one or more of the acts set forth in subparts (a)-(c) of Plan Section 3.2 giving rise to a Tort Claim; (ii) the Sisters; (iii) Corpus Christi; (iv) St. Michael School; or (v) a Co-Defendant.

3.125 “**Qualified Counsel**” means those attorneys representing Tort Claimants who have entered into written retainer or fee agreements with such Tort Claimant(s) on or before the Effective Date; provided that such attorney agrees that the attorney’s receipt of Qualified Counsel Fees is credited against the fees owed by such Tort Claimant(s).

3.126 “**Qualified Counsel Fees**” means the amount to be subtracted from the balance in the Trust in an amount equal to the unpaid fees and reimbursable expenses (prepetition and postpetition through the Effective Date) payable to Qualified Counsel on account of Tort Claims under any written retainer or fee agreements with Tort Claimants who receive a distribution on account of such Tort Claims under the Plan. Before any distribution(s) to Tort Claimants from the Trust, the Trustee will subtract all Qualified Counsel Fees and shall pay such Qualified Counsel Fees to the appropriate Qualified Counsel at the time the Tort Claimant receives a distribution from the Trust.

3.127 “**RCCDG**” means the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole, in all its civil capacities and a Debtor in the Reorganization Cases.

3.128 “**Related Insurance Claim**” means (i) any Claim against any Settling Insurer or Participating Party for defense, indemnity, reimbursement, contribution, subrogation, or similar relief that, directly or indirectly, relates to a Tort Claim; (ii) any Extra-Contractual Claim that, directly or indirectly, relates to any Tort Claim, including any Claim that, directly or indirectly, relates to any of the Settling Insurers’ or Participating Parties’ handling of any Tort Claim; (iii) any Direct Action Claim; and (iv) any Contribution Claim.

3.129 “**Released Insurance Policy**” means an Insurance Policy that is specifically (a) identified in a Participating Party Agreement, or (b) purchased and released pursuant to an applicable Insurance Settlement Agreement and the Plan.

3.130 “**Reorganization Cases**” means the jointly administered cases under Chapter 11 of the Bankruptcy Code, which was commenced by the filing of voluntary Chapter 11 petitions by the Arizona Entity and RCCDG on the Petition Date.

3.131 “**Reorganized Debtor**” means RCCDG, from and after the Effective Date and after the transfer of the Assets of the Arizona Entity to RCCDG. Unless otherwise expressly stated or the context otherwise requires, references to “the Debtors and the Reorganized Debtor” and references to “the Debtors or the Reorganized Debtor” 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 Debtor and every other party to such agreement (including, but not limited to, the provisions of the Plan as confirmed).

3.132 “**Representatives**” means the Liquidator, current and former 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; (ii) the Sisters; (iii) Corpus Christi; (iv) St. Michael School; or (v) a Co-Defendant. Representatives does not include any predecessor or successor of the Debtors for Claims against such predecessor or successor for acts independent of Claims against the Debtors and if such Claims are not channeled or released pursuant to the Plan, a Participating Party Agreement or Insurance Settlement Agreement.

3.133 “**Retained Claims**” means Debtors’ Claims, including, but not limited to, all Avoidance Actions and the Arizona Fund Claims, that are not otherwise settled pursuant to the Plan or agreements approved by the Bankruptcy Court on or prior to the Effective Date, all Claims against the Sisters, the Corpus Christi Claims, 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.

3.134 “**Revested Assets**” means all Assets and/or property, real or personal, owned by the Debtors which are not transferred to the Trust.

3.135 “**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, including any supplements or amendments thereto through the Confirmation Date.

3.136 “**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.

3.137 “**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, 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 and only to the extent that such Secured Tax Claim does not relate to a Parish’s real property. Any Claims for unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes pertaining to a Parish or Parish’s real property, will be paid by the Parish owning such real property or other property pertaining to such tax.

3.138 “**Settling Insurer Injunction**” means the injunction(s) provided in Section 28.6 of the Plan and any injunction provided in an agreement whereby an Insurer becomes a Settling Insurer after the Confirmation Date.

3.139 “**Settling Insurers**” means: (a) each of those Insurers listed on **Exhibit M** to the Plan; (b) those Insurers who become Settling Insurers after the date of the Plan pursuant to Section 26.4 of the Plan; and (c) their Representatives. For purposes of defining the scope of the releases, injunctions, exculpation provision, and other provisions and protections provided to Settling Insurers herein, the terms “Settling Insurer” and “Protected Parties” herein also include all past and present subsidiaries, parents, and affiliates, as well as all employees, officers, directors, shareholders, principals, parents, indirect parents, claims managers, agents, attorneys, and Representatives, as well as the predecessors,



successors, assignors, and assigns of each of the foregoing, in their capacity as such to the extent that their liability arises out of, or is related to, any Insurance Policy providing Insurance Coverage that is identified in an agreement with a Participating Party or a Settling Insurer.

3.140 “**Sisters**” means the Sisters of the Blessed Sacrament, a Roman Catholic religious order, including any and all province, section, division, ministry, member, predecessor, successor, and affiliate thereof.

3.141 “**St. Bonaventure**” means Saint Bonaventure Indian Mission and School, Inc., a New Mexico non-profit corporation.

3.142 “**St. Bonaventure Settlement**” means the settlement between the Debtors and St. Bonaventure, as set forth in the St. Bonaventure Settlement Agreement.

3.143 “**St. Bonaventure Settlement Agreement**” means that certain settlement agreement between the Debtors and St. Bonaventure attached hereto as **Exhibit N** incorporated herein as part of the Plan.

3.144 “**St. Michael School**” means St. Michael Indian School, Incorporated.

3.145 “**SWIF**” means the Southwest Indian Foundation, Inc., a New Mexico non-profit corporation.

3.146 “**SWIF Sale Agreement**” means that certain agreement pertaining to, among other things, the sale of the CIC and attached hereto as **Exhibit O** and incorporated herein as part of the Plan.

3.147 “**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 Protected 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 Diocese, any Parish or any affiliated Entity within the territory of the Diocese; (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 Diocese, a Parish or any affiliated Entity within the territory of the Diocese; (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 or within the territory of the Diocese; 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 Diocese, the Parishes or any affiliated entities within the territory of the Diocese. 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.

3.148 “**Tort Claims Allocation Protocol**” means the allocation protocol with respect to Class 9 Tort Claims in the form attached hereto as Exhibit A.

3.149 “**Tort Claimant**” means any Person who holds or asserts a Tort Claim but excluding an Unknown Tort Claimant.

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

3.151 “**Trust Agreement**” means the agreement attached as **Exhibit P** to the Plan.

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

3.153 “**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. The Trust Documents will be subject to approval of the Debtors or the Reorganized Debtor which approval will not be unreasonably withheld.

3.154 “**Trust Subaccount**” means the subaccounts to be established by the Trustee in accordance with the terms of the Trust Agreement.

3.155 “**Trustee**” means Eric Schwarz of Omni Management Acquisition Corp., the trustee of the Trust, and any successor trustee appointed pursuant to the terms of the Plan and the Trust Agreement.

3.156 “**Unknown Claims Certificate**” means the certificate to be issued by CM as of the Effective Date in the maximum amount of \$1,800,000, a copy of which is attached hereto as **Exhibit Q** and incorporated herein as part of the Plan, and which shall be used 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 Unknown Claims Certificate pursuant to Article 16 and Article 20 of the Plan.

3.157 “**Unknown Claims Representative**” means Hon. (Ret.) Michael R. Hogan, the person appointed by the Bankruptcy Court to act as the Unknown Claims Representative pursuant to the *Order Approving Debtors’ Motion for an Order Substituting Michael R. Hogan as Legal Representative to Represent the Interests of Unknown Tort Claimants, Including Minors, in the Reorganization Cases and Application to Employ Michael R. Hogan as Unknown Claims Representative; and Motion for Order Authorizing the Resignation of Michael P. Murphy* [Dkt. No. 526]. The Unknown Claims Representative represents the Interests of the Unknown Tort Claimants.

3.158 “**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:

(a) 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

(b) Turns 18 on or after July 11, 2014 (the date which is thirty (30) days prior to the generally applicable Bar Date in the Reorganization Cases of August 11, 2014); or

(c) Has a Tort Claim for which the applicable Arizona or New Mexico tort claim statute of limitations, for any reason, has not expired or has been tolled as of July 11, 2014, as determined under applicable Arizona or New Mexico federal law, but without regard to federal bankruptcy law; and

(d) Submits a Proof of Claim in accordance with the procedures set forth in the Plan, the Confirmation Order and the Unknown Tort Claims Allocation Protocol.

3.159 “**Unknown Tort Claims Allocation Protocol**” means the allocation protocol with respect to the Unknown Tort Claims in the form attached hereto as Exhibit B.

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

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

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

## ARTICLE 4

### PLAN OBJECTIVES

4.1 **Objectives.** The Plan provides the means for settling and paying all Claims asserted against the Debtors. The Plan also provides for Participating Parties and Settling Insurers to participate by contributing funds and property 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 from the Debtors, contributions by Participating Parties and Settling Insurers, and proceeds from the sale of certain real property of the Debtors. Trust Assets will be used to fund the Trust’s costs and expenses and payments to Tort Claimants. The Unknown Claims Certificate to be issued by CM will provide the 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 will be determined pursuant to the Unknown Claims Certificate and the Unknown Tort Claims Allocation Protocol. General Unsecured Creditors will be paid the Allowed amount of their Claims over a period of five (5) years. 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 Protected Parties will receive the benefit of injunctions and releases provided under the Plan.

## ARTICLE 5

### UNCLASSIFIED CLAIMS

5.1 **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).

5.2 **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 Debtor shall pay all Allowed Professional Charges subject to the Professional Charges Reduction and the Professional Charges Cap within ten (10) Business Days of entry of a Final Order approving such Professional Charges unless otherwise agreed between the Chapter 11 Professional and the Reorganized Debtor.

5.3 **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.

5.4 **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.

5.5 **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 6

### CLASSIFICATION OF CLAIMS

6.1 **Classification.** All Claims are classified under the Plan as hereafter stated in this Article 6; 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 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.

6.2 **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 Claims of Ally Bank (Impaired; Entitled to Vote)

Class 4 – Secured Claim of Pinnacle Bank (Impaired; Entitled to Vote)

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

Class 6 – Phoenix Diocese Unsecured Claims (Impaired; Entitled to Vote)

Class 7 – General Unsecured Claims (Impaired; Entitled to Vote)

Class 8 – Other Tort and Employee Claims (Impaired; Entitled to Vote)

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

Class 10 – Unknown Tort Claims (Impaired; Entitled to Vote)

Class 11 – St. Bonaventure Claims (Impaired; Entitled to Vote)

Class 12 – Insurance and Benefit Claims (Impaired; Entitled to Vote)

Class 13 – Penalty Claims (Impaired; Not Entitled to Vote; Deemed to Reject)

## ARTICLE 7

### TREATMENT OF CLASS 1 CLAIMS

#### (PRIORITY EMPLOYEE UNSECURED CLAIMS)

7.1 **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 RCCDG at the time such Priority Employee Unsecured Claim becomes matured and liquidated; provided, however, that RCCDG reserves the right 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 prior to the Confirmation Date or after the Effective Date. To the extent RCCDG proposes any changes to such policies and procedures that become part of the Plan and would be retroactive, RCCDG 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 8

### TREATMENT OF CLASS 2 CLAIMS

#### (PREPETITION DATE SECURED TAX CLAIMS)

8.1 **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-ratio 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.

8.2 **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.

8.3 **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.

8.4 **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 5.1 of the Plan.

## **ARTICLE 9**

### **TREATMENT OF CLASS 3 CLAIMS (SECURED CLAIMS OF ALLY BANK) (SUB CLASSES 3A, 3B, 3C AND 3D)**

9.1 **Distribution.** The Secured Claims of Ally Bank will be treated as Allowed, fully Secured Claims pursuant to the values and credits determined in accordance with Section 9.3 below. Each Secured Claim of Ally Bank secured by a vehicle identified below will be classified as a subclass in Class 3 as subclass 3A, 3B, 3C, and 3D, respectively, and will be paid fully and in Cash as follows:

- (a) The Allowed Class 3 Secured Claims in each subclass will bear interest from and after the Effective Date until they are paid in full at the rate of four percent (4%) per annum or such other rate as ordered by the Bankruptcy Court.
- (b) Each Class 3 Secured Claim in the subclasses, including interest thereon from and after the Effective Date, will be paid in forty (40) equal monthly installments, commencing on the first Business Day which is thirty (30) days after the Effective Date or the Claim Payment Date.
- (c) No penalties will be paid on any of the Allowed Class 3 Secured Claims.
- (d) Except to the extent necessary to modify the current documents evidencing the Class 3 Secured Claims to conform to the treatment of the Class 3 Allowed Secured Claims under the Plan, the prepetition loan documents for each subclass of Class 3 will remain in full force and effect.

9.2 **Retention of Liens.** The holder of the Class 3 Secured Claims will retain its lien(s) on its collateral to the extent of its Class 3 Secured Claims in each subclass.

#### **9.3 Specific Provisions Relating to Value of Collateral:**

- (a) Subclass 3A — 2012 Chevrolet Malibu; VIN: 1G1ZC5E09CF299583 — value deemed to be \$12,551.61 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3A Allowed Secured Claim.



(b) Subclass 3B — 2011 Jeep Wrangler; VIN: 1J4BA6H11BL548106 — value deemed to be \$21,198.34 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3B Allowed Secured Claim.

(c) Subclass 3C — 2012 Chevrolet Malibu; VIN: 1G1ZC5EU0CF125601 — value deemed to be \$12,551.61 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3C Allowed Secured Claim.

(d) Subclass 3D — 2012 Chevrolet Malibu; VIN: 1G1ZC5EUXCF255711 — value deemed to be \$12,020.31 subject to reduction for adequate protection payments made during the Reorganization Cases prior to the Effective Date for purposes of the subclass 3D Allowed Secured Claim.

## **ARTICLE 10**

### **TREATMENT OF CLASS 4 CLAIMS**

#### **(SECURED CLAIM OF PINNACLE BANK)**

10.1 **Distribution.** The Class 4 Claim is a Disputed Claim. When the Class 4 Claim becomes an Allowed Secured Claim, it will be paid the amount of its Allowed Secured Claim as follows:

(a) The Allowed amount of the Class 4 Secured Claim will be determined in accordance with Bankruptcy Code § 506. The Allowed Class 4 Secured Claim will be paid in monthly installments of principal amortized over twenty-five (25) years from the Effective Date plus interest at the rate of three percent (3%) from the date the Class 4 Claim becomes an Allowed Secured Claim and thereafter until the tenth (10th) anniversary of the Claim Payment Date applicable to the Allowed Class 4 Secured Claim at which time all principal and accrued interest thereon will be fully due and payable. The first payment on the Class 4 Claim when and if it becomes an Allowed Secured Claim will be due on or before the first Business Day that is ninety (90) days after the Claim Payment Date and continuing on the first (1st) day of each month thereafter until the tenth (10th) anniversary of the Claim Payment Date.

(b) Alternatively, if Pinnacle Bank agrees to reduce its Claim to the amount of \$116,000.00, the Class 4 Secured Claim will be an Allowed Secured Claim in such amount. In that event, thirty (30) days after the Effective Date, the Reorganized Debtor will commence interest only payments at the rate of three percent (3%) per annum which will continue to be paid on the first (1st) day of each month thereafter until the collateral securing the Allowed Class 4 Claim is sold at which time the full amount of the Allowed Class 4 Secured Claim (as voluntarily reduced by the holder of the Class 4 Claim) shall be fully due and payable.

(c) The Pinnacle Bank Loan Documents will be modified to the extent necessary to conform to the Plan. Notwithstanding anything in the prepetition loan documents to the contrary, if Pinnacle Bank does not agree to reduce its Claim as provided in subparagraph 10.1(b) above, the Pinnacle Bank Loan Documents will be further modified to allow the Reorganized Debtor to sell the Chancery subject to the Pinnacle Bank Loan and/or to grant additional liens so long as such liens are junior and subordinate to the Pinnacle Bank Loan. If the Chancery is sold subject to the Pinnacle Bank Loan, the repayment terms will be as provided in the Plan.

10.2 **Retention of Liens.** The holder of the Class 4 Claim will retain its lien(s) on the Chancery to the extent of its Class 4 Claim until Pinnacle Bank is paid as provided in the Plan.

## **ARTICLE 11**

### **TREATMENT OF CLASS 5 CLAIMS**

#### **(GENERAL UNSECURED CONVENIENCE CLAIMS)**

11.1 **Distribution.** Every holder of an Allowed Class 5 Claim will be paid the applicable General Unsecured Convenience Claim Payment without interest in two (2) equal installments. The first (1st) installment will be paid on the first Business Day which is six (6) 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.

11.2 **Interest.** There will be no interest or penalties payable on the General Unsecured Convenience Claims.

## **ARTICLE 12**

### **TREATMENT OF CLASS 6 CLAIMS**

#### **(PHOENIX DIOCESE UNSECURED CLAIMS)**

12.1 **Distribution.** The holder of the Class 6 Claim(s) shall pay the Class 6 Claim in full as set forth in the Phoenix Diocese Settlement Agreement, calculated upon a fully amortizing basis with a 30 year term and with interest at 1.0%. The first payment is due on the first Business Day that is two (2) years after the Effective Date and each subsequent payment shall be made every three (3) months after the previous payment until the Class 6 Claim is satisfied.

## **ARTICLE 13**

### **TREATMENT OF CLASS 7 CLAIMS**

#### **(GENERAL UNSECURED CLAIMS)**

13.1 **Distribution.** Each holder of a Class 7 General Unsecured Claim, as and when such General Unsecured Claim is or becomes an Allowed Claim, will be paid fully and in Cash in five (5) annual installments with the first (1<sup>st</sup>) installment to be paid on the

first Business Day that is nine (9) months after the Effective Date (or the Claim Payment Date), and each installment thereafter on the first Business Day that is twelve (12) months after the previous payment pursuant to the Plan.

13.2 **Interest and Penalties.** There will be no interest or penalties payable on any Class 7 General Unsecured Claim.

## ARTICLE 14

### TREATMENT OF CLASS 8 CLAIMS

#### (OTHER TORT AND EMPLOYEE CLAIMS)

14.1 **Distribution.** Each holder of a Class 8 Other Tort and Employee Claim, as and when such Claim becomes an Allowed Claim, will be paid solely from any Insurance Policies, other than the Released Insurance Policies, applicable to such Other Tort and Employee Claim. To the extent that such Claims may not be satisfied in full pursuant to the applicable Insurance Policies or if such Insurance Policies have been sold and released pursuant to the applicable Insurance Policy, Participating Party Agreement or Insurance Settlement Agreement, then such Other Tort and Employee Claims, to the extent not so satisfied, will be a Disallowed Claim.

## ARTICLE 15

### TREATMENT OF CLASS 9 CLAIMS

#### (TORT CLAIMS)

15.1 On the Effective Date, the Trust shall assume all liability for and the Trust will pay all Class 9 Claims pursuant to the provisions of the Plan, Plan Documents, Confirmation Order, Tort Claims Allocation Protocol, and Trust Documents.

15.2 Tort Claimants shall have their Class 9 Claims treated pursuant to the Tort Claims Allocation Protocol, including review of such Tort Claims by the Abuse Claims Reviewer in accordance with the Tort Claims Allocation Protocol. **The right of any Tort Claimant to a trial by jury or otherwise against the Reorganized Debtor 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.**

15.3 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 Debtor against whom all such rights and/or Claims shall be and are hereby released and enjoined as provided in Section 28 of the Plan.

15.4 Debtors, the Reorganized Debtor and their counsel shall reasonably cooperate with the Abuse Claims Reviewer and the Trustee as requested by the Abuse

Claims Reviewer or the Trustee but only in connection with any reasonable inquiries by either in the administration of the Tort Claims Allocation Protocol.

15.5 No Tort Claimant may challenge the merit, validity, or amount of any Class 9 Claim. If any objection to a Class 9 Claim is pending as of the Effective Date, such objection is deemed withdrawn with prejudice on or after the Effective Date. The Trustee shall have the sole and exclusive right to object to a Class 9 Claim.

15.6 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 Debtor 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.

15.7 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 Claims against all of the Protected Parties and the certifications set forth in the Class 9 Ballot. The release and certifications included in the Class 9 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 15.7. The Trust shall be obligated to provide copies of the Tort Claimants' releases and certifications to any of the Protected Parties upon request.

15.8 Before any payment(s) to Tort Claimants, the Trustee will subtract all Qualified Counsel Fees from the balance of the Trust Assets in an amount equal to: (a) the total fees payable to Qualified Counsel by the beneficiaries of the Trust based on the reserves or distributions calculated under the Tort Claims Allocation Protocol; and (b) an amount equal to the unpaid reimbursable expenses (prepetition and postpetition through the Effective Date) payable to Qualified Counsel by the beneficiaries of the Trust. The Trust shall pay such fees to Qualified Counsel as and when the Tort Claimant receives a distribution from the Trust.

15.9 Subject to the treatment of Qualified Counsel Fees pursuant to the Plan, the fees and expenses of attorneys representing Tort Claimants who receive payments from the Trust will be borne by such Tort Claimants based on applicable state law and individual arrangements made between such Tort Claimants and their respective attorneys. The Reorganized Debtor and the Protected Parties will not have any liability for any fees and expenses of attorneys representing any of the Tort Claimants or for any Qualified Counsel Fees. The Trust and the Trustee will not have any liability for any fees and expenses of attorneys representing any of the Tort Claimants, except to the extent that the Trust or the Trustee is required to make payments pursuant to the provisions herein relating to Qualified Counsel Fees.

15.10 No payment or Award will be made to any Tort Claimants asserting Penalty Claims relating to Tort Claims and such Penalty Claims will be Disallowed Claims.

15.11 A Tort Claimant may withdraw a Tort Claim at any time, without further order of the Court, on written notice to the Trustee. If withdrawn, (a) the Tort Claim will be withdrawn with prejudice and may not be reasserted against the Reorganized Debtor, the Trust, the Trustee, or any Protected Party, including as an Unknown Tort Claim, (b) as a condition to withdrawal of the Tort Claim, any funds paid to the Tort Claimant by the Trust (inclusive of attorneys' fees and costs) shall be returned to the Trust, and (c) any reserve maintained by the Trust on account of such Tort Claim shall revert to the non-reserved assets of the Trust for distribution in accordance with the Plan and the Trust. Withdrawal of any Tort Claim by a Tort Claimant shall be without prejudice to such Person's rights against any Co-Defendant but subject to the limitations contained in the Plan and the Confirmation Order.

## **ARTICLE 16**

### **TREATMENT OF CLASS 10 CLAIMS**

#### **(UNKNOWN TORT CLAIMS)**

16.1 On the Effective Date, the Trust shall 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, Unknown Claims Certificate, and Trust Documents.

16.2 Unknown Tort Claimants shall have their Class 10 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. **The right of any Unknown Tort Claimant to a trial by jury or otherwise against the Reorganized Debtor, and any of the Protected Parties is waived and released upon occurrence of the Effective Date, and the Tort Claim of an Unknown Tort Claimant will be solely determined by the Abuse Claims Reviewer and in accordance with the Unknown Tort Claims Allocation Protocol.**

16.3 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 Section 28 of the Plan.

16.4 Debtors, the Reorganized Debtor and their counsel shall cooperate with reasonable requests from the Abuse Claims Reviewer and the Trustee for information reasonably requested by the Abuse Claims Reviewer or the Trustee but only with respect to reasonable inquiries regarding the determination of the Unknown Tort Claim and in the administration of the Unknown Tort Claim Allocation Protocol.

16.5 The Trustee shall have the sole and exclusive right to object to an Unknown Tort Claim.

16.6 The Trustee shall pay any awards to Unknown Tort Claimants by drawing on the proceeds of the Unknown Claims Certificate subject to the terms and conditions of the Unknown Claims Certificate. In the event all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Certificate are less than the face amount of the Unknown Claims Certificate, in the aggregate, no additional amounts will be paid to the Trust at the expiration of the Certificate. If all Allowed Unknown Tort Claims to be paid by the Trust pursuant to the Plan and the Unknown Claims Certificate are greater than the face amount of the Unknown Claims Certificate, 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, including CM.

16.7 No Unknown Tort Claimant shall receive any payment on account of any Award unless and until such Unknown Tort Claimant has executed a written release of any and all Claims against all of the Protected Parties and the certifications required pursuant to the Class 9 Ballot. The release and certifications included in the Class 9 Ballot for voting on the Plan may be used for this purpose. The Trust shall be obligated to provide copies of the Unknown Tort Claimants' releases and certifications to any of the Protected Parties upon request.

16.8 If an Unknown Tort Claim is denied payment pursuant to the Unknown Tort Claims Allocation Protocol, the holder of such Unknown Tort Claim will nevertheless have no rights against the Reorganized Debtor, the Trust, Trustee, or Protected Parties 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 Injunctions as provided in the Plan.

16.9 The fees and expenses of attorneys representing Unknown Tort Claimants who receive payment from the Trust will be borne by such Unknown Tort Claimants based on applicable state law and individual arrangements made between such Unknown Tort Claimants and their respective attorneys. None of the Reorganized Debtor, the Trust, the Trustee, or the Protected Parties will have any liability for any fees and expenses of attorneys representing any Unknown Tort Claimants and any Claims for such fees and expenses will be disallowed.

16.10 No payment or Award will be made to any Unknown Tort Claimants asserting Penalty Claims relating to Tort Claims and such Penalty Claims will be Disallowed Claims.

16.11 An Unknown Tort Claimant may withdraw an Unknown Tort Claim at any time, without further order of the Court, on written notice to the Trustee. If withdrawn, (a) the Unknown Tort Claim will be withdrawn with prejudice and may not be reasserted against the Reorganized Debtor, the Trustee, the Trust, or any Protected Party; (b) as a condition to withdrawal of the Unknown Tort Claim, any funds paid to the Unknown Tort Claimant by the Trust (inclusive of attorneys' fees and costs) shall be returned to the Trust; and (c) any reserve maintained by the Trust on account of such Unknown Tort Claim shall revert to the non-reserved assets of the Trust for distribution in accordance with the Plan and the Trust. Withdrawal of any Unknown Tort Claim by an Unknown Tort Claimant shall be

without prejudice to such Entity's rights against any Co-Defendant but subject to the limitations contained in the Plan and the Confirmation Order.

## **ARTICLE 17**

### **TREATMENT OF CLASS 11 CLAIMS**

#### **(ST. BONAVENTURE CLAIM)**

17.1 **Distribution and Sale.** In full satisfaction of all Class 11 Claims, the holder of the Class 11 Claim will be treated in accordance with the St. Bonaventure Settlement Agreement which will, among other things, provide for the Debtors to sell the Disputed Property to St. Bonaventure pursuant to a sale ordered by the Bankruptcy Court free and clear of all liens, Claims, Interests and encumbrances and further subject to the St. Bonaventure Settlement Agreement. The conveyance will be pursuant to a quit claim deed from the Debtors (or the Reorganized Debtor) to St. Bonaventure and the property will be sold "as is, where is" with no representations and warranties.

## **ARTICLE 18**

### **TREATMENT OF CLASS 12 CLAIMS**

#### **(INSURANCE AND BENEFIT CLAIMS)**

18.1 **Distribution.** The Class 12 Claims will be treated and satisfied by the Reorganized Debtor in accordance with the past practices and policies of the Debtors.

## **ARTICLE 19**

### **TREATMENT OF CLASS 13 CLAIMS**

#### **(PENALTY CLAIMS)**

19.1 **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 20**

### **MEANS OF IMPLEMENTATION OF THE PLAN**

20.1 **Establishment of Plan Implementation Account.** After the Confirmation Date, the Debtors will establish the Plan Implementation Account which will be held and administered in accordance with the Plan, the Insurance Settlement Agreements, the Participating Party Agreements and the Confirmation Order.

20.2 **Funding.** On or before the Effective Date, the following will be transferred by wire transfer to the Plan Implementation Account (or with respect to the Unknown Claims Certificate, by overnight mail delivery to counsel for the Debtors):

- (a) **Debtors' Funding.** The Debtors will transfer \$3,020,000 or so much as is necessary to satisfy the Debtors' obligations under the Plan to the Plan Implementation Account. A portion of such funding may be obtained from a loan



that the Catholic Order of Foresters may extend to the Debtors and Reorganized Debtor, to be secured by various Revested Assets.

(b) **CM Funding.** Pursuant and subject to the CM Settlement Agreement between the Debtor and CM, CM will transfer \$11,550,000 to the Plan Implementation Account and deliver the Unknown Claims Certificate to counsel for the Debtors.

(c) **Franciscan Funding.** Pursuant and subject to the Franciscan Settlement Agreements, Franciscans (Guadalupe) will transfer \$300,000 to the Plan Implementation Account and Franciscans (St. John) and its insurer, United States Fidelity and Guaranty Company, will transfer a total of \$1,850,000 to the Plan Implementation Account.

(d) **Home Liquidation Allowed Claim.** Pursuant and subject to the Home Settlement Agreement, the Liquidator will seek allowance of the Debtors' Claim in the Home Liquidation in the amount of \$5,600,000, less the amount of the NMPCIGA Claim for subrogation of \$1,850,000. At the Trustee's direction and in the Trustee's sole discretion, the Debtors shall either (a) assign their rights under the Home Settlement Agreement to the Trust or (b) market and sell that portion of the Home Liquidation Allowed Claim payable to the Debtors and pay all the proceeds thereof to the Trust. All costs and expenses of marketing and selling the Home Liquidation Allowed Claim will be subtracted from the proceeds received and will not otherwise be paid by the Debtors or the Reorganized Debtor. Any distributions or dividends previously authorized by the Liquidator to be paid on account of the Home Liquidation Allowed Claim, if received by the Debtors or the Reorganized Debtor, will be paid to the Trustee.

(e) **NMPCIGA Funding.** Pursuant and subject to the NMPCIGA Settlement Agreement, NMPCIGA will transfer \$1,850,000 to the Plan Implementation Account.

(f) **Parish Funding.** Pursuant and subject to the Parish Settlement Agreement, the Parishes will transfer \$500,000 to the Plan Implementation Account.

(g) **St. Bonaventure Purchase.** Pursuant and subject to the St. Bonaventure Settlement Agreement, St. Bonaventure will transfer \$550,000 to the Plan Implementation Account.

(h) **Phoenix Diocese Funding.** Pursuant and subject to the Phoenix Diocese Settlement Agreement, the Phoenix Diocese will transfer \$300,000 to the Plan Implementation Account.

(i) **SWIF Sale.** Pursuant and subject to the SWIF Sale Agreement, SWIF will transfer \$515,000 to the Plan Implementation Account.

(j) **CPF Funding.** Pursuant and subject to the CPF Settlement Agreement, CPF will transfer \$665,000 to the Plan Implementation Account.

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

**20.4 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 Debtor's Revested Assets and ongoing operations. Payments for Allowed Professional Charges will be paid from a portion of the funding described in Section 20.2 of the Plan.

**20.5 Dissolution of Arizona Entity.** On or before the Effective Date, the Arizona Entity will assign all its Assets (including without limitation any contractual rights) to the Reorganized Debtor. Any obligations of the Arizona Entity will be paid, channeled, assigned, or discharged under the Plan, and the Arizona Entity will be dissolved.

**20.6 Retained Claims.** On or before the Effective Date, all Retained Claims will be assigned by the Debtors to the Reorganized Debtor. The Reorganized Debtor may pursue any Retained Claims at the discretion of the Reorganized Debtor and will retain the proceeds of all such Retained Claims, if any. The Arizona Fund Claim will be transferred to the Trust upon request of the Trustee.

**20.7 Unknown Claims Certificate.** On or before the Effective Date, the Unknown Claims Certificate shall be delivered to the Trustee and be effective.

**20.8 Approval of Financing and 363 Sales.** On or before the Effective Date, the Court shall have approved under Bankruptcy Code § 364 the financing the Debtors intend to obtain from the Catholic Order of Foresters. The Court shall have also approved the sale under Bankruptcy Code § 363, free and clear of all liens, Claims, encumbrances, and Interests, of (i) any Insurance Policies to be purchased by a Settling Insurer pursuant to the requirements of the applicable Insurance Settlement Agreement, and (ii) any property to be purchased by a Participating Party under a Participating Party Agreement, and the Court shall have granted the purchasers the protections available under Bankruptcy Code § 363(m). The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Bankruptcy Code § 364 financing, Bankruptcy Code § 363 sales and grant of Bankruptcy Code § 363(m) protections.

**20.9 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 to the Plan Implementation Account; (ii) the CM Settlement Agreement; (iii) the Franciscan Settlement Agreements; (iv) the Home Settlement Agreement; (v) the NMPCIGA Settlement Agreement; (vi) the Parish Settlement Agreement; (vii) the St. Bonaventure Settlement Agreement; (viii) the Phoenix Diocese Settlement Agreement; (ix) the SWIF Sale Agreement; (x) the CPF Settlement Agreement;

and (xi) the Debtors' non-monetary commitment to healing and reconciliation as set forth in Section 20.12 of the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims against the Debtors. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the 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 Estates, Participating Parties, Settling Insurers, Tort Claimants, Unknown Tort Claimants and other parties in interest, and are fair, equitable and within the range of reasonableness.

**20.10 Debtors' Waiver and Release of Claims Against Settling Insurers.** As required in the Insurance Settlement Agreements, upon the occurrence of the Effective Date and payment by each Settling Insurer of such Settling Insurer's settlement amount pursuant to the applicable Insurance Settlement Agreement, the Debtors on behalf of themselves, their Estates, their current and former successors and assigns, subsidiaries, affiliates, officers and directors, fully, finally, and completely remise, release, acquit, and forever discharge and release the corresponding Settling Insurer (and any property thereof) and any of their reinsurers or retrocessionaires from any and all past or present Claims, causes of action, rights and remedies, including all Claims that relate to Tort Claims and Unknown Tort Claims, the Insurance Policies issued by such Settling Insurer, or any other binder, certificate, or policy of insurance issued by such Settling Insurer, including any Channeled Claims, all Extra-Contractual Claims and all Related Insurance Claims that, directly or indirectly, arise from, relate to, or are in connection with the Debtors or their property or the Reorganization Cases. This release specifically includes all Unknown Tort Claims that are based in whole or in part on the Tort Claims, the Insurance Policies, or any other binder, certificate, or policy of insurance or certificate issued by such Settling Insurer, with all Tort Claims and Unknown Tort Claims channeled to the Trust, pursuant to the Plan, and with no liability to such Settling Insurer; provided, however, that nothing in this Section is intended to affect or release any obligations arising from the Unknown Claims Certificate. Notwithstanding the foregoing release, if any Insurance Policies or Insurance Coverage is reserved and not released or sold in an applicable Insurance Settlement Agreement, then this release shall only apply to those Insurance Policies and/or Insurance Coverage specifically exhausted, sold or released under an applicable Insurance Settlement Agreement. Also, if there is any conflict between an Insurance Settlement Agreement and the Plan (including the foregoing release), the terms of the applicable Insurance Settlement Agreement shall prevail.

**20.11 Debtors' Waiver and Release of Participating Parties and Settling Insurers.** In consideration of the terms of the Participating Party Agreements, the Insurance Settlement Agreements and other consideration, upon the Effective Date and the Participating Party's or Settling Insurer's performance under their respective Participating Party Agreement or Insurance Settlement Agreement, including without limitation delivery of any dismissal orders or stipulations that may be required thereunder, the Debtors, on behalf of themselves, their Estates, their current and former successors and assigns, subsidiaries, and affiliates, officers and directors fully, finally, and completely remise, release, acquit, and forever discharge and release each Participating Party and Settling Insurer and any of their reinsurers or retrocessionaires (and any property thereof) from any and all past and present Claims that arise from or relate to Tort Claims, Unknown Tort

Claims or Channeled Claims, and any Extra-Contractual Claims and Related Insurance Claims.

**20.12 Non-Monetary Commitment to Healing and Reconciliation.** In order to further promote healing and reconciliation, and in order to continue its efforts to prevent Abuse from occurring in the Diocese in the future, the Reorganized Debtor agrees that beginning within thirty (30) days after the Effective Date (unless a different date is provided below), it will undertake the commitments set forth in **Exhibit R** attached hereto and incorporated herein.

**20.13 Procedure for Determination of Claims Other Than Tort Claims or Unknown Tort Claims.** The following procedures will be used for purposes of allowance and disallowance of creditors' Claims that are **not** Tort Claims or Unknown 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 Claims, including Tort Claims and Unknown 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 if 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).

**20.14 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 Debtor 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 Debtor 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 Debtor failed to pay the tendered payment.

**20.15 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, are hereby preserved in full for the benefit of the Reorganized Debtor, except for such Claims or causes of action, cross-claims, and counterclaims which: (a) have been released hereunder or pursuant to any applicable Insurance Settlement Agreement, Participating Party Agreement or a Final Order prior to the Effective Date; and (b) which have been or are being transferred to the Trustee. Claims or causes of action, cross-claims and counterclaims which are being transferred to the Trustee, if any, are preserved under the Plan for the benefit of the Trust. To the extent necessary, the Reorganized Debtor is hereby designated as the estate representative pursuant to, and in accordance with, Bankruptcy Code § 1123(b)(3)(B). Furthermore, in accordance with Bankruptcy Code § 1123(b)(3), after the Effective Date, the Reorganized Debtor will own and retain, and may prosecute, enforce, compromise, settle, release, or otherwise dispose of, any and all Claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtors or their Estates, including, but not limited to the Retained Claims. The Debtors and the Reorganized Debtor will also be entitled to assign their rights under the Plan (except to the extent they are prohibited from doing so pursuant to the express terms of any applicable agreement for Insurance Coverage or Participating Party Agreement). On the Effective Date, and except as otherwise specifically provided in the Plan, including but not limited to Retained Claims which are specifically retained by the Debtors and assigned to the Reorganized Debtor, 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.

**20.16 Special Provisions Governing Unimpaired Claims.** Except as otherwise provided in the Plan, nothing will affect the Debtors' or the Reorganized Debtor's 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.

**20.17 Operative Documents.** The Debtors or the Committee will prepare any documents which the Debtors, the Reorganized Debtor and/or the Committee 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.

**20.18 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, any such deposits, together with any interest or other income earned thereon, if any, will be refunded to the Reorganized Debtor within fifteen (15) days of demand by the Reorganized Debtor for return of such deposit.

**20.19 Delivery of Distributions (Except to Tort Claims and Unknown Tort Claims).** Distributions will be made by the Debtors or the Reorganized Debtor 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, the Reorganized Debtor, the Trustee has not been notified of a change of address;
- (b) At the addresses set forth in written notices of address change delivered to the Debtors, the Trustee or the Reorganized Debtor 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 Debtors, the Trustee or the Reorganized Debtor has not received a written notice of change of address.

**20.20 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 and distributions to all other creditors will be made by the Reorganized Debtor. Distributions to Tort Claimants and Unknown Tort Claimants will be made in accordance with the Trust Documents.

**20.21 Efforts Regarding Absence of Address or Returned Mail.** If a claimant's distribution is not mailed or is mailed but returned to the Reorganized Debtor or Trustee because of the absence of a proper mailing address, the Reorganized Debtor 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 21**

### **TRUST**

**21.1 Establishment of Trust.** On the Confirmation Date, the Trust shall be established in accordance with the Trust Documents. The Trust shall qualify as a "Qualified

Settlement Fund” pursuant to Section 468B of the Internal Revenue Code and the Treasury Regulations promulgated thereunder. The Trust Documents, including the Trust Agreement, are incorporated herein by reference.

**21.2 Reserve Accounts.** As set forth in the Trust Agreement, the Trustee shall establish reserves for various purposes.

**21.3 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.

**21.4 Trust Distributions.** No Tort Claimant shall receive any payment from the Trust unless and until the Tort Claimant has executed a written release of any and all past, present, and future Claims in the form and the certifications provided for in the Class 9 Ballot, against all of the Protected Parties, any Entity insured by any of the Settling Insurers or Participating Parties, and all of the Settling Insurers’ or Participating Parties’ reinsurers or retrocessionaires; provided, however, that, subject to Section 15.3 of the Plan, nothing in this Section 21.4 shall require any Tort Claimant to release any Claims against any Co-Defendants. The Trust shall be obligated to provide copies of the Tort Claimants’ releases and certifications to any of the Protected Parties that request them.

**21.5 Special Distribution Conditions.** In connection with the implementation of the Plan, the Trustee shall obtain prior to remittance of funds to Tort Claimants’ counsel or to a Tort Claimant, if pro se, in respect of any Tort Claim, a certification from the Tort Claimant to be paid from the Trust that said Tort Claimant has or will provide any information necessary to comply with reporting obligations arising under the MSPA or MMSEA, and has or will provide for the payment and/or resolution of any obligations owing or potentially owing under the MSPA relating to such Tort Claim or distribution from the Trust; otherwise the Trustee shall withhold from any payment directly or indirectly to the Tort Claimant funds sufficient to assure that any obligations owing or potentially owing under the MSPA relating to such Tort Claim are paid.

**21.6** The Trust shall defend, indemnify and hold harmless the Reorganized Debtor 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.

**21.7** Subject to the provisions of the Plan and the Trust Agreement, the Trust Assets shall also be used for payment of indemnity and expenses relating to reimbursing the United States government or its contractors for conditional payments made pursuant to the MSPA applicable to any given Medicare Beneficiary, Tort Claimants and Unknown Tort

Claimants. Except for the payment of amounts payable under any Insurance Settlement Agreement, none of the Protected Parties shall be obligated to make any other payments for this purpose, including any payments to the Trust.

21.8 The Trust shall terminate and the Trustee shall have no further obligations under the Plan or the Trust as set forth in the Trust.

## **ARTICLE 22**

### **TREATMENT OF EXECUTORY CONTRACTS**

22.1 **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 pursuant to this Article 22 will revest in and be fully enforceable by the 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.

22.2 **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 7 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.

22.3 **Indemnification of Members, Managers, Officers, and Employees.** The obligation of the Debtors to indemnify any individual serving at any time on or prior to the Effective Date as one of its officers, employees, council members or volunteers by reason of such individual's service in such capacity, to the extent provided in any of the Debtors' constituent documents or by a written agreement with the Debtors or under the laws of the States of Arizona or New Mexico, as applicable, pertaining to the Debtors, will be deemed and treated as Executory Contracts that are assumed by the 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 Debtor assume or be responsible for any alleged indemnification obligations of the Franciscans or any 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 individual(s) or such Entity has or may have engaged in some other conduct that would excuse the Reorganized Debtor from providing any indemnification to such individual or Entity.

## **ARTICLE 23**

### **OTHER POST-EFFECTIVE DATE OBLIGATIONS**

23.1 **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 respective Insurance Settlement Agreements and the Participating Party Agreements. As soon as practicable after conditions set forth in Section 27.1 have been satisfied or waived in accordance with Section 27.2, the Trustee shall file notice of the Closing and the Reorganized Debtor will file notice of the occurrence of the Effective Date.

#### **23.2 Obligations of the Reorganized Debtor.**

(a) Subject to Sections 23.1 and 27.1 of the Plan, the Reorganized Debtor will:

(i) In the exercise of its 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;

(ii) Honor the Debtors' obligations arising under each Participating Party Agreement and Insurance Settlement Agreement and any other agreement that has been approved by the Bankruptcy Court as part of the Plan;

(iii) Transfer the Home Liquidation Allowed Claim to the Trust;

(iv) Transfer \$17,606,241.04 from the Plan Implementation Account to the Trustee within two (2) Business Days after the Effective Date and such other funds received and which are to be paid to the Trust pursuant to the terms of the Plan within three (3) Business Days after receipt thereof;

(v) Transfer any proceeds received by the Debtors on account of the Home Liquidation Allowed Claim; and,

- (vi) Perform all of its obligations under the Plan and Plan Documents, in each case, as and when the same become due or are to be performed.

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

**23.4 Closing of the Case.** As soon as practicable after the Effective Date, when the Reorganized Debtor deems appropriate, the Reorganized Debtor 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 Debtor, 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 New Mexico 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 New Mexico, 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.

## **ARTICLE 24**

### **INSURANCE MATTERS**

**24.1 Settlement with Non-Settling Insurers.** Following the Effective Date, the Reorganized Debtor shall not enter into a settlement agreement affecting any Insurance Policy with any Non-Settling Insurer solely with respect to any Insurance Coverage for Tort Claims without the express written consent of the Trustee, which consent may be granted or withheld at the Trustee's sole and absolute discretion. Following the Effective Date, the Reorganized Debtor authorizes the Trustee to exclusively act on its behalf to negotiate a settlement with any Non-Settling Insurer on account of such Insurance Claims for Tort Claims. Such settlements may provide for the Non-Settling Insurer to become a Settling Insurer.

**24.2 Insurance Neutrality.**

- (a) Nothing in the Plan, the Confirmation Order or in any Plan Document modifies any of the terms of any: (i) Non-Settling Insurer's Insurance Policies, (ii) those Insurance Policies issued by a Settling Insurer with respect to the Debtors that are not Released Insurance Policies pursuant to an Insurance Settlement Agreement, or (iii) statutory liability of the Arizona Fund.

(b) Subject only to Sections 24.1 and 24.3 of the Plan, nothing in the Plan, the Confirmation Order or any Plan Document shall impair or diminish any Non-Settling Insurer's legal, equitable, or contractual obligations relating to the Insurance Policies, or the Insurance Claims against the Non-Settling Insurers in any respect. Subject to collateral estoppel and res judicata, in the event that any court determines that any provision of the Plan impairs or diminishes any Non-Settling Insurer's obligations with respect to Insurance Claims, Insurance Recoveries or Insurance Policies, such provision of the Plan shall be given effect only to the extent that it shall not cause such impairment or diminishment.

(c) Except as otherwise provided in the Insurance Settlement Agreements or the Plan, the fact that the Trust is liquidating and paying or reserving monies on account of the Tort Claims and Unknown Tort Claims shall not be construed in any way to diminish any obligation of any Insurer under any Insurance Policy to provide Insurance Coverage to the Debtors, the Debtors' Estates or the Reorganized Debtor for Tort Claims or Unknown Tort Claims. The duties and obligations, if any, of the Non-Settling Insurers under each Non-Settling Insurer's Insurance Policy shall not be impaired, altered, reduced or diminished by: (a) the discharge granted to the Debtors under the Plan pursuant to Bankruptcy Code § 1141(d), (b) the exonerations, exculpations and releases contained in the Plan or (c) the Channeling Injunction.

(d) Neither the Trust's payment or reservation of monies on account of the Tort Claims nor the Abuse Claims Reviewer's review of an Tort Claim or Unknown Tort Claim shall: (1) constitute a trial, an adjudication on the merits or evidence of liability or damages in any litigation with Non-Settling Insurers or (2) constitute, or be deemed, a determination of the reasonableness of the amount of any Tort Claim or Unknown Tort Claim, either individually or in the aggregate with other Tort Claims or Unknown Tort Claims, in any litigation of Insurance Claims with any Non-Settling Insurers.

(e) Notwithstanding any other provision in the Plan, the Confirmation Order or any Plan Document, the transfer of rights or the appointment of the Trustee as a representative to enforce Insurance Claims and obtain Insurance Recoveries as to any Non-Settling Insurers with respect to Tort Claims or Unknown Tort Claims, as the case may be, shall not be asserted as a defense to coverage under any Non-Settling Insurer's Insurance Policy.

(f) Subject to Section 24.3 of the Plan, no provision of the Plan, the Confirmation Order or any Plan Document shall diminish or impair the rights of any Non-Settling Insurer under its Insurance Policy or the rights of a Non-Settling Insurer to assert any defense to any Insurance Claim.

(g) A Non-Settling Insurer's obligations, with respect to any Tort Claim or Unknown Tort Claim, shall be determined by and in accordance with the terms of the Insurance Policies and with applicable non-bankruptcy law.

(h) Nothing in the Plan, Confirmation Order or any Plan Document, shall impose any obligation on any Insurer to provide a defense for, settle, or pay any judgment with respect to, any Tort Claim or Unknown Tort Claim.

(i) Nothing in the Plan, Confirmation Order or any Plan Document shall grant to any Entity any right to sue any Insurer directly, in connection with a Tort Claim, Unknown Tort Claim or any Insurance Policy (including a Released Insurance Policy). To the extent that an Insurance Policy continues in effect after the Effective Date because it is not a Released Insurance Policy, the terms of the Insurance Policy and applicable non-bankruptcy law will govern the rights and obligations of the such Entity; provided, however, that pursuant to the Plan and the Insurance Settlement Agreements, no Entity shall have any right to sue any Settling Insurer or Participating Party directly or indirectly in connection with a Tort Claim, Unknown Tort Claim, or a Released Insurance Policy.

(j) Subject to Section 24.3 of the Plan, nothing in the Plan, Confirmation Order, or in any Plan Document shall constitute a finding or determination that any Debtor and/or third party is a named insured, additional insured or insured in any other way under any Insurance Policy; or that any Insurer has any defense or indemnity obligation with respect to any Tort Claim or Unknown Tort Claim. Subject to Section 24.3 of the Plan, no defense, denial or position of a Non-Settling Insurer shall be impaired or prejudiced in any insurance coverage dispute.

(k) Nothing in this Section 24.2 negates or undoes the voluntary alteration of an Insurer's rights should it elect to become a "Settling Insurer" under the Plan.

(l) Nothing in the Plan is intended to affect the governing law of any Insurance Policy.

**24.3 Judgment Reduction.** In connection to any action by the Trust to enforce Insurance Claims with respect to an Insurance Policy issued by a Non-Settling Insurer, in the event that any Insurer obtains a judicial determination or binding arbitration award that, but for Article 28 of the Plan, it would be entitled to obtain a sum certain from a Settling Insurer or Participating Party as a result of a Contribution Claim, or a Claim for subrogation, indemnification, or other similar Claim against a Settling Insurer or Participating Party for such Settling Insurer's or Participating Party's alleged share or equitable share, or to enforce subrogation rights, if any, of the defense and/or indemnity obligation of such Settling Insurer or Participating Party for any Claims released or resolved pursuant to any settlement agreement with a Settling Insurer or Participating Party, the Debtors, the Trustee, or other Participating Party or Settling Insurer, as applicable, shall be deemed to have reduced its judgment or Claim against, or settlement with, such other Insurer to the extent necessary to satisfy such contribution, subrogation, indemnification, or other Claims against such Settling Insurer or Participating Party. To ensure that such a reduction is accomplished, and in addition to invoking the protection afforded it under Article 28 of the Plan in the Bankruptcy Court, such Settling Insurer or Participating Party shall be entitled to assert this Section 24.3 as a defense to any action against it 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 such Settling Insurer or Participating Party and the other Protected Parties pursuant to a settlement agreement with a Settling Insurer or Participating Party from any liability for the judgment or Claim. Moreover, if a Non-Settling Insurer asserts that it has a Claim for contribution, indemnity, subrogation, or similar relief against a Settling Insurer or Participating Party, such Claim may be asserted as a defense against the Trust or Debtors in any litigation of Insurance Claims (and the Trust, the Debtors or Reorganized Debtor may assert the legal and equitable rights of such Settling Insurer or Participating Party in response thereto); and to the extent such a Claim is determined to be valid by the court presiding over such action, the liability of such Non-Settling Insurer to the Trust, the Debtors or other Participating Party shall be reduced dollar for dollar by the amount so determined. The Debtors and the Trust further agree that, in order to effectuate this clause in any action against a Non-Settling Insurer where the Settling Insurers or Participating Parties are not parties, the Debtors, the Reorganized Debtor or the Trust, as applicable, shall obtain a finding from that court of what amount the Settling Insurers or Participating Parties would have been required to pay such Non-Settling Insurer under its Contribution Claim, before entry of judgment against such Non-Settling Insurer. The Bankruptcy Court shall retain non-exclusive jurisdiction to determine the amount, if any, of any judgment reduction pursuant to the terms of this Section 24.3. In addition, any court of competent jurisdiction may determine the amount, if any, of any judgment reduction pursuant to the terms of this Section 24.3.

24.4 Notwithstanding any other provision of the Plan, Sections 24.2 and 24.3 of the Plan shall not (i) affect or be construed to restrict or limit the scope or application of the Settling Insurer Injunction or (ii) alter, impair, or diminish any of the protections afforded to Settling Insurers or Participating Parties under the Plan and Confirmation Order, the Insurance Settlement Agreements, the Participating Party Agreements, or the orders approving such settlement agreements.

## **ARTICLE 25**

### **LITIGATION**

#### **25.1 Preservation of Retained Claims.**

(a) The Reorganized Debtor shall retain and exclusively enforce 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 Reorganized Debtor shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such Retained Claims, without obtaining Bankruptcy Court approval.

(b) Except for Tort Claimants or 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 Debtor, 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.

## **ARTICLE 26**

### **LIQUIDATION OF TORT CLAIMS AND UNKNOWN TORT CLAIMS**

**26.1 Liquidation and Payment of Tort Claims.** The Trust shall pay Tort Claims in accordance with the terms of the Plan, Confirmation Order, Plan Documents and Trust Documents and without regard to the Debtor against which the Tort Claimant or Unknown Tort Claimants filed his/her Proof of Claim.

(b) The amount of the Trust's distributions/reserves on account of the Tort Claims shall not be binding upon any Non-Settling Insurer or any Co-Defendant in connection with a Co-Defendant's liquidation of any contribution or indemnity claim.

(c) Nothing in the Trust Documents shall (i) impose any costs, directly or indirectly, upon the Estates, the Reorganized Debtor, any Participating Party or any Settling Insurer relating to the treatment of Tort Claims or (ii) otherwise modify the rights or obligations of the Estates, the Reorganized Debtor, any Participating Party or Settling Insurer as otherwise set forth in the respective Insurance Settlement Agreement, Participating Party Agreement, Unknown Claims Certificate, the Plan or a Plan Document.

(d) Because Tort Claims are being paid by the Trust without regard to whether those Claims are covered by Insurance Policies issued by Settling Insurers or Participating Parties: (a) the Trust shall be deemed to be subrogated to the Claims of the Tort Claimants paid by the Trust to the extent of those payments and (b) the Trust may pursue such subrogation Claim and any Contribution Claim unless such Claim is against the Reorganized Debtor or any Protected Party. The Trust may not bring any action against the Reorganized Debtor, any Protected Party, and/or their respective Assets; provided, however, that the Trust may bring an action against any of the foregoing Entities to enforce the Plan or Plan Documents.

**26.2 Effect of No Award on Tort Claims.** If a Tort Claim or Unknown Tort Claim is denied payment pursuant to the respective Tort Claims Allocation Protocol or Unknown Tort Claims Allocation Protocol, the holder of such Tort Claim or Unknown Tort Claim will have no further rights against the Debtors, Reorganized Debtor, Participating Parties, Settling Insurers, the Trust or Trustee relating to such Tort Claim or Unknown Tort Claims and such Tort Claim or Unknown Tort Claims shall be a Disallowed Claim and subject to all provisions of Article 28 below.

**26.3 Supplementing Exhibit K to Add to List of Participating Parties.** After the Effective Date and notwithstanding any present exclusionary language contained in the Plan, upon the consent of the Reorganized Debtor and the Trustee, any Entity may become a Participating Party pursuant to a Participating Party Agreement. After the Effective Date, the Trustee or the Reorganized Debtor, as the case may be, shall have the authority to seek, upon motion to the Bankruptcy Court, the Bankruptcy Court's approval of a Participating Party Agreement. Upon the Bankruptcy Court's entry of a Final Order approving such agreement, Exhibit K will be amended by the Trustee or the Reorganized Debtor to include such Entity. For the purposes of defining a Participating Party, the Entities listed on Exhibit K shall include their respective Representatives, predecessors, successors, and assigns, or their respective employees, officers, agents, attorneys and directors unless specifically provided otherwise in the applicable Participating Party Agreement.

(b) Any Entity becoming a Participating Party under the Plan shall have all of the rights, remedies and obligations of a Participating Party notwithstanding that such Entity originally may have been excluded as a Participating Party under any provision of the Plan, including without limitation, the terms and conditions of the Channeling Injunction.

(c) The Bankruptcy Court's retained jurisdiction to approve a Participating Party Agreement under this Section shall include jurisdiction to determine the adequacy of notice of a motion to approve such a Participating Party Agreement.

**26.4 Supplementing Exhibit M to Add to List of Settling Insurers.**

(a) After the Effective Date, upon the consent of the Trustee, an Entity may become a Settling Insurer if the Bankruptcy Court, after notice and hearing, approves the agreement between the Entity and the Trustee. Notwithstanding the occurrence of the Effective Date, the Reorganized Debtor shall have standing to object to approval of such agreement. Upon the Bankruptcy Court's entry of a Final Order approving such an agreement, Exhibit M will be amended by the Trustee to include such Entity.

(b) Any Entity becoming a Settling Insurer under this Section 26.4 shall have all of the rights, remedies and duties of a Settling Insurer notwithstanding that such Entity originally may have been excluded as a Settling Insurer under any provision of the Plan. Such rights, remedies and duties shall include, but not be limited to, the terms and conditions of the Channeling Injunction.

(c) The Bankruptcy Court's retained jurisdiction to approve an agreement under this Section shall include jurisdiction to determine the adequacy of notice of a motion to approve such an agreement.

## ARTICLE 27

### CONDITIONS PRECEDENT

27.1 **Conditions to Occurrence of the Effective Date.** The Effective Date will occur when each of the following conditions have been satisfied or waived in accordance with Section 27.2 of the Plan:

- (a) The Bankruptcy Court shall have entered a Final Order or Final Orders approving all Insurance Settlement Agreements and any appropriate judgments consistent therewith, in form and substance reasonably acceptable to the Settling Insurer with respect to that Settling Insurer's Insurance Settlement Agreement and consistent with the requirements of the such Settling Insurer's applicable Insurance Settlement Agreement, and no stay of such orders is in effect;
- (b) The Bankruptcy Court shall have entered a Final Order or Final Orders approving all Participating Party Agreements and any appropriate judgments consistent therewith, in form and substance reasonably acceptable to the Participating Party with respect to that Participating Party's Participating Party Agreement and consistent with the requirements of the such Participating Party's applicable Participating Party Agreement, and no stay of such orders is in effect;
- (c) The Bankruptcy Court shall have entered the Confirmation Order in form and substance that is reasonably acceptable to the Reorganized Debtor, the Committee, the Settling Insurers, the Participating Parties and the Confirmation Order is a Final Order;
- (d) The Trustee and the Reorganized Debtor have signed the Trust Agreement;
- (e) All of the Settling Insurers and the Participating Parties have transferred their applicable amounts into the Plan Implementation Account;
- (f) CM shall have delivered the Unknown Claims Certificate to the Debtors (by delivery to counsel for the Debtors); and
- (g) The Debtors have transferred \$17,606,241.04 from the Plan Implementation Account to the Trust.

27.2 **Waiver of Conditions.** Any condition set forth in Section 27.1 of the Plan may be waived by the mutual written consent of the Debtors, the Committee, the Settling Insurers with respect to any conditions affecting such Settling Insurer's obligations and the Participating Parties with respect to any conditions affecting such Participating Party's obligations.

27.3 **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 an Insurance Settlement Agreement or Participating Party Agreement (as the case may be), the



Plan shall become null and void unless agreed otherwise by the Debtors, the Committee, the Settling Insurers and the Participating Parties. 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.

## **ARTICLE 28**

### **EFFECTS OF CONFIRMATION**

**28.1 Discharge.** Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Debtors and the Diocese will be discharged from and their liability will be extinguished completely in respect of any Claim and debt, whether reduced to judgment or not, liquidated or unliquidated, Contingent or 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 or the Diocese entered into or obligation of the Debtors or the Diocese incurred before the Confirmation Date, or from any conduct of the Debtors or the Diocese prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such Claims and debts, whether such interest accrued before or after the Petition Date, and including all Claims and debts of the kind specified in 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.

**28.2 Vesting.** Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Reorganized Debtor will be vested with all of the Assets, including all property of the Estates free and clear of all Claims, liens, encumbrances, charges and other Interests of creditors, including, without limitation, all Assets of the Arizona Entity and the Reorganized Debtor will, thereafter, hold, use, dispose or otherwise deal with such property, operate its business and conduct its ministry and mission free of any restrictions imposed by the Bankruptcy Code or by the Court. All Retained Claims are hereby preserved for the benefit of the Reorganized Debtor. Any Claims, causes of action or demands transferred to the Trust are preserved for the benefit of the Trustee under the Trust.

**28.3 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 the Reorganization Cases. Without limiting the generality of the foregoing, the Debtors

and its financial advisors and other professionals shall be entitled to and granted the benefits of Bankruptcy Code § 1125(e).

**28.4 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.

**28.5 Channeling Injunction.** 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 Participating Parties, the Settling Insurers, and the Debtors which also benefit the Tort Claimants and Unknown Tort Claimants and the protections afforded the Protected Parties under the Bankruptcy Code, including Bankruptcy Code § 105:

(a) Any and all Channeled Claims are channeled into the Trust and shall be treated, administered, determined, and resolved under the procedures and protocols and in the amounts as established under the Plan, the Unknown Claims Certificate, the Allocation Protocols and the Trust Documents as the sole and exclusive remedy for all holders of Channeled Claims; and

(b) All Entities who have held or asserted, hold or assert, or may in the future hold or assert, any Channeled Claim are hereby permanently stayed, enjoined, barred and restrained from taking any action, directly or indirectly, for the purposes of asserting, enforcing, or attempting to assert or enforce any Channeled Claim against any of the Protected Parties, including:

(i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Channeled Claim against any of the Protected Parties or against the property of any of the Protected Parties;

(ii) enforcing, attaching, collecting or recovering, by any manner or means, from any of the Protected Parties, or from the property of any of the Protected Parties, with respect to any such Channeled Claim, any judgment, Award, decree, or order against any of the Protected Parties;

(iii) creating, perfecting or enforcing any lien of any kind against any Protected Parties, or the property of any of the Protected Parties with respect to any such Channeled Claim;

(iv) asserting, implementing or effectuating any Channeled Claim of any kind against:

(1) any obligation due any of the Protected Parties;

(2) any Protected Party; or

**(3) the property of any Protected Party.**

**(v) taking any act, in any manner, in any place whatsoever that does not conform to, or comply with, the provisions of the Plan; and**

**(vi) 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.**

**The provisions of this Section 28.5 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 Insurance Policies, which any Protected Party may have against another Protected Party except as may specifically be reserved or set forth in a Participating Party Agreement, an Insurance Settlement Agreement or the Plan. The foregoing channeling provisions are an integral part of the Plan and are essential to its implementation. For purposes of Section 28.5(a) only, the definition of Protected Parties does not include the Committee and each of its members; the Committee's Professionals; the Unknown Claims Representative, AlixPartners LLP, Michael Murphy, and Young Kim, and all of their respective present or former members, managers, officers, directors, employees, Representatives, attorneys, and agents acting in such capacity.**

**28.6 Supplemental Injunction Preventing Prosecution of Claims Against Settling Insurers. Pursuant to Bankruptcy Code §§ 105(a) and 363 and in consideration of the undertakings of the Settling Insurers pursuant to the Insurance Settlement Agreements, including any of the Settling Insurers' purchases of Insurance Policies free and clear of all Interests pursuant to 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 Entities holding a Claim, governmental, tax and regulatory authorities, lenders, trade and other creditors, Tort Claimants, Unknown Tort Claimants, perpetrators, Non-Settling Insurers, and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Insurance Settlement Agreements) against any of the Protected Parties, Insured Entities, or the Insurance Policies, which, directly or indirectly, relate to, any of the Insurance Policies, any Tort Claims or any Related Insurance Claims, are hereby permanently stayed, enjoined, barred, and restrained from taking any action, directly or indirectly, to assert, enforce or attempt to assert or enforce any such Interest against the Settling Insurers, Insured Entities, and/or the Insurance Policies, including:**

**(a) Commencing or continuing in any manner any action or other proceeding against the Settling Insurers or the Insured Entities or the property of the Settling Insurers or the Insured Entities;**

**(b) Enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, Award, decree or order against the Settling Insurers**

or the Insured Entities or the property of the Settling Insurers or the Insured Entities;

(c) Creating, perfecting, or enforcing any lien of any kind against the Settling Insurers or the Insured Entities or the property of the Settling Insurers or the Insured Entities;

(d) Asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due the Settling Insurers or the Insured Entities or the property of the Settling Insurers or the Insured Entities; and,

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

**28.7 Permanent Injunction Against Prosecution of Released and Channeled Claims.** Except as otherwise expressly provided in the Plan and the Unknown Claims Certificate, for the consideration described herein, or described in any agreement by which an Entity becomes a Settling Insurer or a Participating Party, or if such Entity is a Protected Party on the Effective Date, all Entities who have held, hold, or may hold Channeled Claims or Claims against the Protected Parties, whether known or unknown, and their respective civil law and Canon Law officers, directors, officials, Representatives, council members, employees, accountants, agents, attorneys, and all others acting for or on their behalf, will be permanently enjoined on and after the Effective Date from: (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 or any Unknown Tort Claim against the Protected Parties or the property of the Protected Parties; (b) asserting a Claim against any Entity if as a result of such Claim such Entity has or may have a Claim against one or more of the Protected Parties; (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 encumbrance of any kind against the Protected Parties or the property of the Protected Parties with respect to any discharged Claim or Channeled Claim; (e) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Parties with respect to any discharged Claim or Channeled Claim; and (f) taking any act, in any manner and in any place whatsoever, that does not conform to or comply with provisions of the Plan or the Plan Documents, including, the Trust Agreement. Any and all currently pending court proceedings, the continuation of which would violate the provisions of this Section, shall be dismissed with prejudice. The foregoing injunctive provisions are an integral part of the Plan and are essential to its implementation.

**28.8 Term of Injunctions or Stays and Confirmation of Settlements.** 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 any Settling Insurer that has purchased its Insurance Policies in a Bankruptcy Code § 363 sale, are permanent and will remain in full force and effect following the Effective Date and are not subject to being vacated or modified.**

## **ARTICLE 29**

### **MODIFICATION OF PLAN**

**29.1 Non-Material Modification of Plan.** The Plan may be modified by the Debtors and the Committee or the Reorganized Debtor (as applicable) from time to time in accordance with, and pursuant to, Bankruptcy Code § 1127. The Plan may be modified by the Debtors and the Committee at any time before the Confirmation Date, provided that the Plan, as modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the Debtors 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 Debtors 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.

**29.2 Additional Documentation; Non-Material Modifications of Plan Documents.** From and after the Effective Date, the Trustee, the Reorganized Debtor, Participating Parties and the Settling Insurers 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 Debtor, Participating Parties and the Settling Insurers may make technical and/or immaterial alterations, amendments, modifications or supplements to the terms of any settlement, subject to Bankruptcy Court approval, provided that the amendment or modification does not materially and adversely change the treatment of any holder of a Class 9 Claim without the prior written agreement of such holder. 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.

**29.3 No Re-Solicitation.** An order of the Bankruptcy Court approving any amendment or modification made pursuant to this Article 29 shall constitute an order in aid of consummation of the Plan and shall not require the re-solicitation of votes on the Plan.

## **ARTICLE 30**

### **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:

30.1 **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) by the Debtors, by the Reorganized Debtor, or by any other party in interest entitled to proceed in that manner. 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 (or the Diocese), a Parish, or any other related Entity that, under applicable Canon Law, would be determined in a specialized religious court.

30.2 **Tort Claims and Unknown Tort Claims.** Subject to the limitations set forth in Section 30.1 above, 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, or the Trust.

30.3 **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 28 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.

30.4 **Further Orders.** Subject to the limitations set forth in Section 30.1 above, 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 Debtor, 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) to which an objection has not been filed prior to the Effective Date.

30.5 **Retained Debtor Claims.** Subject to the limitations set forth in Section 30.1 above, 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.

30.6 **Post-Confirmation Agreements.** The Bankruptcy Court will retain jurisdiction to approve and enter appropriate orders regarding any Participating Party Agreements entered into between the Debtors (or Reorganized Debtor) and a Participating Party or among the Debtors (or Reorganized Debtor), the Trust and any Non-Settling Insurers who become a Settling Insurers after the Confirmation Date.

30.7 **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 Debtor.

30.8 **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 one or both of the Reorganization Cases.

30.9 **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.

30.10 **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.

30.11 **Claims.** Subject to the limitations set forth in Section 30.1 above, 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 Debtor (except with respect to any internal disputes between and among RCCDG, the Diocese, any other Diocese or religious order (including without limitation the Franciscans), a Parish or any other related Entity that, under applicable Canon Law, would be determined in a specialized religious court);
- (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 Debtor 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, the Committee, the Trustee and the party against whom the Debtors, the Committee and/or the Trustee asserts a Retained Claim, and

- (d) To hear objections to Tort Claims prior to the Effective Date.

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

**30.13 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 30, 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 31**

### **REORGANIZATION OF DEBTORS**

**31.1 Dissolution of Arizona Entity.** After assigning all of its Assets or the transfer of such Assets pursuant to the Confirmation Order, the Arizona Entity will be dissolved and shall no longer have any corporate existence.

**31.2 Continued Corporate Existence of RCCDG and Operation of the Reorganized Debtor.** RCCDG will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, with all powers of a religious corporation sole under the laws of the State of New Mexico and without prejudice to any right to alter or terminate such existence under applicable state law but subject to applicable Canon Law. RCCDG will take appropriate steps to register to do business in Arizona. On and after the Effective Date, the Reorganized Debtor and the Diocese may operate their respective businesses and carry on the ministry and the mission of the Roman Catholic Church 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.

**31.3 Management of Reorganized Debtor.** From and after the Effective Date, the Reorganized Debtor will continue to be managed in accordance with the principles of Canon Law and applicable state law.

**31.4 Reorganization of Parishes.** Prior to the Effective Date, but after the Confirmation Date and after consultation with the Parishes, all real property, legal title to which is held in the name of the Debtors in trust for the benefit of the Parishes will be transferred into a separate express trust. At that time or thereafter, the civil structure of the Parishes may be further reorganized. Notwithstanding the structure of such reorganization, such reorganization will comply, in all respects, with Canon Law. Any disputes regarding the interpretation and governance of the legal structure and operation of a Parish will be referred for determination to the appropriate agency or tribunal provided for under Canon Law. Notwithstanding the foregoing, the transfer contemplated by this Section 31.4 may occur after the Effective Date but will be approved in the Confirmation Order. The reorganization of the Parishes pursuant to this Section 31.4 is not a condition precedent to the Effective Date.



## **ARTICLE 32**

### **GENERAL PROVISIONS**

**32.1 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.

**32.2 Current Insurance Coverage.** Except as expressly set forth in any Insurance Settlement 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 an applicable Insurance Settlement Agreement.

**32.3 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.

**32.4 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.

**32.5 Closing of the Case.** At such time as the Plan has been fully administered and/or the Plan has been substantially consummated, the Reorganized Debtor will file an application for Final Order showing that the Plan has been fully administered or substantially consummated upon notice to only those creditors and parties that, after the Effective Date, have specifically requested, after which an order approving the Reorganized Debtor's final report and closing the Reorganization Cases may be entered.

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

**32.7 Additional Assurances.** The Debtors, the Reorganized Debtor, 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.

**32.8 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.

**32.9 Withdrawal of Plan.** The Plan may be withdrawn or revoked prior to entry of the Confirmation Order in which event the provisions of Sections 32.14 will apply.

**32.10 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, 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 or the Committee 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.

**32.11 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.

**32.12 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).

**32.13 Payment of Statutory Fees and Filing of Quarterly Reports.** All fees payable pursuant to 28 U.S.C. § 1980 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.

**32.14 Reservation of Rights.** Except as expressly provided herein, the Plan will have no force or effect unless the Confirmation Order is 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 or the Committee 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.

**32.15 No Professional Fees or Expenses.** No professional fees or expenses will be paid by the Debtors or the Reorganized Debtor with respect to any Claim except as specified in the Plan or as Allowed by Final Order of the Court.

**32.16 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.

**32.17 Headings.** The headings of the articles, paragraphs, and sections of the Plan are inserted for convenience only and will not affect the interpretation hereof.

**32.18 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.

**32.19 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.


RESPECTFULLY SUBMITTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

ROMAN CATHOLIC CHURCH OF THE  
DIOCESE OF GALLUP, a New Mexico religious  
corporation sole,

and

BISHOP OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF GALLUP, an Arizona  
religious corporation sole

By

  
Bishop James S. Wall

Responsible Person for the Roman Catholic Church  
of the Diocese of Gallup and the Bishop of the  
Roman Catholic Church of the Diocese of Gallup

Prepared and Submitted By:

/s/ Susan G. Boswell

Susan G. Boswell (AZ Bar No. 004791)  
Lori L. Winkelman (AZ Bar No. 021400)  
Elizabeth S. Fella (AZ Bar No. 025236)

*Admitted Pro Hac Vice*

QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701

-and-

Thomas D. Walker  
WALKER & ASSOCIATES, P.C.  
500 Marquette N.W., Suite 650  
Albuquerque, New Mexico 87102

*Counsel for the Debtors*

# **EXHIBIT A**

## EXHIBIT A

### ALLOCATION PROTOCOL FOR CLASS 9 TORT CLAIMS FILED IN THE CHAPTER 11 CASES OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP AND THE BISHOP OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP

#### I. Abuse Claim Reviewer

The Honorable (Retired) William L. Bettinelli shall have the title, responsibility and authority of “Abuse Claims Reviewer” (hereinafter “ACR”) under the terms of this Allocation Protocol. The ACR shall conduct a review of each Class 9 Tort Claim and make individual point allocations according to the guidelines set forth in sections 4.5 and 4.6 below. The ACR shall have the authority to employ qualified assistants and consultants as he/she deems appropriate. The Trustee shall make individual monetary distributions to Tort Claimants pursuant to the terms of this Allocation Protocol and the Plan based on the ACR’s point award. The ACR’s point award as to each claimant shall be final, subject only to reconsideration as set forth in section 4.7 below.

#### II. Definitions

2.1 Capitalized Terms. Capitalized terms used in this Allocation Protocol shall have the meanings given to them in the Plan, the Trust Agreement or the Bankruptcy Code, unless otherwise defined herein, and such definitions are incorporated in this Allocation Protocol by reference.

“Adult Tort Claimant” means any Tort Claimant who was abused by a Perpetrator of the Debtor on or after the date that such Tort Claimant was eighteen (18) years of age.

“Documentary Information” means any writing or recorded information regarding a Tort Claim.

“Perpetrator of Debtor” means a person: (1) who was a priest, brother, nun, religious, employee or other agent of the Debtor or the Diocese at the time such person committed an act of Sexual Abuse; or (2) for whom or for whose actions the Debtor or the Diocese were otherwise responsible.

“Plan” means and refers to the *Debtors’ Plan of Reorganization* as confirmed and as the same may be amended or modified.

“Tort Claim” has the same meaning as in the Plan; provided, however, that as used herein such term refers only to a Class 9 Tort Claim and not any other claim, including an Unknown Tort Claim.

“Tort Claimant” has the same meaning as in the Plan; provided, however, that as used herein such term refers only to a holder of a Class 9 Tort Claim and any other claim.

### **III. Purpose**

3.1 Purpose: The purpose of this Allocation Protocol is to provide for the just, fair and reasonable distribution of settlement funds to Tort Claimants.

3.2 Sole and Exclusive Method: Allocation Protocol shall be the sole and exclusive method by which Tort Claimants may receive a distribution on account of their Claims.

3.3 Interpretation: The terms of the Plan shall prevail if there is any discrepancy between the terms of the Plan and the terms of this Allocation Protocol.

3.4 Disclosure of Tort Claims Receiving Distributions: Upon written request from any Tort Claimant, the Trustee shall provide a list of all Tort Claimants (by Proof of Claim number) who receive a distribution pursuant to the Plan.

3.5 Unknown Tort Claims and Late Filed Claims Separately Allocated: Unknown Tort Claims and Late Filed Claims, including any Tort Claims filed in these Cases after August 11, 2014, shall not be subject to this Allocation Protocol and shall be subject to the Unknown Tort Claimants' Allocation Protocol or any other applicable process pursuant to the Plan.

### **IV. Procedure for Allocation Protocol**

4.1 Monetary Distribution on Account of Tort Claim: The ACR shall evaluate each Tort Claim and shall determine the number of points, if any, which should be allocated to each Tort Claimant under the guidelines set forth in section 4.5 below.

4.2 Additional Information Regarding Tort Claim: The ACR shall provide each Tort Claimant thirty days' notice of the opportunity for an interview and to provide Documentary Information to the ACR (the "Submission Deadline"); provided, however, that the ACR may grant extensions of time for good cause shown upon written application (including via email) before the Submission Deadline; provided further, however, that any Tort Claimant may agree to an earlier deadline to submit any Documentary Information. Unless the ACR requests Documentary Information, the failure to submit any Documentary Information shall not be grounds for denial or reduction of the Tort Claimant's allocation. A failure to respond to the ACR's request for Documentary Information may be grounds for denial or reduction of the Tort Claimant's allocation

Each Tort Claimant will have the opportunity for an interview with the ACR upon written request to the ACR by the Submission Deadline. Nothing herein shall be construed to prejudice a Tort Claimant who does not request an interview. The interview may be conducted in person, by telephone, by internet teleconferencing or other means reasonably approved by the ACR; however, the interviews will be conducted in person only when the ACR determines, in his or her sole discretion, that an in person interview is reasonably feasible.

The ACR shall consider all of the facts and evidence presented by the Tort Claimant. However, it is recognized that many Tort Claimants may not have documents such as medical or counseling records. The ACR shall not distinguish between documentary evidence, written submissions, and oral evidence in terms of weight or value in making her/his findings. One is not necessarily more or less valuable than the other. The presence or absence of any documents, written

submissions and/or oral evidence shall not, alone, advantage or disadvantage any Tort Claimant if the information presented is otherwise reliable and credible.

4.3 Information from Abuse Claimant and/or Other Parties. Any Tort Claimant shall have the right to provide additional information to the ACR supporting, but not in opposition to, any other Tort Claim subject to the Allocation Protocol. Any such information shall be provided to the ACR by the Submission Deadline.

4.4 Deceased Abuse Claimant: Tort Claimant shall include the estate of the deceased Tort Client, or the personal executor, or personal representative of the estate of a deceased Tort Claimant.

4.5 Guidelines for Use of Protocol:

a. Initial-Evaluation:

Before determining a Tort Claimant's point award, the ACR shall consider the degree to which each Tort Claimant has proven by a preponderance of the evidence that such Tort Claimant's Abuse was perpetrated by a Perpetrator of Debtor.

The ACR should consider the coherence, credibility and consistency of each Tort Claimant's accounts of the abuse and should consider any and all evidence that may enhance or diminish the reliability of such claims.

b. Nature, severity, and impact of the sexual abuse.

Each Tort Claimant will be evaluated by the ACR and scored according to the following system. If a Tort Claimant does not have an interview or does not provide additional Documentary Information, then the ACR will allocate points according to the same factors based on the Tort Claimant's filed proof of claim to extent the ACR deems such proof of claim reliable and probative. Scores are based on the ACR completing a summary sheet of the point award reflecting information obtained from the filed proof of claim and, if applicable, an interview, Documentary Information or other sources.

c. No Award for Adult Tort Claimants.

The ACR shall allocate zero (0) points to a Tort Claimant who is an Adult Tort Claimant regardless of the applicability of any other factors.

d. No Award for Non-Sexual Abuse.

The ACR shall allocate points only for Tort Claims that are based on Abuse. Zero (0) points shall be allocated for any Tort Claim based on any act or omission that is not Abuse.

e. No Award for Released Tort Claims.

The ACR shall allocate zero (0) points to a Tort Claimant who executed a release of the Debtors and/or the Diocese prior to asserting his or her Tort Claim in these Cases.



- f. Considerations for Allocation.

The ACR's summary sheet shall reflect the Tort Claimant's point award based on the following factors (examples of the factors are non-exclusive):

**Pre-existing Risk and Resiliency Factors:**

**MAXIMUM: 20 POINTS**

1. Risk and resiliency factors are aspects of life known to negatively impact life and to exacerbate the negative impact of experience such as sexual abuse:
  - a. Childhood of poverty.
  - b. Parental divorce or death of a parent.
  - c. Exposure to substance abuse in home.
  - d. Absence of parent(s).
  - e. Being victim of or witnessing domestic violence or prior abuse.
  - f. Age at the time of abuse.

**Nature of the Abuse:**

**MAXIMUM 40 POINTS**

2. Nature of the abuse considers:
  - a. Duration.
  - b. Frequency/number of instances.
  - c. Degree intrusive into child's body (*e.g.* clothed/unclothed, oral, anal, vaginal).
  - d. Level of force/violence/coercion/threats.
  - e. Child/family was Catholic.
  - f. Control of environment (*e.g.* trip under supervision of Perpetrator of Debtors, day school, Sunday school, employment relationship with Perpetrator of Debtors, in the rectory of the Debtors, boarding school).
  - g. More than one Perpetrator of Debtor.
  - h. Physical pain suffered.
  - i. Grooming.

**Post-Abuse Functioning to Age 18:**

**MAXIMUM 15 POINTS**

3. Post-abuse functioning (to age 18):
  - a. School behavior problems.
  - b. School academic problems.
  - c. Getting into legal trouble.
  - d. Loss of faith.
  - e. Damage to family relationships.
  - f. Mental health symptoms:
    - i. Depression.
    - ii. Suicide attempt or ideation.
    - iii. Anxiety.
    - iv. Substance abuse.
    - v. Sexual acting out/physically acting out.
    - vi. Runaway.
    - vii. Flashbacks.
    - viii. Nightmares.

**Long Term Impact:**

**MAXIMUM: 15 POINTS**

4. Adult & Current Functioning
  - a. Mental health symptoms - see above list.
  - b. Criminal record.
  - c. Underemployment/unemployment.
  - d. Relationship problems.
  - e. Substance abuse.

**Assessment of Global Severity of Impact/Suffering: MAXIMUM: 10 POINTS**

5. The ACR shall rate the comparative severity of impact/suffering of all Tort Claimants in these Cases. That is, compared to other Tort Claimants (except Adult Tort Claimants), the ACR will consider how much this individual suffered as a result of the Abuse:
  - a. Compared to other Tort Claimants (except Adult Tort Claimants), the ACR will consider the overall seriousness of the Abuse; and
  - b. Compared to other Tort Claimants (except Adult Tort Claimants), the ACR will consider the overall negative impact of the Abuse.

4.6 Monetary Distribution: The ACR will arrive at a point total for each Tort Claimant taking into account the factors and guidelines in Section 4.5, above, and assigning a point total for each Tort Claimant. The value of an individual “point” will be determined after all Tort Claimants have been evaluated by dividing the total amount of dollars in the Settlement Fund by the total number of points for all of Tort Claimants. By way of example, if there are 100 Tort Claimants awarded a total of 5,000 points, with a total net settlement fund of \$1 million, each point would be valued at \$200.

4.7. Determinations by the ACR and Requests for Reconsideration and Appeal: The ACR shall notify the Trustee in writing (including via email) of the points awarded to the each Tort Claimant. The Trustee shall send (via email or First Class Mail) this determination to the Tort Claimant or the Tort Claimant’s attorney. The ACR’s determination shall be final unless the Tort Claimant makes a timely request for the point award to be reconsidered by the ACR. The Tort Claimant shall not have a right to any other appeal of the ACR’s point award. The Tort Claimant may request reconsideration of the ACR’s point award by delivering a written request for reconsideration to the ACR within 14 calendar days after the date of mailing of the monetary distribution notice. The Tort Claimant, with the request for reconsideration, may submit additional evidence and argument in support of such request provided the Tort Claimant provides an adequate explanation for the failure to provide the information by prior deadlines. The ACR shall have sole discretion to determine how to proceed with the request for reconsideration and ultimately may increase, decrease or leave intact the Tort Claimant’s initial monetary distribution determination. The ACR’s determination of such request for reconsideration shall be final and not subject to any further appeal. The ACR shall maintain an accounting of the costs/expenses incurred for each separate reconsideration request and the costs/expenses related to a specific request shall be borne by the Tort Claimant making the request, which may be deducted from his/her Monetary Distribution; provided, however, that if and to the extent any Tort Claimant’s award is not sufficient to pay for the cost of the ACR’s review, then such Tort Claimant must advance the costs and expenses for such review at the time such Tort Claimant submits his or her request for reconsideration.

4.8 Confidentiality: All information that the Settlement Trustee and/or the ACR receives from any source about any Tort Claimant shall be held strictly confidential and shall not be disclosed.

## **V. General Guidelines**

5.1 Non-Compensatory Damages and Other Theories of Liability: In determining the value of any Tort Claim, punitive damages and damages that do not compensate the Tort claimant, shall not be considered or allowed, even if these damages could have been allowed in a case or at trial.

5.2 Award for Personal Injury: Any award to a Tort Claimant pursuant to this Allocation Protocol shall be on account of a personal injury to the Tort Claimant.

5.3 Res Judicata Effect: The ACR's determination with respect to a Tort Claim shall have no preclusive or res judicata effect outside of these Cases as to any third party. That is, the ACR's determination may not be used against any Tort Claimant in any other case or proceeding.

5.4 Costs of Administration: All costs of administration associated with the matters discussed in the Allocation Protocol, whether incurred by the Trustee or the ACR, shall be an expense of the Trust.

# **EXHIBIT B**

## EXHIBIT B

### ALLOCATION PROTOCOL FOR CLASS 10 UNKNOWN TORT CLAIMS FILED IN THE CHAPTER 11 CASES OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP AND THE BISHOP OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP

#### I. Abuse Claim Reviewer

The Honorable (Retired) William L. Bettinelli shall have the title, responsibility and authority of “Abuse Claims Reviewer” (hereinafter “ACR”) under the terms of this Allocation Protocol. The ACR shall conduct a review of each Class 10 Tort Claim and make individual point allocations according to the guidelines set forth in sections 4.5 and 4.6 below. The Trustee shall make individual monetary distributions to Tort Claimants pursuant to the terms of this Allocation Protocol and the Plan based on the ACR’s point award. The ACR’s point award as to each claimant shall be final, subject only to reconsideration as set forth in section 4.7 below.

#### II. Source of Payment

Holders of compensable Class 10 Unknown Tort Claims shall be paid from the proceeds of the Unknown Claims Certificate on account of such Claims pursuant to the terms of the Plan, Plan Documents and this Allocation Protocol.

#### III. Definitions

2.1 Capitalized Terms. Capitalized terms used in this Allocation Protocol shall have the meanings given to them in the Plan, the Trust Agreement or the Bankruptcy Code, unless otherwise defined herein, and such definitions are incorporated in this Allocation Protocol by reference.

“Adult Unknown Tort Claimant” means any Tort Claimant who was abused by a Perpetrator of the Debtors on or after the date that such Tort Claimant was eighteen (18) years of age.

“Documentary Information” means any writing or recorded information regarding a Tort Claim.

“Perpetrator of Debtors” means a person: (1) who was a priest, brother, nun, religious, employee or other agent of the Debtor or the Diocese at the time such person committed an act of Sexual Abuse; or (2) for whom or for whose actions the Debtor or the Diocese were otherwise responsible.

“Plan” means and refers to the *Debtors’ Plan of Reorganization* as confirmed and as the same may be amended or modified.

“Tort Claim” has the same meaning as in the Plan; provided, however, that as used herein such term refers only to a Class 10 Unknown Tort Claim and not any other claim, including a Class 9 Tort Claim.

“Tort Claimant” has the same meaning as in the Plan; provided, however, that as used herein such term refers only to a holder of a Class 10 Unknown Tort Claim and any other claim.

#### **IV. Purpose**

3.1 Purpose: The purpose of this Allocation Protocol is to provide for the just, fair and reasonable distribution of settlement funds to Unknown Tort Claimants.

3.2 Sole and Exclusive Method: Allocation Protocol shall be the sole and exclusive method by which Unknown Tort Claimants may receive a distribution on account of their Claims.

3.3 Interpretation: The terms of the Plan shall prevail if there is any discrepancy between the terms of the Plan and the terms of this Allocation Protocol.

3.4 Tort Claims Separately Allocated: Tort Claims filed in these Cases prior to August 11, 2014 shall not be subject to this Allocation Protocol and shall be subject to the Tort Claimants’ Allocation Protocol.

#### **IV. Procedure for Allocation Protocol**

4.1 Filing of Unknown Tort Claim: An Unknown Tort Claimant may assert an Unknown Tort Claim by filing a claim form with the Trustee. Such form shall be substantially similar to the Tort Claim Form submitted by holders of Class 9 Tort Claims. The Trustee shall transmit a copy of any claims received to the ACR within a reasonable time after receipt thereof.

4.2 Monetary Distribution on Account of Each Unknown Tort Claim: The ACR shall evaluate each Unknown Tort Claim and shall determine the number of points, if any, which should be allocated to each Tort Claimant under the guidelines set forth in section 4.5 below.

4.2 Additional Information Regarding Tort Claim: The ACR, including through the Trustee, shall provide each Unknown Tort Claimant thirty days’ notice of the opportunity to provide Documentary Information to the ACR (the “Submission Deadline”); provided, however, that the ACR may grant extensions of time for good cause shown upon written application (including via email) before the Submission Deadline. Unless the ACR requests Documentary Information, the failure to submit any Documentary Information shall not be grounds for denial or reduction of the Unknown Tort Claimant’s allocation. A failure to respond to the ACR’s request for Documentary Information may be grounds for denial or reduction of the Unknown Tort Claimant’s allocation

#### **4.3 Guidelines for Use of Protocol:**

##### **a. Initial-Evaluation:**

Before determining an Unknown Tort Claimant’s point award, the ACR shall consider the degree to which each Unknown Tort Claimant has proven by a preponderance of the evidence that such Unknown Tort Claimant was abused and that such Unknown Tort Claimant’s Abuse was perpetrated by a Perpetrator of Debtors. The ACR shall also determine whether the Unknown Tort Claimant may be designated as an Unknown Tort Claimant under the terms of the Plan (including the definition of Unknown Tort Claimant).

The ACR shall have sole discretion to determine that an Unknown Tort Claimant has proven that such Unknown Tort Claimant was (a) abused (b) by a Perpetrator of the Debtors. Nothing herein shall prohibit the ACR from requesting information about a particular Unknown Tort Claimant from the Trustee or the Trustee's counsel.

The ACR should consider the coherence, credibility and consistency of each Unknown Tort Claimant's accounts of the abuse and should consider any and all evidence that may enhance or diminish the reliability of such claims.

b. Nature, severity, and impact of the sexual abuse.

Each Unknown Tort Claimant will be evaluated by the ACR and scored according to the following system. If an Unknown Tort Claimant does not have an interview or does not provide additional Documentary Information, then the ACR will allocate points according to the same factors based on the Unknown Tort Claimant's filed claim to extent the ACR deems such claim is reliable and probative.

c. No Award for Adult Unknown Tort Claimants.

The ACR shall allocate zero (0) points to an Unknown Tort Claimant who is an Adult Tort Claimant regardless of the applicability of any other factors.

d. No Award for Non-Sexual Abuse.

The ACR shall allocate points only for Unknown Tort Claims that are based on Abuse. Zero (0) points shall be allocated for any Unknown Tort Claim based on any act or omission that is not Abuse.

e. No Award for Released Tort Claims.

The ACR shall allocate zero (0) points to any Unknown Tort Claimant who executed a release of the Debtors and/or the Diocese prior to asserting his or her Tort Claim in these Cases.

f. No Award for Deceased Unknown Tort Claimants.

The ACR shall allocate zero (0) points to any Unknown Tort Claim asserted by an estate of a deceased Unknown Tort Claimant; provided, however, that any Unknown Tort Claim submitted by an Unknown Tort Claimant who dies while the determination of the Claim is pending shall be reviewed and paid to the estate of such Claimant pursuant to the terms of the Plan, the Plan Documents and this Allocation Protocol.



- g. Considerations for Allocation.

The ACR's shall determine the Unknown Tort Claimant's point award based on the following factors:

**Pre-existing Risk and Resiliency Factors:**

**MAXIMUM: 20 POINTS**

1. Risk and resiliency factors are aspects of life known to negatively impact life and to exacerbate the negative impact of experience such as sexual abuse:
  - a. Childhood of poverty.
  - b. Parental divorce or death of a parent.
  - c. Exposure to substance abuse in home.
  - d. Absence of parent(s).
  - e. Being victim of or witnessing domestic violence or prior abuse.
  - f. Age at the time of abuse.

**Nature of the Abuse:**

**MAXIMUM 40 POINTS**

2. Nature of the abuse considers:
  - a. Duration.
  - b. Frequency/number of instances.
  - c. Degree intrusive into child's body (*e.g.* clothed/unclothed, oral, anal, vaginal).
  - d. Level of force/violence/coercion/threats.
  - e. Child/family was Catholic.
  - f. Control of environment (*e.g.* trip under supervision of Perpetrator of Debtors, day school, Sunday school, employment relationship with Perpetrator of Debtors, in the rectory of the Debtors, boarding school).
  - g. More than one Perpetrator of Debtor.
  - h. Physical pain suffered.
  - i. Grooming.

**Post-Abuse Functioning to Age 18:**

**MAXIMUM 15 POINTS**

3. Post-abuse functioning (to age 18):
  - a. School behavior problems.
  - b. School academic problems.
  - c. Getting into legal trouble.
  - d. Loss of faith.
  - e. Damage to family relationships.
  - f. Mental health symptoms:
    - i. Depression.
    - ii. Suicide attempt or ideation.
    - iii. Anxiety.
    - iv. Substance abuse.
    - v. Sexual acting out/physically acting out.
    - vi. Runaway.
    - vii. Flashbacks.
    - viii. Nightmares.

**Long Term Impact:**

**MAXIMUM: 15 POINTS**

4. Adult & Current Functioning
  - a. Mental health symptoms - see above list.
  - b. Criminal record.
  - c. Underemployment/unemployment.
  - d. Relationship problems.
  - e. Substance abuse.

**Assessment of Global Severity of Impact/Suffering: MAXIMUM: 10 POINTS**

5. The ACR shall rate the comparative severity of impact/suffering of all Tort Claimants (including both Class 9 Tort Claimants and Class 10 Unknown Tort Claimants) in these Cases. That is, compared to other Tort Claimants (except Adult Tort Claimants), the ACR will consider how much this individual suffered as a result of the Abuse:
  - a. Compared to other Tort Claimants (except Adult Tort Claimants), the ACR will consider the overall seriousness of the Abuse; and
  - b. Compared to other Tort Claimants (except Adult Tort Claimants), the ACR will consider the overall negative impact of the Abuse.

4.6 Monetary Distribution: The ACR will arrive at a point total for each Unknown Tort Claimant taking into account the factors and guidelines in Section 4.5, above, and assigning a point total for each Unknown Tort Claimant. The value of an individual “point” will be determined after all Unknown Claims Certificate have been evaluated by dividing the total amount of dollars available under the Unknown Claims Certificate by the total number of points for all of Tort Claimants (subject to the Maximum Unknown Tort Claim Amount (defined below) and the other payment procedures described below). By way of example, if there are 100 Unknown Tort Claimants awarded a total of 7,500 points and the entirety of the \$1.8 million available under the Unknown Claims Certificate is allocated to Unknown Tort Claims, then each point would be valued at \$240 (subject to the Maximum Unknown Tort Claim Amount).

Solely with respect to Unknown Tort Claims, the point value shall be determined and adjusted from time to time as Unknown Tort Claims are filed. Such adjustment will occur as claims are filed because each additional claims will increase the points by which the amount to be distributed is divided. By way of example, if there are two (2) Unknown Tort Claims filed during the first year after confirmation, with each claim assigned 75 points, and there is \$10,000 to distribute, then the value of each point would be \$66.67 [ $10,000/(75*2)$ ]. However, if there is a new Unknown Tort Claim worth 75 points filed the next year, then the value of each point would be \$44.44 [ $10,000/(75*3)$ ]. As such, as new Unknown Tort Claims are filed, the value of points may be adjusted.

The Trustee shall not pay any monetary award to an Unknown Tort Claimant until such time that such Unknown Tort Claimant submits a release pursuant to the terms of the Plan.

4.7. Determinations by the ACR and Requests for Reconsideration and Appeal: The ACR shall notify the Trustee in writing (including via email) of the points awarded to the each Unknown Tort Claimant. The Trustee shall send (via email or First Class Mail) this determination to the Unknown Tort Claimant or the Unknown Tort Claimant’s attorney. The ACR’s determination shall be final unless the Unknown Tort Claimant makes a timely request for the point award to be reconsidered by the ACR. The Unknown Tort Claimant shall not have a right to any other appeal of the ACR’s point award. The Tort Claimant may request reconsideration of the ACR’s point award by delivering a written request for reconsideration to the ACR within 14 calendar days after the date of mailing of the award point notice. The ACR shall have sole discretion to determine how to proceed with the request for reconsideration and ultimately may increase, decrease or leave intact the Tort Claimant’s initial point award determination. The ACR’s determination of such request for reconsideration shall be final and not subject to any further appeal. The ACR shall maintain an accounting of the costs/expenses incurred for

each separate reconsideration request and the costs/expenses related to a specific request shall be borne by the Unknown Tort Claimant making the request, which may be deducted from his/her Monetary Distribution; provided, however, that if and to the extent any Unknown Tort Claimant's award is not sufficient to pay for the cost of the ACR's review, then such Unknown Tort Claimant must advance the costs and expenses for such review at the time such Unknown Tort Claimant submits his or her request for reconsideration.

4.8        Confidentiality: All information that the Trustee and/or the ACR receives from any source about any Unknown Tort Claimant shall be held strictly confidential and shall not be disclosed to any party, including the Debtors, Settling Insurers, Participating Parties, Co-Defendants, or any other Person and/or Entity.

## **V.        General Guidelines**

5.1        Non-Compensatory Damages and Other Theories of Liability: In determining the value of any Unknown Tort Claim, punitive damages and damages that do not compensate the Unknown Tort Claimant, shall not be considered or allowed, even if these damages could have been allowed in a case or at trial.

5.2        Award for Personal Injury: Any award to an Unknown Tort Claimant pursuant to this Allocation Protocol shall be on account of a personal injury to the Unknown Tort Claimant.

5.3        Res Judicata Effect: The ACR's determination with respect to an Unknown Tort Claim shall have no preclusive or res judicata effect outside of these Cases as to any third party. That is, the ACR's determination may not be used against any Unknown Tort Claimant in any other case or proceeding.

5.4        Costs of Administration: All costs of administration associated with the matters discussed in this Allocation Protocol shall be deducted from the award paid to the Unknown Tort Claimant; provided, however, that if the ACR awards an unknown Tort Claimant zero (0) points, then the cost of the ACR's determination shall be paid by the Trust.

5.5        Denial of Claim: If an Unknown Tort Claim is denied payment pursuant to the Allocation Plan, the holder of such Unknown Tort Claim will have no further rights against the Debtors, Reorganized Debtor, the Trust, Trustee, or Protected Parties arising out of, relating to, or in connection with such Unknown Tort Claim.

### **5.6        Payment of Unknown Tort Claims:**

The Trust shall pay Unknown Tort Claimants in accordance with the terms of the Plan, Confirmation Order and Trust Documents, as follows:

- (i)        The Trustee shall make a Distribution to Unknown Tort Claimants at least once during every twelve (12) months after the Effective Date if and to the extent any such claims have been filed. The date of any such Distribution is referred to herein as a "Distribution Date."
- (ii)       The maximum value of a point allocated to the Unknown Tort Claimants pursuant to this Allocation Plan shall be equal to the average value of a point allocated to all Class 9 Tort Claimants who receive payment under

the Tort Claimants Allocation Plan (such amount, the “Maximum Unknown Tort Claim Amount”).

- (iii) During any twelve (12) month period, the Trustee shall distribute no more than (a) twelve and one-half percent (12.5%) of the remaining amount available to under the Unknown Claims Certificate collectively to all Unknown Tort Claimants who have filed Unknown Tort Claims entitled to a distribution as of a given Distribution Date and (b) four percent (4%) of the remaining amount available to under the Unknown Claims Certificate to any single Unknown Tort Claimant; provided, however, that the Trustee shall not distribute more than the Maximum Unknown Tort Claim Amount to any Unknown Tort Claimant; provided further, however, that upon any Distribution, the Trustee shall (x) first distribute funds to Unknown Tort Claimants who filed compensable Unknown Tort Claims after other Unknown Tort Claimants had already received a Distribution until Holders of such later filed Unknown Claims receive an amount equal (on a per point basis) to the amount already distributed to Unknown Tort Claimants who previously received a Distribution and (y) thereafter distribute additional available funds to all holders of allowed Unknown Tort Claims as of such Distribution Date.

# EXHIBIT C

## SETTLEMENT AGREEMENT, RELEASE, AND POLICY BUYBACK

This Settlement Agreement, Release, and Policy Buyback ("Agreement") is hereby made by, between and among the "Diocese Parties" (as defined herein) and the "Catholic Mutual Parties" (as defined herein).

### RECITALS <sup>1</sup>

WHEREAS, numerous individuals have asserted certain Tort Claims against the Debtors;

WHEREAS, "Catholic Mutual" (as defined herein) or its predecessors issued, allegedly issued or may have issued certain Insurance Policies to the Debtors;

WHEREAS, certain disputes between the Debtors and Catholic Mutual have arisen and/or may arise in the future concerning Catholic Mutual's position regarding the nature and scope of its responsibilities, if any, to provide coverage to the Debtors under the Insurance Policies in connection with Tort Claims (the "Coverage Disputes");

WHEREAS, on the Petition Date, the Debtors each commenced their Reorganization Cases by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court;

WHEREAS, the Diocese Parties and the Catholic Mutual Parties, without any admission of liability or concession of the validity of the positions or arguments advanced by each other, now wish to compromise and resolve fully and finally any and all Coverage Disputes and all other disputes between and among them;

WHEREAS, through this Agreement, the Diocese Parties intend to provide the Catholic Mutual Parties with the broadest possible release with respect to the matters and the Insurance Policies being released hereunder and pursuant to the Plan, and the broadest possible buyback with respect to the Insurance Policies or parts thereof being sold and released pursuant to this Agreement and the Plan and to provide that the Catholic Mutual Parties shall have no further obligations now or in the future to the Diocese Parties except as otherwise provided herein and no further obligations now or in the future under the Released Insurance Policies (more specifically identified herein) except as otherwise provided herein, and with the exception of the Unknown Claims Certificate;

WHEREAS, as part of the compromise and resolution of such disputes, the Diocese Parties and Catholic Mutual wish to effect a sale of the Released Insurance Policies by the Debtors to Catholic Mutual, pursuant to 11 U.S.C. § § 363 and 1123(b); and

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual covenants contained in this Agreement, the sufficiency of which is hereby acknowledged, and

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Debtor's Plan of Reorganization, dated March 21, 2016 [D.I. 540], as same may be amended from time to time (subject to the terms hereof).

intending to be legally bound, subject to the approval of the Bankruptcy Court and any other court in which the Reorganization Cases may be pending or that has jurisdiction over the Reorganization Cases, the Diocese Parties and Catholic Mutual Parties hereby agree as follows:

## 1. DEFINITIONS

1.1. As used in this Agreement, the following terms shall have the meanings set forth below. Capitalized terms not defined below or herein shall have the meanings given to them in the Plan or the Bankruptcy Code, as applicable.

1.1.1. "Catholic Mutual" means Catholic Mutual Relief Society of America.

1.1.2. "Catholic Mutual Parties" means Catholic Mutual and its past, present and future parents, subsidiaries, affiliates, and divisions, each of their respective past, present, present and future parents, subsidiaries, affiliates, holding companies, merged companies, related companies, divisions and acquired companies, each of their respective past, present and future, directors, officers, shareholders, employees, subrogees, partners, principals, agents, attorneys, joint ventures, joint venturers, representatives, and claims handling administrators, and each of their respective predecessors, successors, assignors, and assigns, whether known or unknown, and all Persons acting on behalf of, by, through or in concert with them.

1.1.3. "Catholic Mutual Settlement Amount" shall mean the \$11,550,000 for the buy back of the Released Insurance Policies, together with the issuance of the Unknown Claims Certificate.

1.1.4. "Debtors" means the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole and the Bishop of the Roman Catholic Church of the Diocese of Gallup New Mexico, an Arizona corporation sole, and their respective Estates.

1.1.5. "Diocese" means the Diocese of Gallup and its current Bishop.

1.1.6. "Diocese Parties" means collectively the Debtors, the Diocese and: (i) any and all named insured, insureds and additional insureds under the Released Policies with respect to whom the Diocese or Debtors have the authority to release the Claims released pursuant to this Agreement and the Plan; (ii) each of the past, present and future parents, subsidiaries, affiliates, holding companies, merged companies, related companies, divisions and acquired companies of the Diocese, the Debtors and the Entities in (i) above, and each of their respective past, present, present and future parents, subsidiaries, affiliates, holding companies, merged companies, related companies, division and acquired companies, and each of their respective predecessors, successors; and (iii) 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 Entities in (i) and (ii) above. Notwithstanding the foregoing, nothing in this definition is intended to suggest or should be construed to mean that any Person included in this definition is owned, directed, supervised or controlled by the Diocese or the Debtors.



1.1.7. "Effective Date" means the date on which the Agreement is executed by all of the Parties.

1.1.8. "Parties" means the Diocese Parties and the Catholic Mutual Parties, and "Party" refers to them individually.

1.1.9. "Released Insurance Policies" means any and all known and unknown binders, certificates, or policies of insurance issued or allegedly issued by any of the Catholic Mutual Parties to the Diocese Parties providing Insurance Coverage (including Insurance Coverage for Tort Claims) prior to 1990, including those policies identified in Exhibit A to this Agreement.

## **2. THE REORGANIZATION CASE AND PLAN FOR REORGANIZATION**

2.1. As expeditiously as possible after the Effective Date and after Catholic Mutual has approved the Procedures Motion, the Disclosure Statement, the Plan and the Procedures Order (as are defined below), the Debtors shall file a motion (the "Procedures Motion"), seeking the approval of the Disclosure Statement accompanying the Plan, along with the notice, service, and publication thereof, all of which must be in a form and substance acceptable to Catholic Mutual (the "Procedures Order"). The Debtors shall not file or seek confirmation of a Plan that is not acceptable Catholic Mutual, in its sole and absolute discretion.

2.2. Unless otherwise agreed to by Catholic Mutual, simultaneously with the filing of the Procedures Motion, the Debtors shall file the Disclosure Statement and Plan, including all exhibits, schedules and related documents, which shall be in all respects consistent with this Agreement and acceptable to Catholic Mutual and shall not deprive the Catholic Mutual Parties of any right or benefit under this Agreement or otherwise adversely affect the Interests of the Catholic Mutual Parties under this Agreement.

2.2.1. The Plan shall include the provisions set forth in Sections 3 and 4 below, including the Catholic Mutual Settlement Amount and dismissal of Coverage Disputes, releases and injunctions, the issuance and provisions regarding the Unknown Claims Certificate, and buy-back of the Released Insurance Policies, all of which provisions shall be in a form and substance acceptable to Catholic Mutual.

2.2.2. The Plan shall include a Channeling Injunction in substantially the form and substance acceptable to Catholic Mutual in its sole and absolute discretion, with only such modifications as are acceptable to Catholic Mutual, the Debtors and the Committee, pursuant to section 105 of the Bankruptcy Code, barring and permanently enjoining all Entities who have held or asserted, or may in the future hold or asserted Claims from taking any action, directly or indirectly for purposes of asserting, enforcing or attempting to assert or enforce any Channeled Claim and channeling such Channeled Claims to a trust or trusts established pursuant to the Plan, to which all Channeled Claims are channeled as the sole and exclusive source of payment of any such Channeled Claims.

2.2.3. The Plan shall also include a Settling Insurer Injunction in substantially the form and substance acceptable to Catholic Mutual in its sole and absolute discretion,

with only such modifications as are acceptable to Catholic Mutual, the Debtors and the Committee, pursuant to sections 105(a) and 363 of the Bankruptcy Code.

2.3. In the Reorganization Case, the Debtors shall seek and obtain entry of an order or orders, including the Confirmation Order in form and substance acceptable to Catholic Mutual that, among other things: (i) approves the Disclosure Statement; (ii) approves the Plan pursuant to section 1129 of the Bankruptcy Code and any other applicable provision of the Bankruptcy Code; (iii) contains the Channeling Injunction and Settling Insurer Injunction; and (iv) provides any other protections to the Catholic Mutual Parties against Interests that are afforded to any other Settling Insurers or Participating Parties under the Confirmation Order.

2.3.1. The Confirmation Order must be in all respects consistent with this Agreement and the Term Sheet and shall contain no provisions that diminish or impair the benefit of this Agreement to the Catholic Mutual Parties.

2.3.2. In seeking to obtain the Confirmation Order, the Debtors must: (i) seek a confirmation hearing as expeditiously as possible, and in conformity with this Agreement; (ii) urge the Bankruptcy Court to overrule any objections and confirm the Plan; and (iii) take all reasonable steps to defend against any appeal, petition, motion, or other challenge to the Bankruptcy Court's entry of the Confirmation Order.

2.3.3. The form and manner of notice of the hearing to confirm the Plan and the form and manner of notice of the hearing as to the adequacy of the Disclosure Statement pertaining thereto are subject to advance approval by Catholic Mutual.

2.3.4. Prior to entry of the Confirmation Order, the Debtors shall oppose any motion to lift any stay pursuant to section 362 of the Bankruptcy Code as to any Tort Claim. If the Bankruptcy Court lifts the stay as to any Tort Claim prior to the Confirmation Date, the Debtors shall defend itself against that Tort Claim and comply with the terms of the stay relief order and applicable Catholic Mutual Insurance Coverage. In accordance with the applicable Insurance Coverage, Catholic Mutual shall fund the defense and/or indemnify the Debtors against such Tort Claim, through and until the Confirmation Date, provided, however that thereafter, such Tort Claim shall be treated pursuant to and shall be bound by the Plan and Confirmation Order. The Debtors will cooperate with Catholic Mutual in the defense and/or indemnification of such Tort Claim.

### **3. PAYMENT OF THE CATHOLIC MUTUAL SETTLEMENT AMOUNT AND DISMISSAL OF COVERAGE SUITS**

3.1. Conditions Precedent. Catholic Mutual's obligation to pay the Catholic Mutual Settlement Amount is conditioned on (i) the Debtors' obtaining the Procedures Order, Disclosure Statement Order and the Confirmation Order (collectively, the "Bankruptcy Orders") and all of the Bankruptcy Orders becoming Final Orders, unless otherwise agreed by Catholic Mutual in writing; (ii) the Final Orders, including the Confirmation Order as entered by the Bankruptcy Court, shall be acceptable to Catholic Mutual, in its sole and absolute

discretion; and (iii) any and all agreements with Participating Parties and other Settling Insurers shall be acceptable to Catholic Mutual, in its reasonable discretion.

3.2. In full and final settlement of all responsibilities under and arising out of the Released Insurance Policies, and in consideration of the sale of the Released Insurance Policies to Catholic Mutual free and clear of all Interests of any Entity, the Plan shall provide that Catholic Mutual shall pay \$11,550,000 to buy back the Released Insurance Policies being purchased and released hereunder. Further, the Plan shall provide that Catholic Mutual shall issue, within ten (10) days after Catholic Mutual receives written notice from the Debtors that the Bankruptcy Orders are Final Orders, a certificate of coverage in form and substance acceptable to Catholic Mutual, substantially in the form of which is attached hereto as Exhibit C ("Unknown Claims Certificate") in the maximum amount of \$1,800,000 that will be used for the sole purposes of paying Allowed Unknown Tort Claims. The Catholic Mutual Settlement Amount shall be deemed paid by Catholic Mutual upon payment of the \$11,550,000 to the Trust, pursuant to the Plan and issuance of the Unknown Claims Certificate.

3.3. The Unknown Claims Certificate shall terminate on the earlier of: (i) eight (8) years from issuance of the Unknown Claims Certificate; or (ii) the date of exhaustion of the \$1,800,000 coverage amount under the Unknown Claims Certificate. In the event Unknown Tort Claims have been timely filed within the 8 year term of the Unknown Claims Certificate and the Unknown Claims Certificate has not been exhausted, then the Abuse Claim Reviewer shall have an additional sixty (60) days from the expiration of the eight (8) year term of the Unknown Claims Certificate to finally resolve and disallow or allow such timely filed Unknown Tort Claims. The Unknown Tort Claims shall be determined and paid under the Unknown Claims Certificate in accordance with the manner and amount determined by the Abuse Claims Reviewer. If there are any unused amounts of coverage under the Unknown Claims Certificate at the end of the 8 year period (plus the additional sixty (60) days provided the Abuse Claim Reviewer to finally resolve any timely filed Unknown Tort Claims) commencing from the date the Unknown Claims Certificate is issued (if coverage has not been exhausted prior to the end of that period), the Unknown Claims Certificate shall expire and Catholic Mutual shall not have any further obligations thereunder. The Reorganized Debtors and Debtors will pay all charges for coverage under the Unknown Claims Certificate. The amount, timing and determination of such payment of charges for coverage shall be negotiated between Catholic Mutual and the Reorganized Debtor and Debtors but the status of those negotiations shall not relieve Catholic Mutual of its obligation to deliver the Unknown Claims Certificate as provided hereunder or in the Plan. The coverage shall stay in place independent of the Reorganized Debtor's and Debtors' payment of charges for the coverage and nonpayment of the charges shall not be grounds for termination or cancellation of coverage, provided, however, that the Reorganized Debtors and/or Debtors shall remain obligated to pay Catholic Mutual such charges. Any unused portion of the \$1,800,000 shall not revert to the Tort Claimants, Unknown Tort Claimants, the Debtors, the Trust or any other Entity other than Catholic Mutual.

3.4. The Parties agree that except as otherwise provided herein: (i) the Catholic Mutual Settlement Amount set forth herein is the total amount that the Catholic Mutual Parties are obligated to pay on account of any and all Claims or Interests under, arising out of, relating to,

or in connection with the Released Insurance Policies (including Channeled Claims); (ii) under no circumstance will the Catholic Mutual Parties ever be obligated to make any additional payments to or on behalf of any Entity in connection with the Released Insurance Policies; (iii) under no circumstance will the Catholic Mutual Parties ever be obligated to make any additional payments to or on behalf of the Diocese Parties or any Tort Claimants in connection with any of the Released Insurance Policies issued with respect to any Claims that, directly or indirectly, arise out of, relate to, or are in connection with any Tort Claims, including any Channeled Claims; and (iv) after payment of the Catholic Mutual Settlement Amount, all limits of liability of the Released Insurance Policies, regardless of how the Released Insurance Policies identify or describe those limits, including all per person, per occurrence, per claim, "each professional incident," and aggregate limits, shall be deemed fully and properly exhausted.

3.4.1. The Parties agree and jointly represent that (i) the consideration to be provided by the Catholic Mutual Parties pursuant to this Agreement (including the Catholic Mutual Settlement Amount) constitute fair and reasonable exchanges for the consideration granted to the Catholic Mutual Parties in this Agreement (including the releases set forth below), and (ii) the consideration to be provided by the Diocese Parties to the Catholic Mutual Parties pursuant to this Agreement (including the releases set forth below) constitutes a fair and reasonable exchange for the consideration granted to the Diocese Parties in this Agreement (including the Catholic Mutual Settlement Amount). The Catholic Mutual Parties are not acting as volunteers in paying the Catholic Mutual Settlement Amount, and the Catholic Mutual Parties' payment of the Catholic Mutual Settlement Amount reflects potential liabilities and obligations to the Diocese Parties of amounts the Catholic Mutual Parties allegedly are obligated to pay on account of any and all Tort Claims.

#### **4. RELEASES AND SALE FREE AND CLEAR**

4.1. Upon payment by the Catholic Mutual Parties of the Catholic Mutual Settlement Amount, the Diocese Parties hereby fully, finally, and completely remise, release, acquit, and forever discharge the corresponding Catholic Mutual Parties and any of their reinsurers or retrocessionaires from any and all past, present, and Unknown Tort Claims, including any Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims and all Claims relating to the Released Insurance Policies including any Channeled Claims, and all Claims that, directly or indirectly, arise from, relate to, or are in connection with the Reorganization Cases. This release specifically includes all Unknown Tort Claims that are based in whole or in part on the Tort Claims, the Released Insurance Policies, with all Unknown Tort Claims and Claims relating to the Released Insurance Policies channeled to the Trust, pursuant to the Plan, with no liability to the Catholic Mutual Parties.

4.2. Upon payment by the Catholic Mutual Parties of the Catholic Mutual Settlement Amount, the Catholic Mutual Parties hereby fully, finally, and completely remise, release, acquit, and forever discharge the Diocese Parties from any and all past, present, and future claims, including any Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims and the Released Insurance Policies, including any

Channeled Claims. This release specifically includes all future claims that are based in whole or in part on the Tort Claims and the Released Insurance Policies.

4.3. From and after the first day on which the Bankruptcy Orders are Final Orders, none of the Diocese Parties shall assert against the Catholic Mutual Parties any Claim with respect to any matter, conduct, transaction, occurrence, fact, or other circumstance that, directly or indirectly, arises out of, relates to, or is in connection with the Released Insurance Policies, or any other matter released pursuant to this Agreement or the Plan.

4.4. As set forth in the Confirmation Order, Catholic Mutual's buy-back of the Released Insurance Policies shall be free and clear of all Interests of all Entities (as set forth in the Plan), including all Interests of the Diocese Parties, any other Entity claiming coverage by, through, or on behalf of any of the Diocese Parties, any other insurer, and any Tort Claimant. This sale is pursuant to sections 363(b), 363(f) and 1123(b) of the Bankruptcy Code. The Parties acknowledge and agree that (i) the Catholic Mutual Parties are good faith purchasers of the Released Insurance Policies within the meaning of section 363(m) of the Bankruptcy Code and (ii) the consideration exchanged constitutes a fair and reasonable settlement of the Parties' disputes and of their respective rights and obligations relating to the Released Insurance Policies and constitutes reasonably equivalent value. As set forth in the Plan and Confirmation Order, the releases in this Agreement and the policy buyback comply with the Bankruptcy Code and applicable non-bankruptcy laws. Upon entry of the Confirmation Order as a Final Order, the Released Insurance Policies shall be terminated and have no further force and effect. Catholic Mutual Parties' payment of the Catholic Mutual Settlement Amount constitutes the Catholic Mutual Parties' full and complete performance of any and all obligations under the Released Insurance Policies and this Agreement and the Plan, including any performance owed to the Diocese Parties. All Interests the Diocese Parties may have had, may presently have, or in the future may have in the Released Insurance Policies are released pursuant to the terms of this Agreement, the Plan, the Plan Documents and the Confirmation Order. The Diocese Parties accept the Catholic Mutual Settlement Amount set forth in Section 3 in full and complete satisfaction of all the Catholic Mutual Parties' past, present, and future obligations, under the Released Insurance Policies or arising therefrom.

4.5. If, contrary to the intent of the Parties, any Claim released pursuant to this Agreement, is deemed to survive this Agreement, even though the Claim is encompassed by the terms of the releases set forth in this Section 4 of this Agreement, the Parties hereby forever, expressly, and irrevocably waive entitlement to and agree not to assert any and all such Claims.

4.6. With respect to the Released Insurance Policies, all of the releases and other benefits provided in this Agreement by the Diocese Parties to the Catholic Mutual Parties are and shall be at least as favorable as the releases and other benefits that the Debtors have provided to any other one of the Debtors' Insurers in the Reorganization Cases. If the Debtors enter into any agreement with any other one of its Insurers in the Reorganization Cases that provides that Insurer with releases or other benefits that are more favorable than those contained in this Agreement, then this Agreement shall be deemed to be modified to provide the Catholic Mutual Parties with those more favorable releases and/or benefits. The Diocese Parties shall notify the Catholic Mutual Parties promptly of the existence of such more favorable releases or benefits.

4.7. Neither the releases set forth in this Section 4 nor any other provisions in this Agreement are intended to apply to or have any effect on the Catholic Mutual Parties' right to reinsurance recoveries under any reinsurance treaties, certificates, or contracts that cover losses arising under or in connection with the Released Insurance Policies or any other binder, certificate, or policy of insurance issued by the Catholic Mutual Parties.

4.8. This Section 4 is not intended to, and shall not be construed to, release, waive, relinquish, or otherwise affect the Parties' rights and obligations under this Agreement.

## **5. TERMINATION OF AGREEMENT**

5.1. The Debtors (subject to Court approval unless the Reorganization Cases are dismissed) or the Catholic Mutual Parties may terminate this Agreement by providing written notice to the other Parties if: (i) the Bankruptcy Court dismisses the Reorganization Cases or the Debtors consent to conversion of the cases to cases under Chapter 7 of the Bankruptcy Code prior to all of the Bankruptcy Orders becoming Final Orders; (ii) the Parties agree that the Debtors seek dismissal of the Reorganization Cases; (iii) the Debtors seek or the Bankruptcy Court confirms a plan of reorganization or liquidation that is not acceptable to Catholic Mutual in its sole and absolute discretion, or (iv) the Debtors fail, after a good faith effort, to obtain the final non-appealable Confirmation Order by a date reasonably acceptable to Catholic Mutual. Upon termination of this Agreement (which termination shall be effective immediately upon issuance of the required notice or the occurrence of the stated event), the releases provided in Section 4 of this Agreement shall become null and void, and the Parties shall retain all of their rights, defenses, and obligations with respect to the Released Insurance Policies and any other binder, certificate, or policy of insurance issued by the Catholic Mutual Parties as if this Agreement never existed.

## **6. REPRESENTATIONS AND WARRANTIES OF THE PARTIES**

6.1. The Parties separately represent and warrant as follows:

6.1.1. Subject to Section 1.1.5 above, to the extent it is a corporation, including a non-profit corporation, or other legal entity, it has the requisite power and authority to enter into this Agreement and to perform the obligations contemplated by this Agreement, subject only to approval of the Bankruptcy Court;

6.1.2. This Agreement has been thoroughly negotiated and analyzed by counsel to the Parties and executed and delivered in good faith, pursuant to arm's length negotiations and for value and valuable consideration.

6.2. The Diocese Parties represent and warrant that except as provided herein, they have not and will not assign any Interests in the Insurance Policies or any other binder, certificate, or policy of insurance issued by the Catholic Mutual Parties; provided however, pursuant to the Plan and in order to effectuate the Plan, the Debtors may assign their rights under the Unknown Claims Certificate to the Trust.

6.3. The Diocese Parties represent and warrant that they are the owners of the Released Insurance Policies.

6.4. Except with respect to the seeking of and advertising the Bar Date for the filing of Claims, the Diocese Parties represent and warrant that they have not in any way assisted, and shall not in any way assist, any Person in the establishment of any Claim against the Catholic Mutual Parties.

6.5. The person(s) executing this Agreement on behalf of the Diocese Parties represents and warrants that he/she has authority to execute this Agreement and to provide the releases identified in Section 4 above on behalf of the Diocese Parties. Notwithstanding the foregoing, nothing in the definition of Diocese Parties is intended to suggest or should be construed to mean that any Entity included in this definition is owned, directed, supervised or controlled by the Debtors or the Diocese.

6.6. The Debtors and Catholic Mutual have completed a reasonable search for evidence of any policy of insurance issued by the Catholic Mutual Parties to the Debtors that would afford coverage with respect to any Tort Claim pursuant to the Released Insurance Policies. Other than the policies or alleged policies identified in Exhibit A, no such policies have been identified. Notwithstanding the foregoing, nothing in this Agreement, including the Exhibits thereto, shall be construed as or deemed to be an admission or evidence that any binder, certificate, or policy of insurance was in fact issued and/or affords coverage in connection with the Tort Claims and nothing in this Agreement shall nor shall it be deemed to affect any insurance coverage or policies issued to any of the Diocese Parties after 1990 except to the extent specifically provided in this Agreement, the Plan or the Confirmation Order.

## **7. ACTIONS INVOLVING THIRD PARTIES**

7.1. For purposes of supporting the releases granted in Section 4 and the extinguishment of any and all rights under the Released Insurance Policies resulting from the purchase and sale thereof contemplated by this Agreement, the Diocese Parties hereby agree as follows:

7.1.1. If any other Insurer of the Diocese Parties obtains a judicial determination or binding arbitration award that it is entitled to obtain a sum certain from any of the Catholic Mutual Parties as a result of a claim for contribution, subrogation, indemnification, or other similar Claim for any of the Catholic Mutual Parties' alleged share or equitable share, or to enforce subrogation rights, if any, with respect to the defense and/or indemnity obligation of any of the Catholic Mutual Parties for any Claims (including reimbursement obligations for conditional payments made pursuant to Section 1395y(b)(2)(B) of 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.*), released or resolved pursuant to this Agreement, the Diocese Party(ies), as applicable, shall voluntarily reduce its judgment or Claim against, or settlement with, such other Insurer(s) to the extent necessary to satisfy such contribution, subrogation, indemnification, or other claims against the Catholic Mutual Parties. To ensure that such a reduction is accomplished, the Catholic Mutual Parties shall be entitled to assert this Section 7 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 Catholic Mutual Parties from any liability for the judgment or Claim.

Moreover, if a Non-Settling Insurer asserts that it has a Claim for contribution, indemnity, subrogation, or similar relief against any of the Catholic Mutual Parties, such Claim may be asserted as a defense against the Trust (under the Plan contemplated by this Agreement) in any coverage litigation (and the Trust may assert the legal and equitable rights of the Catholic Mutual Parties in response thereto); and to the extent such a Claim is determined to be valid by the court presiding over such action, the liability of such Non-Settling Insurer to the Trust (or Diocese Parties) shall be reduced dollar for dollar by the amount so determined.

7.1.2. The Catholic Mutual Parties shall not seek reimbursement for any payments they are obligated to make under this Agreement under theories of contribution, subrogation, indemnification, or similar relief from any other insurer of the Debtors unless that other Insurer first seeks contribution, subrogation, indemnification, or similar relief from any of the Catholic Mutual Parties. The Debtors shall use their reasonable best efforts to obtain from all Insurers with which they settle agreements similar to those contained in this Section 7; provided, however, that the failure of the Debtors, despite their reasonable best efforts, to obtain such an agreement from any insurer with which they settle will not be a basis to terminate this Agreement or excuse the Catholic Mutual Parties from performing their respective obligations hereunder, including payment of the Catholic Mutual Settlement Amount.

7.2. If any Entity attempts to prosecute a Channeled Claim against any of the Catholic Mutual Parties following the Petition Date, then promptly following notice to do so from Catholic Mutual, the Diocese, the Reorganized Debtor or the Trustee will file a motion and supporting papers to obtain an order from the Court protecting the Catholic Mutual Party from any such Claims until the Bankruptcy Orders become Final Orders, or, alternatively, this Agreement is terminated under Section 5. Notwithstanding the foregoing, nothing contained in this Section 7.2 will prevent a Catholic Mutual Party from appearing and participating in any such action.

## **8. MISCELLANEOUS**

8.1. If any proceedings are commenced to invalidate or prevent the enforcement or implementation of any of the provisions of this Agreement, the Parties agree to cooperate fully to oppose such proceedings. In the event that any action or proceeding of any type whatsoever is commenced or prosecuted by any Entity not a Party to this Agreement to invalidate, interpret, or prevent the validation or enforcement, or carrying out, of all or any of the provisions of this Agreement, the Parties mutually agree, represent, warrant, and covenant to cooperate fully in opposing such action or proceeding.

8.2. The Parties will take such steps and execute any documents as may be reasonably necessary or proper to effectuate the purpose and intent of this Agreement and to preserve its validity and enforceability.

8.3. The Parties shall cooperate with each other in connection with the Procedures Motion, the Procedures Order, the Disclosure Statement, the Disclosure Statement Order, the Plan, the Confirmation Order, and the Reorganization Cases. Such cooperation shall include consulting



with each other upon reasonable request concerning the status of proceedings and providing each other with copies of reasonably requested pleadings, notices, proposed orders, and other documents relating to such proceedings as soon as reasonably practicable prior to any submission thereof to the Bankruptcy Court.

8.4. This Agreement, along with the Plan and Confirmation Order (each of which must be acceptable to Catholic Mutual in form and substance, in its sole and absolute discretion) constitutes a single integrated written contract that expresses the entire agreement and understanding between and among the Parties.

8.5. This Agreement may be modified only by a written amendment signed by the Parties, and no waiver of any provision of this Agreement or of a breach thereof shall be effective unless expressed in a writing signed by the waiving Party. The waiver by any Party of any of the provisions of this Agreement or of the breach thereof shall not operate or be construed as a waiver of any other provision or breach.

8.6. By entering into this Agreement, none of the Parties has waived or shall be deemed to have waived any rights, obligations, or positions they have asserted or may in the future assert in connection with any matter outside the scope of this Agreement. No part of this Agreement, its negotiation, or its performance may be used in any manner in any action, suit, or proceeding as evidence of the rights, duties, or obligations of the Parties with respect to matters outside the scope of this Agreement. All actions taken and statements made by the Parties or by their representatives, relating to this Agreement or participation in this Agreement, including its development and implementation, shall be without prejudice or value as precedent and shall not be used as a standard by which other matters may be judged.

8.7. This Agreement represents a compromise of disputed Claims and shall not be deemed an admission or concession of liability, culpability, wrongdoing, or insurance coverage. All related discussions, negotiations, and all prior drafts of this Agreement shall be deemed to fall within the protection afforded to compromises and to offers to compromise by Rule 408 of the Federal Rules of Evidence and any parallel state law provisions. Any evidence of the negotiations or discussions associated with this Agreement shall be inadmissible in any action or proceeding for purposes of establishing any rights, duties, or obligations of the Parties, except that they shall be admissible to the extent they would have otherwise been admissible, absent this Section 8.7, in (i) an action or proceeding to enforce the terms of this Agreement, including any use as set forth in Section 7 or (ii) any possible action or proceeding between any of the Catholic Mutual Parties and any of their reinsurers. This Agreement shall not be used as evidence or in any other manner, in any court or dispute resolution proceeding, to create, prove, or interpret the Catholic Mutual Parties' obligations under any of the Insurance Policies or any other binder, certificate, or policy of insurance issued by the Catholic Mutual Parties, with respect to any Claims against any of the Catholic Mutual Parties.

8.8. None of the Parties shall make any public statements or disclosures (i) regarding each other's rationale or motivation for negotiating or entering into this Agreement, or (ii) asserting or implying in any way that the Parties acted improperly or in violation of any duty or obligation, express or implied, in connection with any matter arising out of, relating to, or in connection with the Released Insurance Policies or any other binder, certificate, or policy of

insurance issued by the Catholic Mutual Parties, including handling of or involvement in connection with the Tort Claims or the resolution of the Tort Claims.

8.9. Neither this Agreement nor the rights and obligations set forth in this Agreement shall be assigned without the prior written consent of the other Parties.

8.10. The Diocese Parties and the Catholic Mutual Parties have received the advice of counsel in the preparation, drafting, and execution of this Agreement, which was negotiated at arm's length.

8.11. Section titles and/or headings contained in this Agreement are included only for ease of reference and shall have no substantive effect.

8.12. All notices, demands, or other communication to be provided pursuant to this Agreement shall be in writing and sent by e-mail and Federal Express or other overnight delivery service, costs prepaid, to the Parties at the addresses set forth below, or to such other person or address as each of them may designate in writing from time to time:

If to the Debtors:

Bishop James S. Wall  
Finance Officer  
Diocese of Gallup  
PO Box 1338  
Gallup, NM 87305  
Email: [will provide]

and

With a copy to:

Susan G. Boswell  
Quarles & Brady  
One South Church Avenue  
Suite 1700  
Tucson, Arizona 85701  
Email: Susan.boswell@quarles.com

If to Catholic Mutual:

Michael Lee  
Catholic Mutual Group  
Corporate/Claims Compliance Director  
10843 Old Mill Road  
Omaha, NE 68154  
Email: [mlee@catholicmutual.org](mailto:mlee@catholicmutual.org)

With a copy to:  
David M. Spector  
Everett Cygal  
Schiff Hardin LLP  
233 S. Wacker Drive  
Suite 6600  
Chicago, IL 60606  
Fax: 312-258-5600  
Email: [dspector@schiffhardin.com](mailto:dspector@schiffhardin.com)

and

Louis T. DeLucia  
Alyson M. Fiedler  
Schiff Hardin LLP  
666 Fifth Avenue  
Floor 17  
New York, NY 10103  
Fax: 212-753-5044  
Email: [ldelucia@schiffhardin.com](mailto:ldelucia@schiffhardin.com)  
[afiedler@schiffhardin.com](mailto:afiedler@schiffhardin.com)

8.13. All notices, demands, or other communication to be provided pursuant to this Agreement prior to entry of the Confirmation Order shall also be sent by e-mail and Federal Express or other overnight delivery service, costs prepaid, to James Stang, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Boulevard, 13th Floor, Los Angeles, CA 90067-4003, Email: [jstang@pszjlaw.com](mailto:jstang@pszjlaw.com).

8.14. This Agreement may be executed in multiple counterparts, all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile or other electronic image, which facsimile or other electronic image counterparts shall be deemed to be originals.

8.15. Nothing contained in this Agreement shall be deemed or construed to constitute (i) an admission by any of the Catholic Mutual Parties that the Diocese Parties, or any other Entity was or is entitled to any Insurance Coverage under the Policies or any other binder, certificate, or policy of insurance issued by the Catholic Mutual Parties or as to the validity of any of the positions that have been or could have been asserted by the Diocese Parties, (ii) an admission by the Diocese Parties as to the nature and extent of Insurance Coverage of any of the Diocese Parties by the Catholic Mutual Parties; (iii) an admission by the Diocese Parties as to the validity of any of the positions or defenses to coverage that have been or could have been asserted by the Catholic Mutual Parties or any Claims that have been or could have been asserted by the Diocese Parties against the Catholic Mutual Parties, or (iv) an admission by the Diocese Parties or the Catholic Mutual Parties of any liability whatsoever with respect to any of the Tort Claims.

8.16. All of the Persons included in the definition of Catholic Mutual Parties are intended beneficiaries of this Agreement. Except as set forth in the preceding sentence or otherwise set forth in this Agreement, there are no third-party beneficiaries of this Agreement.

8.17. The Diocese Parties and the Catholic Mutual Parties shall be responsible for their own fees and costs incurred in connection with the Reorganization Case, this Agreement, and the implementation of this Agreement; provided, however, that nothing contained in this Agreement shall govern how the Settlement Amount is distributed which will be determined pursuant to the Plan and the Confirmation Order.

8.18. The following rules of construction shall apply to this Agreement:

8.18.1. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; and (iv) the words "include," "includes," or "including" shall be deemed to be followed by the words "without limitation."

8.18.2. References to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions regardless of whether specifically referenced in this Agreement.

8.18.3. The wording of this Agreement was reviewed by legal counsel for each of the Parties, and each of them had sufficient opportunity to propose and negotiate changes prior to its execution. The wording of this Agreement shall not be construed in favor of or against any Entity.

8.18.4. The use of the terms "intend," "intended," or "intent," when describing the intention of the Parties, as the case may be, shall not be construed to create a breach of this Agreement when the stated intent is not achieved.

8.19. The Bankruptcy Court in the Reorganization Case shall retain exclusive jurisdiction to interpret and enforce the provisions of this Agreement, which shall be construed in accordance with New Mexico law.

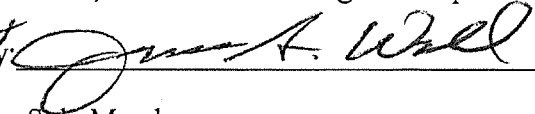
8.20. This Agreement and the Debtors and Diocese's obligations under this Agreement shall be binding on the Diocese, Debtors and the Reorganized Debtors and shall survive the entry of the Confirmation Order.

8.21. This Agreement shall be effective on the Effective Date.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the last date indicated below.

ROMAN CATHOLIC CHURCH OF THE DIOCESE OF  
GALLUP, a New Mexico religious corporation sole

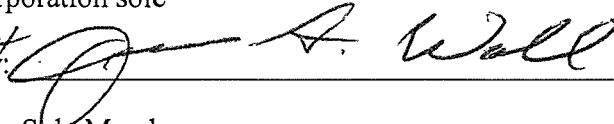
By: 

Its: Sole Member

Dated: 4.28.16

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the last date indicated below.

On behalf of BISHOP OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF GALLUP, an Arizona religious  
corporation sole

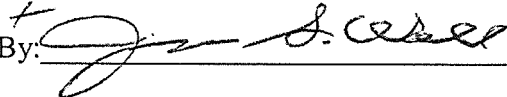
By: \_\_\_\_\_

Its: Sole Member

Dated: 4-20-16

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the last date indicated below.

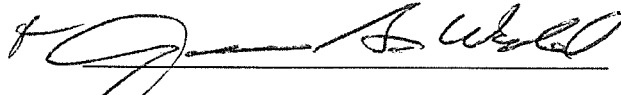
On behalf of the DIOCESE (as defined herein)

By: 

Its: Bishop

Dated: 4-20-16

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the last date indicated below.

A handwritten signature in cursive script, appearing to read "James S. Wall", written over a horizontal line.

Bishop James S. Wall, solely in his capacity as Bishop of the  
Diocese of Gallup and not in his individual capacity

Dated: 4-20-16



IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the last date indicated below.

On behalf of CATHOLIC MUTUAL RELIEF SOCIETY OF AMERICA

By: Michael A. Hines

Its President and CEO

Dated: 4/22/2016

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# **EXHIBIT A**

**Catholic Mutual Certificates for Diocese of Gallup (Pre 1990)**

| <b>TAB</b> | <b>Cert #</b> | <b>Issuer</b> | <b>Period</b>             | <b>Insured</b>   |
|------------|---------------|---------------|---------------------------|--|
| 1          | SMP<br>6332   | CMRS          | 12/01/1977- 07/01/1978    | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 2          | SMP<br>6417   | CMRS          | 07/01/1978- 07/01/1981    | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 3          | SMP<br>6980   | CMRS          | 07/01/1981-<br>07/01/1984 | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 4          | SMP<br>7108   | CMRS          | 07/01/1984-<br>07/01/1985 | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 5          | SMP<br>7459   | CMRS          | 07/01/1985-<br>07/01/1986 | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 6          | SMP<br>7651   | CMRS          | 07/01/1986-<br>07/01/1987 | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 7          | SMP<br>7854   | CMRS          | 07/01/1987-<br>07/01/1988 | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 8          | SMP<br>7854   | CMRS          | 07/01/1988-<br>07/01/1989 | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |
| 9          | 8088          | CMRS          | 07/01/1989-07/01/1990     | Most Rev. Jerome J. Hastrich,<br>Bishop of the Diocese of Gallup |

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# **EXHIBIT D**

## PARTICIPATING PARTY AGREEMENT

This Agreement is entered into on the date below indicated, by and among the Roman Catholic Church of the Diocese of Gallup and the Bishop of the Roman Catholic Church of the Diocese of Gallup (collectively, the “**Debtors**”) and the Catholic Peoples Foundation, a New Mexico non-profit corporation (the “**Foundation**” (for purposes of the Plan, the Foundation is a Participating Party) and together with the Debtors, the “**Parties**”). The Debtors have filed the Plan (as defined in Section 1) and Disclosure Statement.<sup>1</sup> The Parties have agreed to this settlement (the “**Agreement**”) which is provided for in the Plan, and of which the Parties will seek Bankruptcy Court approval as part of confirmation of the Plan.

### RECITALS

- A. WHEREAS, the Debtors filed their Chapter 11 cases on November 12, 2013 in the United States Bankruptcy Court for the District of New Mexico. The cases are jointly administered under Case Number 13-13676-t11 (the “**Reorganization Cases**”).
- B. WHEREAS, the Foundation is organized as a New Mexico non-profit corporation for the purpose of receiving and administering funds to assist the religious, charitable and educational works, endeavors and activities of the Debtors.
- C. WHEREAS, the Foundation is governed by a self-perpetuating board who supervise the Executive Director of the Foundation.
- D. WHEREAS, the Bishop for the Roman Catholic Church of the Diocese of Gallup is an ex officio member of the Foundation Board.
- E. WHEREAS, Debtors filed their voluntary bankruptcy petitions and Plan for the purpose of fairly and finally resolving all their legal and other disputes, including with Tort Claimants. The Foundation is interested in seeing Debtors accomplish that reorganization.
- F. WHEREAS, the Debtors will establish the Trust under the Plan for the benefit of the Tort Claimants.
- G. WHEREAS, the Foundation will make a contribution to support the Plan and the transactions contemplated thereunder, including funding the Trust, and in exchange will be named as a “Participating Party” as that term is defined in the Plan.
- H. WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in matters with other unrelated parties, without future trial or adjudication of any issues of fact or law, and without admission of liability or responsibility, a full and final settlement that releases and terminates all obligations and liabilities of the Parties between themselves and

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

provides for a release and Channeling Injunction against any Tort Claims or Unknown Tort Claims being asserted against the Foundation.

## AGREEMENTS

1. Consideration. Now, therefore, in full settlement of the claims between the Foundation and the Debtors and in consideration of a Channeling Injunction, release and other provisions in the “Debtors’ Plan of Reorganization Dated March 21, 2016” filed at Docket No. 540 (as such plan may be amended from time to time, the “**Plan**”), the Foundation shall pay \$500,000.00 (the “**Settlement Payment**”) subject to the terms and conditions contained in this Agreement, the Plan, and the Confirmation Order.
2. Plan Provisions. Provided that the Bankruptcy Court in the Reorganization Cases enters the Confirmation Order, the Foundation shall pay the Settlement Payment into the Debtors’ Plan Implementation Account on or before the Effective Date.
3. Agreement Effective Date. This Agreement shall be effective upon date that all Parties have executed the Agreement.
4. Termination of Agreement.
  - a. If, after a duly noticed Confirmation Hearing, the Court does not enter the Confirmation Order which confirms a plan of reorganization substantially in the form of the Plan, or if the Court does enter such an order but the Confirmation Order does not become a Final Order, any of the Parties may, in its sole discretion, either:
    - i. Terminate this Agreement; or
    - ii. Continue this Agreement in effect temporarily while the Parties attempt to negotiate (x) an alternative settlement that could be incorporated into a different plan of reorganization for confirmation by the Court or (y) an alternative Confirmation Order.
  - b. If the Foundation fails to make the Settlement Payment in the time required by the Plan or Confirmation Order, then the Debtors or Committee may terminate this Agreement in their sole discretion.
  - c. In the event a Party or the Committee terminates this Agreement, such Party or the Committee must give notice of termination to the other Parties and the Committee in the manner prescribed in Section 15.
5. Neutrality. Nothing herein shall affect the Foundation’s rights relating to its own insurers, indemnitors, subrogees, or others against whom the Foundation may have rights to seek indemnity or reimbursement (other than those Persons expressly protected by the Plan, the Confirmation Order, or this Agreement).
6. Jurisdiction. The Foundation shall be subject to the Bankruptcy Court’s jurisdiction for

the purpose of enforcing this Agreement and the provisions of the Confirmation Order applicable to the Foundation. The Bankruptcy Court's jurisdiction is exclusive with respect to enforcement of the Channeling Injunction, the Plan, the Confirmation Order, and this Agreement including certain other issues related to or arising in the Reorganization Cases.

7. Merger and Enforcement. The Parties intend that this Agreement shall be complete and shall not be subject to any claims of accident, unilateral mistake, mutual mistake, mistake of fact, rescission, reformation, or claims of similar effect, and they intend by this Agreement to resolve all present and future disputes between them relating to the Claims including Tort Claims.
8. Representation by Counsel. The Parties acknowledge and agree that this Agreement was bargained for and entered into in good faith and as the result of arm's length negotiations, and that at all times material they have been represented by counsel of their own choosing concerning the rights affected by this Agreement, the form and content of it, and the advisability of executing it. This Agreement has been reviewed by counsel for each of the Parties and shall not be strictly construed against any Party.
9. Representations and Warranties. Each Party represents and warrants that this Agreement has been thoroughly negotiated and analyzed by its counsel and has been executed and delivered in good faith, pursuant to arm's length negotiations, and for value and valuable consideration. Subject to confirmation of the Plan and entry of the Confirmation Order approving this Agreement, each Party represents and warrants that it has authority to execute this Agreement as its binding and legal obligation. Each Party represents and warrants that the person signing this Agreement on its behalf is authorized to execute this Agreement and has read this Agreement in full.
10. Release. Upon payment by CM of the amount determined in the CM Settlement Agreement, the Foundation hereby fully, finally, and completely remises, releases, acquits, and forever discharges CM and any of their reinsurers or retrocessionaires from any and all Tort Claims and Unknown Tort Claims, including any Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims and all Claims relating to the Released Insurance Policies including any Channeled Claims. This release specifically includes all Unknown Tort Claims that are based in whole or in part on the Tort Claims, the Release Insurance Policies, with all Unknown Tort Claims and Claims relating to the Released Insurance Policies channeled to the Trust, pursuant to the Plan, with no liability to CM.
11. Non-Prejudice and Construction of Agreement. This Agreement is subject to Federal Rule of Evidence 408 and similar state law rules of evidence applicable to compromises, is intended to be and is a compromise between the Parties, and shall not be construed as an admission of liability. This Agreement is without prejudice to positions taken or that may be taken by the Foundation relating to other insureds or claimants, and without prejudice to positions taken or that will be taken by the Debtors relating to third parties. Nothing in this Agreement, express or implied,

confers on any Entity, other than the Parties, any benefit or any legal or equitable right, remedy, or Claim.

12. No Modification. Before the entry of the Confirmation Order, no change or modification of this Agreement shall be valid, even if supported by additional consideration, unless it is made in writing and signed by the Parties subject to Section 9. After the entry of the Confirmation Order, this Agreement may be changed or modified only in a written notice signed by the Parties and approved by the Bankruptcy Court.
13. No Waiver. Any Party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving Party, and no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one Party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a Party to seek a remedy for noncompliance or breach by the other Party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.
14. Governing Law. This Agreement shall be governed by and shall be construed in accordance with the laws of Arizona without regard to its conflict of law principles, and where necessary, in accordance with federal bankruptcy law.
15. Notices. Any notices, consents and other communications required or permitted herein shall be in writing and shall be effective, and any applicable time period shall commence when (a) delivered to the following address by hand or by a nationally recognized overnight courier service (costs prepaid) or (b) transmitted electronically to facsimile or e-mail addresses with confirmation of receipt of transmission, in each case marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, email address, or Entity as a Party may designate by notice to the other Parties). Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following:

Debtor:  
Bishop James S. Wall  
Roman Catholic Church  
of the Diocese of Gallup  
P.O. Box 1338  
Gallup, NM 87305



With a copy to:  
Susan G. Boswell  
Lori L. Winkelman  
QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701  
*Counsel for Debtors*

Foundation:  
Herb Mosher  
Executive Director  
Catholic Peoples Foundation  
503 W. Historic Hwy 66  
Gallup, NM 87301

With a copy to:  
Robert M. Charles, Jr.  
Lewis Roca Rothgerber Christie LLP  
One S. Church Ave., Suite 700  
Tucson, AZ 85701  
*Counsel for Foundation*

With a copy to:  
James I. Stang  
Ilan Scharf  
PACHULSKI STANG ZIEHL & JONES LLP  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
*Counsel for The Official Committee  
of Unsecured Creditors*  
-or-  
The Trustee under the Trust Agreement  
as so designated by the Committee

16. Integration. This Agreement, together with the Plan and the Confirmation Order (when entered), constitutes the entire Agreement among the Parties with respect to the subject matter hereof and thereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect thereto.
17. Additional Documents. The Parties shall execute any such other documents as may be reasonably required to obtain the Confirmation Order as set forth herein, or as may reasonably be necessary to effectuate any other requirement or agreement herein.
18. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original. This Agreement is binding when one or more counterparts, individually or taken together, is signed by each of the Parties. This

Agreement may be effected by facsimile or other electronic transmission of executed copies of the signature page delivered to counsel for the Parties.

19. Captions and Headings. The captions and headings used in this Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Agreement.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK  
AND SIGNATURES ON FOLLOWING PAGE]

Dated this 30<sup>th</sup> day of March, 2016.

+   
Debtors

Dated this \_\_\_\_\_ day of March, 2016.

Catholic Peoples Foundation, a New Mexico non-profit corporation

By \_\_\_\_\_

Its \_\_\_\_\_

Dated this 24<sup>th</sup> day of March, 2016.

\_\_\_\_\_  
Debtors

Dated this 24<sup>th</sup> day of March, 2016.

Catholic Peoples Foundation, a New Mexico non-profit corporation

By John B. Mosher

Its Executive Director

# **EXHIBIT E**

## PARTICIPATING PARTY AGREEMENT

This Agreement is entered into on the date below indicated, by and among the Roman Catholic Church of the Diocese of Gallup and the Bishop of the Roman Catholic Church of the Diocese of Gallup (collectively, the “**Debtors**”) and the Province of Our Lady of Guadalupe of the Order of Friars Minor (the “**Guadalupe Participating Party**”, and together with the Debtors, the “**Parties**”). The Debtors have filed the Plan (as defined in Section 1) and Disclosure Statement.<sup>1</sup> The Parties have agreed to this settlement (the “**Agreement**”) which is provided for in the Plan, and of which the Parties will seek Bankruptcy Court approval as part of confirmation of the Plan.

### RECITALS

- A. WHEREAS, the Debtors filed their Chapter 11 cases on November 12, 2013 in the United States Bankruptcy Court for the District of New Mexico. The cases are jointly administered under Case Number 13-13676-t11 (the “**Reorganization Cases**”).
- B. WHEREAS, certain Tort Claimants have alleged or may in the future allege that the Guadalupe Participating Party has direct liability to the claimant in connection with Tort Claims arising within the territory of the Diocese.
- C. WHEREAS, the Debtors allege that they may have rights of indemnification or subrogation against the Guadalupe Participating Party in connection with Tort Claims.
- D. WHEREAS, the Debtors will establish the Trust under the Plan for the benefit of the Tort Claimants.
- E. WHEREAS, the Guadalupe Participating Party will make a contribution to support the Plan and the transactions contemplated thereunder, including funding the Trust, and in exchange will be named as a “Participating Party” as that term is defined in the Plan.
- F. WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in matters with other unrelated parties, without future trial or adjudication of any issues of fact or law, and without admission of liability or responsibility, a full and final settlement that releases and terminates all obligations and liabilities between the Debtors and the Guadalupe Participating Party and provides for a release of any Tort Claims or Unknown Tort Claims asserted against the Guadalupe Participating Party and any Claims for contribution or indemnification relating to any Tort Claims or Unknown Tort Claims asserted against the Guadalupe Participating Party and a Channeling Injunction against any such Tort Claims, Unknown Tort Claims or Claims for contribution or indemnification being asserted against the Guadalupe Participating Party.

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

## AGREEMENTS

1. Consideration. Now, therefore, in full settlement of the claims between the Guadalupe Participating Party and the Debtors and in consideration of the Guadalupe Participating Party receiving all of the rights, benefits, protections and releases as provided in the “Debtors’ Plan of Reorganization Dated March 21, 2016” filed at Docket No. 540 (as such plan may be amended from time to time, the “**Plan**”), to any Protected Party, including, without limitation, the Channeling Injunction and releases (collectively, the “**Plan Protections**”), the Guadalupe Participating Party shall pay Three Hundred Thousand dollars (\$300,000.00) (the “**Settlement Payment**”) subject to the terms and conditions contained in this Agreement.
2. Plan Provisions. Provided that the Bankruptcy Court in the Reorganization Cases enters the Confirmation Order that (i) approves this Agreement, and (ii) confirms the Plan with the Plan Protections incorporated therein, with only such modifications acceptable to the Guadalupe Participating Party in its reasonable discretion, the Guadalupe Participating Party shall pay the Settlement Payment into the Debtors’ Plan Implementation Account on or before the Effective Date.
3. Dismissal of Underlying Litigation. Within five (5) business days of the Effective Date, the Guadalupe Participating Party’s counsel and plaintiffs’ counsel jointly shall execute and file a dismissal with prejudice (“**Stipulation**”) in any court in which litigation regarding the relevant Tort Claim is pending against the Guadalupe Participating Party (“**Underlying Litigation**”), each party to bear its own costs and attorneys’ fees incurred therein.
4. Agreement Effective Date. This Agreement shall be effective upon the date that all Parties and the claimants/plaintiffs or their counsel identified in Section 15 have executed the Agreement.
5. Termination of Agreement.
  - a. If, after a duly noticed Confirmation Hearing, the Court does not enter the Confirmation Order which confirms a plan of reorganization substantially in the form of the Plan, or if the Court does enter such an order but the Confirmation Order does not become a Final Order, any of the Parties may, in its sole discretion, either:
    - i. Terminate this Agreement; or
    - ii. Continue this Agreement in effect temporarily while the Parties attempt to negotiate (x) an alternative settlement that could be incorporated into a different plan of reorganization for confirmation by the Court or (y) an alternative Confirmation Order.

- b. If the Guadalupe Participating Party fails to make the Settlement Payment in the time required by this Agreement, then the Debtors and the Committee may terminate this Agreement in their sole discretion or seek to enforce the obligations of the Guadalupe Participating Party hereunder.
  - c. In the event a Party or the Committee terminates this Agreement, such Party or the Committee must give notice of termination to the other Parties and the Committee in the manner prescribed in Section 15.
- 6. Neutrality. Nothing herein shall affect the Guadalupe Participating Party's rights relating to its own insurers, indemnitors, subrogees, or others against whom the Guadalupe Participating Party may have rights to seek indemnity or reimbursement (other than those Persons expressly protected by the Plan, the Confirmation Order, or this Agreement).
- 7. Jurisdiction. The Guadalupe Participating Party shall be subject to the Bankruptcy Court's jurisdiction for the purpose of enforcing this Agreement and the provisions of the Confirmation Order applicable to the Guadalupe Participating Party. The Bankruptcy Court shall have jurisdiction with respect to enforcement of the Channeling Injunction, the Plan, the Confirmation Order, and this Agreement including certain other issues related to or arising in the Reorganization Cases.
- 8. Merger and Enforcement. The Parties intend that this Agreement shall be complete and shall not be subject to any claims of accident, unilateral mistake, mutual mistake, mistake of fact, rescission, reformation, or claims of similar effect, and they intend by this Agreement to resolve all present and future disputes between them relating to the Claims including Tort Claims.
- 9. Representation by Counsel. The Parties acknowledge and agree that this Agreement was bargained for and entered into in good faith and as the result of arm's length negotiations, and that at all times material they have been represented by counsel of their own choosing concerning the rights affected by this Agreement, the form and content of it, and the advisability of executing it. This Agreement has been reviewed by counsel for each of the Parties and shall not be strictly construed against any Party.
- 10. Representations and Warranties. Each Party represents and warrants that this Agreement has been thoroughly negotiated and analyzed by its counsel and has been executed and delivered in good faith, pursuant to arm's length negotiations, and for value and valuable consideration. Subject to confirmation of the Plan and entry of the Confirmation Order approving this Agreement, each Party represents and warrants that it has authority to execute this Agreement as its binding and legal obligation. Each Party represents and warrants that the person signing this Agreement on its behalf is authorized to execute this Agreement and that it has read this Agreement in full.
- 11. Non-Prejudice and Construction of Agreement. This Agreement is subject to Federal



Rule of Evidence 408 and similar state law rules of evidence applicable to compromises, is intended to be and is a compromise between the Parties, and shall not be construed as an admission of liability, liability being expressly denied by the Guadalupe Participating Party. This Agreement is without prejudice to positions taken or that may be taken by the Guadalupe Participating Party relating to other insureds or claimants, and without prejudice to positions taken or that will be taken by the Debtors and Committee relating to third parties. Nothing in this Agreement, express or implied, confers on any Entity, other than the Parties, any benefit or any legal or equitable right, remedy, or Claim.

12. No Modification. Before the entry of the Confirmation Order, no change or modification of this Agreement shall be valid, even if supported by additional consideration, unless it is made in writing and signed by the Parties subject to Section 10. After the entry of the Confirmation Order, this Agreement may be changed or modified only in a written notice signed by the Parties and approved by the Bankruptcy Court.
13. No Waiver. Any Party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving Party, and no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one Party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a Party to seek a remedy for noncompliance or breach by the other Party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.
14. Governing Law. This Agreement shall be governed by and shall be construed in accordance with the laws of Arizona without regard to its conflict of law principles, and where necessary, in accordance with federal bankruptcy law.
15. Notices. Any notices, consents and other communications required or permitted herein shall be in writing and shall be effective, and any applicable time period shall commence when (a) delivered to the following address by hand or by a nationally recognized overnight courier service (costs prepaid) or (b) transmitted electronically to facsimile or e-mail addresses with confirmation of receipt of transmission, in each case marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, email address, or Entity as a Party may designate by notice to the other Parties). Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following:

Debtor:  
Bishop James S. Wall  
Roman Catholic Church  
of the Diocese of Gallup  
P.O. Box 1338  
Gallup, NM 87305

With a copy to:  
Susan G. Boswell  
Lori L. Winkelman  
QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701  
*Counsel for Debtors*

Guadalupe Participating Party:  
Jack Clark Robinson, OFM  
Provincial Minister  
Province of Our Lady of Guadalupe  
of the Order of Friars Minor  
Casa Guadalupe Friary  
1204 Stinson Street, SW  
Albuquerque, NM 87121

With a copy to:  
John C. Kelly  
Coppersmith Brockelman PLC  
2800 North Central Ave., Suite 1200  
Phoenix, AZ 85004  
*Counsel for the Province of Our Lady of  
Guadalupe of the Order of Friars Minor*

With a copy to:  
James I. Stang  
Ilan Scharf  
PACHULSKI STANG ZIEHL & JONES LLP  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
*Counsel for The Official Committee  
of Unsecured Creditors*

-or-

The Trustee under the Trust Agreement  
as so designated by the Committee


Claimant/Plaintiff:  
Jane J.P. Doe, Coconino County Superior  
Court Case No. CV2013-00360  
-and-  
Jane L.S. Doe, Coconino County Superior  
Court Case No. CV2015-00277  
*Claimants/Plaintiffs*

With a copy to:  
Robert E. Pastor  
Montoya, Jimenez & Pastor, P.A.  
3200 North Central Ave., Suite 2550  
Phoenix, AZ 85012  
-and-  
John Manly  
Manly, Stewart & Finaldi  
19100 Von Karman Ave., Suite 800  
Irvine, CA 92612  
*Counsel for Claimants/Plaintiffs*

16. Integration. This Agreement, together with the Plan and the Confirmation Order (when entered), constitutes the entire Agreement among the Parties with respect to the subject matter hereof and thereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect thereto.
17. Additional Documents. The Parties shall execute any such other documents as may be reasonably required to obtain the Confirmation Order as set forth herein, or as may reasonably be necessary to effectuate any other requirement or agreement herein.
18. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original. This Agreement is binding when one or more counterparts, individually or taken together, is signed by each of the Parties and claimants/plaintiffs or their counsel. This Agreement may be effected by facsimile or other electronic transmission of executed copies of the signature page delivered to counsel for the Parties.
19. Captions and Headings. The captions and headings used in this Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Agreement.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK  
AND SIGNATURES ON FOLLOWING PAGE]

Dated this 30<sup>th</sup> day of March, 2016.

  
Debtors

Dated this 25<sup>th</sup> day of March, 2016.

  
Guadalupe Participating Party

Jack Clark Robinson, OFM.  
Minister Provincial  
Province of Our Lady of  
Guadalupe of the Order  
of Friars Minor

[Consent and Acknowledgement on following page]

**CONSENT AND ACKNOWLEDGMENT**

I acknowledge and consent to the foregoing and agree to comply with the terms of this Agreement, including dismissal of the Underlying Litigation with prejudice in accordance with this Agreement and the Plan.

Dated this 27<sup>th</sup> day of April, 2016.

  
\_\_\_\_\_  
Counsel for Claimants/Plaintiffs

# **EXHIBIT F**

## EXECUTION COPY

### PARTICIPATING PARTY AGREEMENT

This Agreement is entered into on the date below indicated, by and among the Roman Catholic Church of the Diocese of Gallup and the Bishop of the Roman Catholic Church of the Diocese of Gallup (collectively, the “**Debtors**”) and the Province of St. John the Baptist of the Order of Friars Minor (the “**Province**”) and its insurer, United States Fidelity and Guaranty Company (“**USF&G**”) (the Province and USF&G are referred to collectively as the “**SJB Participating Parties**”, and together with the Debtors, the “**Parties**”). The Debtors have filed the Plan (as defined in Section 1) and Disclosure Statement.<sup>1</sup> The Parties have agreed to this settlement (the “**Agreement**”) which is provided for in the Plan, and of which the Parties will seek Bankruptcy Court approval as part of confirmation of the Plan.

#### RECITALS

- A. WHEREAS, the Debtors filed their Chapter 11 cases on November 12, 2013 in the United States Bankruptcy Court for the District of New Mexico. The cases are jointly administered under Case Number 13-13676-t11 (the “**Reorganization Cases**”).
- B. WHEREAS, certain Tort Claimants have alleged or may in the future allege that the Province has direct liability to the claimant in connection with Tort Claims.
- C. WHEREAS, the Debtors allege that they may have rights of indemnification or subrogation against the SJB Participating Parties in connection with Tort Claims.
- D. WHEREAS, the Debtors will establish the Trust under the Plan for the benefit of the Tort Claimants.
- E. WHEREAS, the SJB Participating Parties will make a contribution to support the Plan and the transactions contemplated thereunder, including funding the Trust, and in exchange will be named as “Participating Parties” as that term is defined in the Plan.
- F. WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in matters with other unrelated parties, without future trial or adjudication of any issues of fact or law, and without admission of liability or responsibility, a full and final settlement that releases and terminates all obligations and liabilities between the Debtors and the SJB Participating Parties and provides for a release of any Tort Claims or Unknown Tort Claims and any Claims for contribution or indemnification relating to any Tort Claims or Unknown Tort Claims and a Channeling Injunction against any such Tort Claims and any such Claims for contribution or indemnification being asserted against the SJB Participating Parties. Nothing in this Agreement, the Plan or the Confirmation Order is intended to affect any rights and obligations between the Province and USF&G

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

which will be the subject of a separate settlement agreement and mutual release that will not be filed and is not subject to Bankruptcy Court approval.

- G. WHEREAS, USF&G or one of its affiliates issued or is alleged to have issued certain insurance policies that afford or are alleged to afford certain liability coverage for the Province including, without limitation, policy numbers: CGL280294, CGA314050, 1CC86827, 1CC347332, 1CC697732, CEP2393, CEP57726, 1CCA10001, 1CCA10744, CEP75656, 1CCC7689, CEP91222, 1CCD27757, CEP106156, 522 005032 8, 1CC C 70484, CEP 121758, CEP 013912536, 1CC 012472141, CEP 014042556, 1CC 024961684, CEP 020087628, 1CC 034101903, CEP 043665292, 1CC 047987665, CEP 059533420, 1CC 076518574, CEP 073227451, 1 CG 120532930 00, 1MP12693570000, 1MP13354533500, 1MP30054315500, 1MP30054315501, 1MP30054315502, 1MP30054315503 (collectively, the “Policies”).

#### AGREEMENTS

1. Consideration. Now, therefore, in full settlement of the claims between the SJB Participating Parties and the Debtors and in consideration of the SJB Participating Parties receiving all of the rights, benefits, protections and releases as provided in the “Debtors’ Plan of Reorganization Dated March 21, 2016” filed at Docket No. 540 (as such plan may be amended from time to time, the “**Plan**”), to any Protected Party including, without limitation, the Channeling Injunction and releases (collectively, the “**Plan Protections**”), the SJB Participating Parties shall pay One Million Eight Hundred Fifty Thousand Dollars (\$1,850,000.00) (the “**Settlement Payment**”) subject to the terms and conditions contained in this Agreement.
2. Plan Provisions. Provided that the Bankruptcy Court in the Reorganization Cases enters the Confirmation Order that (i) approves this Agreement, and (ii) confirms the Plan with the Plan Protections incorporated therein, with only such modifications acceptable to the SJB Participating Parties in their reasonable discretion, the SJB Participating Parties shall pay the Settlement Payment into the Debtors’ Plan Implementation Account on or before the Effective Date.
3. Dismissal of Underlying Litigation. Within five (5) business days of the Effective Date, the Province’s counsel and plaintiffs’ counsel jointly shall execute and file a dismissal with prejudice (“**Stipulation**”) in any court in which litigation regarding the relevant Tort Claim is pending against a SJB Participating Party (“**Underlying Litigation**”), each party to bear its own costs and attorneys’ fees incurred therein.
4. Agreement Effective Date. This Agreement shall be effective upon the date that all Parties and the claimants/plaintiffs or their counsel identified in Section 16 have executed the Agreement.
5. Termination of Agreement.
  - a. If, after a duly noticed Confirmation Hearing, the Court does not enter the Confirmation Order which confirms a plan of reorganization substantially in the



form of the Plan, or if the Court does enter such an order but the Confirmation Order does not become a Final Order, any of the Parties may, in its sole discretion, either:

- i. Terminate this Agreement; or
    - ii. Continue this Agreement in effect temporarily while the Parties attempt to negotiate (x) an alternative settlement that could be incorporated into a different plan of reorganization for confirmation by the Court or (y) an alternative Confirmation Order.
  - b. If the SJB Participating Parties fail to make the Settlement Payment in the time required by this Agreement, then the Debtors or Committee may terminate this Agreement in their sole discretion or seek to enforce the obligations of the SJB Participating Parties hereunder.
  - c. In the event a Party terminates this Agreement, such Party must give notice of termination to the other Parties and the Committee in the manner prescribed in Section 16.
  - d. In the event the Committee terminates this Agreement, the Committee must give notice of termination to the Parties in the manner prescribed in Section 16.
6. Neutrality. Nothing herein shall affect the SJB Participating Parties' rights relating to their own insureds, insurers, indemnitors, subrogees, or others against whom the SJB Participating Parties may have rights to seek indemnity or reimbursement (other than those Persons expressly protected by the Plan, the Confirmation Order, or this Agreement).
7. Inter-Participating Party Rights. The SJB Participating Parties agree that nothing in this Agreement, the Plan or the Confirmation Order shall alter their respective rights and obligations between themselves with respect to or in connection with the Policies which rights and obligations will be the subject of a separate settlement agreement and mutual release that will not be filed and is not subject to Bankruptcy Court approval.
8. Jurisdiction. The SJB Participating Parties shall be subject to the Bankruptcy Court's jurisdiction for the purpose of enforcing this Agreement and the provisions of the Confirmation Order applicable to the SJB Participating Parties. The Bankruptcy Court shall have jurisdiction with respect to enforcement of the Channeling Injunction, the Plan, the Confirmation Order, and this Agreement including certain other issues related to or arising in the Reorganization Cases.
9. Merger and Enforcement. The Parties intend that this Agreement shall be complete and shall not be subject to any claims of accident, unilateral mistake, mutual mistake, mistake of fact, rescission, reformation, or claims of similar effect, and they intend by this Agreement to resolve all present and future disputes between them relating to the Claims including Tort Claims, except as set forth in the separate settlement agreement and mutual release between the SJB Participating Parties.

10. Representation by Counsel. The Parties acknowledge and agree that this Agreement was bargained for and entered into in good faith and as the result of arm's length negotiations, and that at all times material they have been represented by counsel of their own choosing concerning the rights affected by this Agreement, the form and content of it, and the advisability of executing it. This Agreement has been reviewed by counsel for each of the Parties and shall not be strictly construed against any Party.
11. Representations and Warranties. Each Party represents and warrants that this Agreement has been thoroughly negotiated and analyzed by its counsel and has been executed and delivered in good faith, pursuant to arm's length negotiations, and for value and valuable consideration. Subject to confirmation of the Plan and entry of the Confirmation Order approving this Agreement, each Party represents and warrants that it has authority to execute this Agreement as its binding and legal obligation. Each Party represents and warrants that the person signing this Agreement on its behalf is authorized to execute this Agreement and that it has read this Agreement in full.
12. Non-Prejudice and Construction of Agreement. This Agreement is subject to Federal Rule of Evidence 408 and similar state law rules of evidence applicable to compromises, is intended to be and is a compromise between the Parties, and shall not be construed as an admission of liability. This Agreement is without prejudice to positions taken or that may be taken by the SJB Participating Parties relating to other insureds or claimants, and without prejudice to positions taken or that will be taken by the Debtors and Committee relating to third parties. Nothing in this Agreement, express or implied, confers on any Entity, other than the Parties, any benefit or any legal or equitable right, remedy, or Claim.
13. No Modification. Before the entry of the Confirmation Order, no change or modification of this Agreement shall be valid, even if supported by additional consideration, unless it is made in writing and signed by the Parties subject to Section 11. After the entry of the Confirmation Order, this Agreement may be changed or modified only in a written notice signed by the Parties and approved by the Bankruptcy Court.
14. No Waiver. Any Party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving Party, and no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one Party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a Party to seek a remedy for noncompliance or breach by the other Party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.
15. Governing Law. This Agreement shall be governed by and shall be construed in accordance with the laws of Arizona without regard to its conflict of law principles, and where necessary, in accordance with federal bankruptcy law.

16. Notices. Any notices, consents and other communications required or permitted herein shall be in writing and shall be effective, and any applicable time period shall commence when (a) delivered to the following address by hand or by a nationally recognized overnight courier service (costs prepaid) or (b) transmitted electronically to facsimile or e-mail addresses with confirmation of receipt of transmission, in each case marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, email address, or Entity as a Party may designate by notice to the other Parties). Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following:

Debtor:

Bishop James S. Wall  
Roman Catholic Church  
of the Diocese of Gallup  
P.O. Box 1338  
Gallup, NM 87305

With a copy to:

Susan G. Boswell  
Lori L. Winkelman  
QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701  
*Counsel for Debtors*

Province:

Fr. Jeffery Scheeler, OFM  
Province of St. John the Baptist  
of the Order of Friars Minor  
St. Francis Seraph Friary  
1615 Vine Street  
Cincinnati, OH 45202  
*SJB Participating Party*

With a copy to:

Timothy J. Hurley  
Theresa H. Vella  
Taft Stettinius & Hollister LLP  
425 Walnut Street, Suite 1800  
Cincinnati, OH 45202  
*Counsel for SJB Participating Party*

USF&G:  
Edward M. Zawitoski  
Travelers  
111 Schilling Rd.  
Hunt Valley, Maryland 21031  
*SJB Participating Party*

With a copy to:  
Robert M. Vinci  
Drinker Biddle & Reath LLP  
600 Campus Drive  
Florham Park, New Jersey 07932  
*Counsel for SJB Participating Party*

With a copy to:  
James I. Stang  
Ilan Scharf  
PACHULSKI STANG ZIEHL & JONES LLP  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
*Counsel for The Official Committee  
of Unsecured Creditors*

-or-

The Trustee under the Trust Agreement  
as so designated by the Committee

Claimants/Plaintiffs:  
Jane J.P. Doe, Coconino County Superior  
Court Case No. CV2013-00360  
-and-  
Jane L.S. Doe, Coconino County Superior  
Court Case No. CV2015-00277  
*Claimants/Plaintiffs*

With a copy to:  
Robert E. Pastor  
Montoya, Jimenez & Pastor, P.A.  
3200 N. Central Ave., Suite 2550  
Phoenix, AZ 85012  
-and-  
John Manly  
Manly, Stewart & Finaldi  
19100 Von Karman Ave., Suite 800  
Irvine, CA 92612  
*Counsel for Claimants/Plaintiffs*

17. Integration. This Agreement, together with the Plan and the Confirmation Order (when entered), constitutes the entire Agreement among the Parties with respect to the subject matter hereof and thereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect thereto, except as set forth in the separate settlement agreement and mutual release between the SJB Participating Parties.
18. Additional Documents. The Parties shall execute any such other documents as may be reasonably required to obtain the Confirmation Order as set forth herein, or as may reasonably be necessary to effectuate any other requirement or agreement herein.
19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original. This Agreement is binding when one or more counterparts, individually or taken together, is signed by each of the Parties and claimants/plaintiffs or their counsel. This Agreement may be effected by facsimile or other electronic transmission of executed copies of the signature page delivered to counsel for the Parties.
20. Captions and Headings. The captions and headings used in this Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Agreement.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK  
AND SIGNATURES ON FOLLOWING PAGE]

Dated this 30<sup>th</sup> day of March, 2016.

+ [Signature]

Debtors

Dated this 25<sup>th</sup> day of March, 2016.

[Signature]

Province

Dated this \_\_\_\_ day of March, 2016.

\_\_\_\_\_  
USF&G

[Consent and Acknowledgement on following page]

Dated this \_\_\_\_ day of March, 2016.

\_\_\_\_\_  
Debtors

Dated this \_\_\_\_ day of March, 2016.

\_\_\_\_\_  
Province

Dated this 25 day of March, 2016.

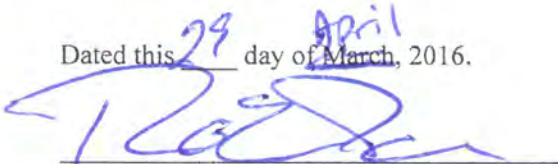
Colonel M. J. [Signature]  
USF&G

[Consent and Acknowledgement on following page]

CONSENT AND ACKNOWLEDGMENT

I acknowledge and consent to the foregoing and agree to comply with the terms of this Agreement, including dismissal of the Underlying Litigation with prejudice in accordance with this Agreement and the Plan.

Dated this 29 day of April, 2016.

  
\_\_\_\_\_  
Counsel for Claimants/Plaintiffs



# **EXHIBIT G**

## SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Settlement Agreement") is made by and between the Roman Catholic Church of the Diocese of Gallup ("Claimant" or "Debtor"), on the one hand, and Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), on the other hand (the Claimant and the Liquidator are hereinafter referred to collectively as the "Parties").

**WHEREAS**, certain tort and other legal claims have been asserted against Claimant alleging that Claimant is liable for bodily injuries inflicted by certain clergy members or others;

**WHEREAS**, Claimant has alleged that Home issued the following insurance policies to Claimant and/or the Bishop of the Diocese of Gallup, under which Claimant alleges to be insured:

| <u>Policy Number</u> | <u>Policy Period</u> |
|----------------------|----------------------|
| 8861719              | 10/1/65 to 10/1/68   |
| 8027335              | 10/1/68 to 10/1/71   |
| 8029028              | 10/1/71 to 10/1/74   |
| 8487334              | 10/1/74 to 10/1/77   |

which together with all other insurance policies that Home may have issued to Claimant or under which Claimant may be insured are defined collectively as the "Policies";

**WHEREAS**, Home is being liquidated pursuant to the June 13, 2003 Order of the Merrimack County Superior Court (the "Liquidation Court"), pursuant to which the Liquidator was appointed as the Liquidator of Home;

**WHEREAS**, as a result of Home's liquidation, Claimant has submitted claims under the Policies to New Mexico Property and Casualty Insurance Guaranty Association ("NMPCIGA"),

and Claimant and NMPCIGA are also entering into a settlement agreement to settle the disputes between NMPCIGA and Claimant and the claims submitted by Claimant (the “NMPCIGA Settlement”);

**WHEREAS**, NMPCIGA has advised the Liquidator and Claimant that it will exercise its right of statutory subrogation with respect to the NMPCIGA Settlement if the NMPCIGA Settlement is approved by the Bankruptcy Court in the Claimant’s Chapter 11 case referenced below;

**WHEREAS**, Claimant submitted claims in the Home liquidation estate with respect to insurance coverage for bodily injury liabilities that have been assigned the following proof of claim numbers:

INSU705058

which, together with any other proofs of claim hereinbefore or hereinafter filed by Claimant in the Home liquidation are defined collectively as the "Proofs of Claim";

**WHEREAS**, Claimant has filed a petition under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of New Mexico (“the Bankruptcy Court”), and its petition remains pending under the caption *In re Roman Catholic Church of the Diocese of Gallup*, No. 13-13676-t11 (Bankr. D.N.M.);

**WHEREAS**, the Parties are desirous of resolving all claims that were asserted, or could have been or could be asserted, between them and of resolving all matters as between them concerning the Proofs of Claim and concerning all rights and obligations as between them with respect to the Policies;

**NOW, THEREFORE**, in consideration of all the respective transactions contemplated by this Settlement Agreement, and the mutual covenants and representations herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Effectiveness. This Settlement Agreement is conditioned and shall become effective only upon the occurrence of all of the following events:
  - A. Approval by the Liquidation Court of the Settlement Agreement and a Class II priority allowance in the full Recommended Amount. The Liquidator shall move at his expense for approval of this Settlement Agreement by the Liquidation Court, and shall seek such approval promptly after execution of this Settlement Agreement.
  - B. Approval by the Bankruptcy Court of the Settlement Agreement, pursuant to the Plan, which shall be filed by the Claimant at its sole expense.
  - C. Entry by the Bankruptcy Court of a Final Order (as defined in the Plan) that approves a buyback of the Policies pursuant to Section 363 of the Bankruptcy Code in return for a Class II priority allowance in the amount of the Recommended Amount; provided, however, that the requirement that the Order be a Final Order may be waived by agreement of the Liquidator and the Claimant; and
  - D. Final approval by the Bankruptcy Court of a Plan of Reorganization for Claimant ("Plan"), where all available appeals have been resolved (unless the requirement of resolution of all available appeals has been waived by the Liquidator and the Claimant in accordance with the Plan), where such Plan provides channeling injunctions, with language substantially similar to the channeling injunction language set forth in the Plan filed by Debtor on March 21, 2016, in favor of the Liquidator and Home, such that any and all claims relating to the Policies are channeled to a trust established pursuant to the Plan.

The "Effective Date" of this Settlement Agreement is the date after all Parties have executed this Agreement and all of the conditions precedent set forth in this Paragraph 1 have been satisfied. In the event that the Liquidation Court or the Bankruptcy Court declines to

approve the Settlement Agreement, or in the event either such approval is subsequently reversed in a decision not subject to further appeal, this Settlement Agreement shall be null and void and without any force or effect, and the Parties shall return to their positions status quo ante this Settlement Agreement as if no such agreement ever was reached, with this Settlement Agreement thereafter being inadmissible for any purpose in any dispute between the Parties. In addition, under the preceding circumstances, nothing contained in this Settlement Agreement shall be deemed an admission of either party as to liability or with respect to any matter contained herein.

2. Recommendation, Allowance, and Classification of Claims.

A. Subject to all the terms of this Settlement Agreement, and with the agreement of Claimant, which by Claimant's execution hereof is hereby granted, the Liquidator shall recommend pursuant to N.H. RSA 402-C:45 that the Proofs of Claim be allowed in the amount of \$3,750,000 (the "Recommended Amount") as a Class II priority claim under N.H. RSA 402-C:44.

B. Subject to the approval of this Settlement Agreement by the Liquidation Court, and satisfaction of the conditions precedent stated in Paragraph 1 of this Settlement Agreement, the Liquidator, upon payment of \$1,850,000 to Debtor or its assignee by NMPCIGA pursuant to the NMPCIGA Settlement and submission by the NMPCIGA to the Liquidator of proof of such payment, will recommend allowance by the Liquidation Court of a Class II priority claim by NMPCIGA in the amount of \$1,850,000.

C. Provided all of the conditions precedent stated in Paragraph 1 have been satisfied, allowance of the Recommended Amount as a Class II claim by the Liquidation Court

shall fully and finally resolve the Proofs of Claim and any and all other claims of whatever nature that Claimant has against Home under the Policies.

D. Upon satisfaction of all conditions precedent stated in Paragraph 1, Claimant will become a Class II creditor in the Home liquidation estate pursuant to N.H. RSA 402-C:44, and Claimant shall, subject to this Settlement Agreement, receive distributions on the allowed Recommended Amount at the same intervals and at the same percentages as other Class II creditors of Home, including any interim distributions necessary to put the Claimant in the same position as such other Class II creditors that have received previous interim distributions.

E. The Liquidator shall not seek reimbursement of the Recommended Amount or any part thereof, directly or indirectly, from any person or entity, whether by way of a claim for contribution, indemnification, subrogation, retrospective premium, deductible, or otherwise; provided that nothing in this Paragraph 2E shall preclude the Liquidator from seeking reimbursement of such amounts from Home's reinsurers, solely in their capacities as such, nor shall anything in this Paragraph 2E preclude the Liquidator from raising the Settlement Agreement, the Recommended Amount, the Channeling Injunction, the Supplemental Injunction or the releases under the Plan as a defense to any claim for contribution, indemnification, subrogation, retrospective premium, deductible, or otherwise made by another insured under the Policies or from asserting a claim for contribution, indemnification, or subrogation from any insurer (a "Plaintiff Insurer") that asserts these types of claims against the Liquidator or Home in connection with the Policies. In the event that the Liquidator or Home successfully prosecutes a claim for contribution, indemnification, or subrogation against any Plaintiff Insurer, and the Liquidator or Home's recovery exceeds the recovery of the Plaintiff Insurer, the Liquidator shall

transfer to Claimant the difference between the Liquidator or Home's recovery from the Plaintiff Insurer and the Plaintiff Insurer's recovery from the Liquidator or Home, less any litigation expenses incurred by the Liquidator or Home.

3. Release by Debtor. Debtor's release of Home, the Liquidator and other Settling Insurers is set forth in Section 20.10 of the Plan.

4. Resolution of Matters. Upon satisfaction of the conditions precedent stated in Paragraph 1 of this Agreement, the Parties acknowledge that this Settlement Agreement is intended to resolve all matters as between them arising out of or relating to any rights or obligations the Parties ever had, now have, or hereafter may have under the Policies or the Proofs of Claim. Claimant agrees to address, at its sole cost and expense, any claims of third-party claimants against Claimant (as opposed to claims against Home) as if there had been no liquidation proceeding for Home and as if Claimant had no insurance coverage from Home by virtue of the Policies, except that Claimant can take into account the fact of this Settlement Agreement and the net proceeds thereof in establishing payment percentages and analyzing the assets available to Claimant for payment of third-party claims. Notwithstanding the foregoing, nothing in this Paragraph 4 shall nor is it intended to modify or otherwise reduce the applicability of the discharge, releases and injunctions provided to the Claimant pursuant to the Plan, the Confirmation Order and the Bankruptcy Code nor to provide a right of a third-party claimant to assert a claim against the Claimant under this Agreement. Any claims by a third-party claimant against the Claimant shall be subject to the and determined by the Plan, the Confirmation Order and the Bankruptcy Code.

5. Multiple Claims. New Hampshire RSA 402-C:40 (IV) provides that in the event multiple claims against the same policy limit are filed, and the aggregate allowed amount of all claims to which the same limit of liability in the policy is applicable exceeds that limit, then each claim as allowed shall be reduced in the same proportion so that the total equals the policy limit. The Liquidator will be unable to determine whether, or the extent to which the Recommended Amount may be subject to proration until all claims against the policy are identified and evaluated. If the aggregate allowed amount of claims exceeds the applicable limit such that Claimant's claim is subject to proration, the Liquidator will inform Claimant accordingly. Notwithstanding the foregoing, nothing in this Paragraph 5 shall nor is it intended to modify or otherwise reduce the applicability of the discharge, releases and injunctions provided to the Claimant, its assignees, Home, and the Liquidator pursuant to the Plan and the Confirmation Order.

6. Judgment Reduction. In the event that Debtor obtains a judgment against any insurer, Section 24.3 of the Plan shall apply.

7. No Assignments. Solely to the extent of matters released under this Settlement Agreement: (a) Claimant warrants and represents that, as of the date on which it executed this Agreement, Claimant has not assigned, conveyed, or otherwise transferred any claims, demands, causes of action, rights, or obligations related in any way to the Policies, or any proceeds thereof, or the Proofs of Claim, or the claims, losses, and expenses released herein, to any person or entity; and (b) Claimant shall not assign or otherwise transfer this Settlement Agreement or any rights or obligations thereunder without the written consent of the Liquidator, which consent shall not be unreasonably withheld. Nothing in this provision shall in any way affect any



assignments pursuant to the Plan to the Trust, and Liquidator specifically consents to such transfer provided that a condition of the assignment is that the Trustee accepts the obligations of Debtor under Section 8 of this Settlement Agreement..

8. Further Assurances. The Parties shall take all further actions as may be necessary to carry out the intent and purpose of this Settlement Agreement and to consummate the transactions contemplated herein. Neither Debtor nor the Liquidator believe that they have any reporting obligation under the Medicare Secondary Payer Act or the Medicare, Medicaid and SCHIP Extension Act of 2007 (collectively, the “Acts”) in connection with any funds distributed pursuant to this Settlement Agreement. If Debtor or the Liquidator becomes obligated under the Acts in connection with any funds distributed pursuant to this Settlement Agreement, the other Party agrees to provide the Party so obligated with any claim data in that Party’s possession that would be reportable under the Acts. Each Party also agrees to use reasonable efforts to obtain any reportable claims data in the event that the other Party is obligated under the Acts in connection with any funds distributed pursuant to this Settlement Agreement.

9. Governing Law and Venue. This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire without regard to the conflicts of law provisions thereof.

10. Due Diligence. The Parties acknowledge and agree that, in negotiating and executing this Settlement Agreement, they have relied upon their own judgment and upon the recommendations of their own legal counsel, that they have read this Settlement Agreement and have had the opportunity to consider its terms and effects, and that they have executed this Settlement Agreement voluntarily and with full understanding of its terms and effects. This

Settlement Agreement is the product of negotiations between the Parties. No Party shall be charged with having promulgated this Settlement Agreement, and the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement.

11. No Third Party Rights. This Settlement Agreement is entered into solely for the benefit of the Liquidator, Home and Claimant, and is not intended to, and does not give or create any right to or in any person or entity other than the Parties except that upon confirmation of the Plan and satisfaction of the conditions precedent hereto, the assignee of Claimant's rights hereunder in accordance with Paragraph 7 above shall succeed to Claimant's rights hereunder.

12. Counterparts. This Settlement Agreement may be executed in multiple counterparts, each of which, when so delivered, shall be an original, but such counterparts shall together constitute one and the same instrument. The Parties agree that a signature sent by facsimile or electronic mail to the other Party shall have the same force and effect as an original signature.

13. Power and Authority to Execute. Subject to the approvals of the Liquidation Court and the Bankruptcy Court as set forth in Paragraph 1, each Party hereto represents and warrants that it has the full power and authority to execute, deliver, and perform this Settlement Agreement; that all requisite and necessary approvals, other than approval of the Liquidation Court and the Bankruptcy Court, have been obtained to consummate the transactions contemplated by this Settlement Agreement; that there are no other agreements or transactions to which it is a party that would render this Settlement Agreement or any part thereof, void, voidable or unenforceable; that each individual signing on behalf of a Party has been duly authorized by that Party to execute this Settlement Agreement on its behalf; and that no claims

being released under the terms of this Settlement Agreement have been assigned, sold, or otherwise transferred to any other entity.

14. Successor-in-Interest Bound. This Settlement Agreement shall be binding upon, and shall inure to the benefit of the Parties and their respective trustees, officers, directors, employees, attorneys, liquidators, receivers, administrators, agents, representatives, successors, and assigns.

15. Entire Agreement. This Settlement Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter thereof. This Settlement Agreement supersedes all prior agreements and understandings, whether written or oral, concerning such matters.

16. Survival of Warranties and Representations. The warranties and representations made herein shall survive the execution of this Settlement Agreement.

17. Validity of Settlement Agreement. Subject to approval of this Settlement Agreement by the Liquidation Court and the Bankruptcy Court as required by Paragraph 1, each Party represents and warrants that this Settlement Agreement is a legal, valid, and binding obligation, enforceable in accordance with its terms.

18. No Waiver. No waiver of any right under this Settlement Agreement shall be deemed effective unless contained in a writing signed by the Party or an authorized representative of the Party charged with such waiver, and no waiver of any breach or failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other provision of this Settlement Agreement. This Settlement Agreement may not be amended except

in a document signed by the Party or an officer or other authorized official of the Party to be charged.

19. Notice. All notices to be given under this Settlement Agreement shall be given by facsimile and first class U.S. mail directed to:

If to Claimant, to:

Bishop James Wall  
Diocese of Gallup  
711 S. Puerco  
Gallup, New Mexico 87301  
Fax 505-722-9131

and

Bishop James Wall  
Diocese of Gallup  
P.O. Box 1338  
Gallup, New Mexico 87305

and

Susan Boswell  
Quarles & Brady LLP  
One S. Church Avenue, Suite 1700  
Tucson, Arizona 85701  
Fax: 520-623-2418

and

James Stang  
Pachulski Stang Ziehl & Jones LLP  
10100 Santa Monica Boulevard, 13th Floor  
Los Angeles, CA 90067-4003  
Fax: 310-201-0760

If to the Liquidator, to:

Thomas W. Kober, Chief Claims Officer  
The Home Insurance Company in Liquidation  
61 Broadway 6th Floor  
New York, New York 10006  
Fax: 212-299-3824

and

J. Christopher Marshall  
Civil Bureau  
New Hampshire Department of Justice  
33 Capitol Street  
Concord, New Hampshire 03301-6397  
Fax: 603-271-2110

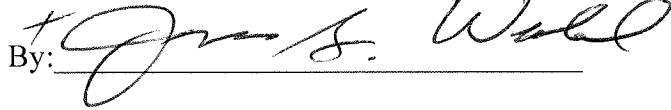
and

J. David Leslie, Esq.  
Rackemann, Sawyer & Brewster, P.C.  
160 Federal Street  
Boston, MA 02110-1700  
Fax: 617-542-7437

20. Severability. If any provision of this Settlement Agreement is invalid, unenforceable, or illegal under the law of any applicable jurisdiction, the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby and the remaining provisions of this Settlement Agreement shall remain valid and enforceable. However, in the event of such invalidity, unenforceability, or illegality, the Parties shall negotiate in good faith to amend this Settlement Agreement through the insertion of additional provisions which are valid, enforceable, and legal and which reflect, to the extent possible, the purposes contained in the invalid, unenforceable, or illegal provision.

WHEREFORE, the Parties have caused this Settlement Agreement to be executed on their respective behalves as of the date below the signatures of their duly authorized representatives.

**ROMAN CATHOLIC CHURCH OF THE DIOCESE  
OF GALLUP**

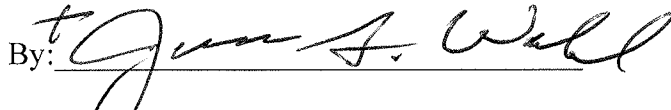
By: 

Name: Bishop James S. Wall

Title: The Most Reverend James S. Wall, Fourth Bishop of Gallup

Date: April 15, 2016

**BISHOP OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF GALLUP**

By: 

Name: Bishop James S. Wall

Title: The Most Reverend James S. Wall, Fourth Bishop of Gallup

Date: April 15, 2016

**ROGER A. SEVIGNY, INSURANCE  
COMMISSIONER OF THE STATE OF  
NEW HAMPSHIRE, SOLELY IN HIS  
CAPACITY AS LIQUIDATOR OF  
THE HOME INSURANCE COMPANY**

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

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

**ROMAN CATHOLIC CHURCH OF THE DIOCESE  
OF GALLUP**

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

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

**ROGER A. SEVIGNY, INSURANCE  
COMMISSIONER OF THE STATE OF  
NEW HAMPSHIRE, SOLELY IN HIS  
CAPACITY AS LIQUIDATOR OF  
THE HOME INSURANCE COMPANY**

By: Thomas W. Kober

Name: Thomas W. KOBER

Title: Chief Claims Officer

Date: April 19, 2016

# EXHIBIT H



**SETTLEMENT AGREEMENT, PURCHASE AGREEMENT, RELEASE, AND  
COVENANT NOT TO SUE**

This Settlement Agreement, Purchase Agreement, Release, and Covenant Not to Sue (“**Agreement**”) is made by and between the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole and the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole, (together, the “**Claimants**”), on the one hand, and the New Mexico Property and Casualty Insurance Guaranty Association (“**NMPCIGA**”), on the other hand (collectively, Claimants and NMPCIGA are hereinafter referred to collectively as the “**Parties**”).

**RECITALS**

WHEREAS, certain Tort Claims<sup>1</sup> have been asserted against Claimants alleging that Claimants are liable for personal physical and emotional injuries inflicted by certain clergy members or others associated with Claimants;

WHEREAS, Home Insurance was a property and casualty insurer domiciled in the State of New Hampshire, which Claimants have alleged issued the following insurance policies to Claimants and/or the Bishop of the Diocese of Gallup, under which Claimants allege to be insured:

| <u>Policy Number</u>                               | <u>Policy Period</u>        |
|--|-----------------------------|
| 8861719 and all renewals and substitutions thereto | 10/1/1965 through 10/1/1968 |
| 8027335  | 10/1/1968 through 10/1/1971 |
| 8029028  | 10/1/1971 through 10/1/1974 |
| 8487334  | 10/1/1974 through 10/1/1977 |

Which together with all other insurance policies that Home Insurance may have issued to Claimants, or under which Claimants may allege a Claim against NMPCIGA with respect to the insurance policies issued by Home Insurance, are defined collectively as the “**Home Policies**,”

WHEREAS, Home Insurance is being liquidated pursuant to the June 13, 2003 Order of the Merrimack County Superior Court (the “**Liquidation Court**”);

WHEREAS, NMPCIGA is a statutorily created entity, which was created to provide a mechanism for payment of “Covered Claims” as set forth in the NM Guaranty Act (the “**Covered Claims**”) under certain insurance policies issued by insurers that become insolvent;

WHEREAS, on the Petition Date, Claimants each filed petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court, initiating the Reorganization Cases;

WHEREAS, the Reorganization Cases are currently being jointly administered under Case No. 13-13676-t11, and since the Petition Date, Claimants have remained in possession of

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

their property and control of its affairs as debtors-in-possession, pursuant to 11 U.S.C. §§ 1106, 1107, and 1108;

WHEREAS, among other assets, Claimants' Interest in the Home Policies became property of the Claimants' bankruptcy estates on the Petition Date;

WHEREAS, NMPCIGA may have statutory obligation(s) to provide defense, indemnity, and/or payment, including but not limited to payment of Covered Claims, arising from or relating to one or more of the Home Policies and Home Insurance's insolvency (collectively, the "**NMPCIGA Statutory Obligations**");

WHEREAS, the Claimants have asserted Claims and possibly could have asserted additional Claims against NMPCIGA related to or arising from the NMPCIGA Statutory Obligations with respect to the Home Liquidation pending in the Liquidation Court (collectively, any and all Claims were or could have been asserted by Claimants against NMPCIGA arising out of or related to the Home Policies are referred to herein as the "**Home Guaranty Claims**");

WHEREAS, the Claimants' Interest in the Home Guaranty Claims became property of the Claimants' bankruptcy estates on the Petition Date;

WHEREAS, as a result of the Home Liquidation, Claimants have submitted Claims to Home Insurance and NMPCIGA and the Claimants and NMPCIGA have reserved all rights with respect to those Claims;

WHEREAS, the Claimants are seeking defense and indemnification for the Home Guaranty Claims by NMPCIGA, and the Parties agree there are coverage disputes between them, with respect to the Home Policies, the NM Guaranty Act resulting from the insolvency of Home Insurance and the Home Guaranty Claims (collectively, any and all disputes that exist or could exist between Claimants and NMPCIGA regarding the NMPCIGA Statutory Obligations under or relating to the Home Policies, including the Home Guaranty Claims, are referred to herein as the "**Coverage Disputes**");

WHEREAS, the Claimants are entering into a separate settlement agreement with Home Insurance (the "**Home Settlement Agreement**") which is attached hereto as Exhibit A;

WHEREAS, NMPCIGA and the Arizona Fund disagree with respect to which Entity may have primary, secondary, or continuing liability or potential obligations to the Claimants or to any Claimants or Entities who have or may assert Claims that would be covered under the Home Policies;

WHEREAS, NMPCIGA desires to avoid any Claim for contribution, indemnity, reimbursement, or declaratory judgment filed or made by the Arizona Fund against it in any forum and the Parties' intent is that this Agreement, the Plan and the Confirmation Order when taken as a whole, are intended to protect NMPCIGA from such, among other, Claims;

WHEREAS, the Parties also intend that the Home Guaranty Claims be sold, assigned, and transferred by the Claimants to NMPCIGA free and clear of all Interests of all Entities and that NMPCIGA shall purchase the Home Guaranty Claims from Claimants by payment of the Purchase Amount (defined below) but *only* as to the Home Guaranty Claims and not with respect to any Claims which may arise with respect to any Insurers other than Home Insurance that may now or in the future become the subject of state insolvency, receivership or liquidation proceedings;

WHEREAS, the Parties intend that any and all Interests of all Entities, including Claimants, in and against Home Insurance and/or NMPCIGA arising out of or related to the Home Guaranty Claims shall be channeled to the Trust pursuant to the terms of the Plan and any Home Guaranty Claims that could or might be asserted against NMPCIGA be extinguished, ended, and forever terminated upon the Effective Date of the Plan;

WHEREAS, the Parties intend and agree that the Home Guaranty Claims are being fully settled, resolved, and exhausted by the payment of the Purchase Amount (defined below) and other consideration given by NMPCIGA in connection with this Agreement and the occurrence of the Effective Date of the Plan;

WHEREAS, the Parties, based on independent assessments, with the assistance and advice of counsel, have determined that in considering all factors, including, but not limited to, the probability of success on any Coverage Disputes, the complexity of the issues and facts in the Coverage Disputes, the delay in obtaining relief, and the expense of possible future litigation, that (a) the Purchase Amount (defined below) and other benefits received under this Agreement by Claimants constitutes a fair and reasonable settlement of the Home Guaranty Claims in the Reorganization Cases and the Coverage Disputes and other Claims arising out of or related to the Home Guaranty Claims against NMPCIGA, if any, and (b) the Purchase Amount (defined below) and other benefits received under this Agreement by the Claimants constitute reasonably equivalent value for the release, indemnity, protection under the Plan, including the Channeling Injunction and supplemental injunction and other benefits as provided in the Plan, and other benefits received by NMPCIGA under this Agreement and the Plan;

WHEREAS, Claimants and NMPCIGA have completed a reasonable search for any policy of insurance issued by Home Insurance to Claimants, which would afford coverage with respect to the Claims and acknowledge that some Home Policies may be incomplete or have been identified pursuant to secondary sources;

WHEREAS, the Parties intend that, as of the Effective Date of the Plan and upon performance by NMPCIGA of its obligations hereunder: (i) the Claimants shall not retain any right, title, or Interest in or to the Home Guaranty Claims except with respect to the obligations of NMPCIGA under this Agreement, the Plan or the Confirmation Order, (ii) the Claimants shall release NMPCIGA from liability related to, or arising from, the Home Guaranty Claims pursuant to the terms of the Plan, and (iii) that NMPCIGA shall have no remaining duty or obligation of any nature whatsoever to the Claimants relating to or arising from the Home Policies or Home Guaranty Claims, except as set forth in this Agreement, the Plan and the Confirmation Order;

WHEREAS, NMPCIGA will be named as a Settling Insurer or functional equivalent and a Protected Party under the Plan;

**NOW, THEREFORE**, in consideration of all the respective transactions contemplated by this Agreement, and the mutual covenants and representations herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated herein by this reference as if fully restated herein.

2. Effectiveness. This Agreement is conditioned, and shall become effective, only upon the occurrence of all of the following events:

- A. Entry by the Bankruptcy Court of a Final Order (which may be the Confirmation Order) that approves this Agreement; provided, however, that the requirement that the Order be a Final Order may be waived by agreement of NMPCIGA and the Claimants;
- B. Entry by the Bankruptcy Court of a Final Order confirming the Plan of Reorganization filed by Claimants and which incorporates this Agreement as part of such Plan, where all available appeals have been resolved (unless the requirement of resolution of all available appeals has been waived by NMPCIGA and Claimants in accordance with the Plan). The Plan will be substantially in the form of the Plan dated March 21, 2016 which, among other things, provides that any and all Tort Claims, including the Tort Claims for which the Claimants contend there is coverage under the Home Policies are channeled to the Trust established pursuant to the Plan. The Channeling Injunction and the supplemental injunction shall channel Claims by third-party claimants including without limitation other Insurers (including without limitation the Arizona Fund) alleging they are entitled to contribution, indemnification, or subrogation with respect to the Home Policies, as well as Home Insurance Claims by other Persons or Entities alleging that they are insured under the Home Policies; and
- C. The Liquidation Court entering an order allowing NMPCIGA's claim in the Home Liquidation as a Class II priority claim in the amount of \$1,850,000, which claim amount shall be in addition to other NMPCIGA allowed claims in the Home Liquidation; provided, however that, if any other claims have been made by NMPCIGA in the Home Liquidation arising out of or related to any of the Claimants' Claims against Home Insurance prior to the Effective Date of this Agreement, no such claims will reduce the amount of the Allowed Claimants Home Claim (defined below).

- D. The Liquidation Court entering an order allowing the Claimants' Claim in the Home Liquidation as a Class II priority claim in the amount of \$3,750,000 (the "**Allowed Claimants Home Claim**").

The "Effective Date" of this Agreement is the date after all Parties have executed this Agreement and all of the conditions precedent set forth in this Paragraph 2 have been satisfied; provided, however, that if the conditions precedent have been satisfied, NMPCIGA will have an absolute obligation to pay the Purchase Amount defined in Paragraph 3 below. In the event the conditions precedent in Paragraph 2 are not satisfied or waived, this Agreement shall be null and void and without any force or effect, and the Parties shall return to their positions status quo ante this Agreement as if no such agreement had been reached, with this Agreement thereafter being inadmissible for any purpose in any dispute between the Parties. In addition, under the preceding circumstances, nothing contained in this Agreement shall be deemed an admission of either party as to liability or with respect to any matter contained herein, all rights, Claims, and defenses being otherwise reserved herein.

3. Payment by NMPCIGA. Subject to all the terms of this Agreement, NMPCIGA shall pay to the Claimants the sum of One Million, Eight Hundred Fifty Thousand United States Dollars (\$1,850,000) (the "**Purchase Amount**") in accordance with the terms of the Plan and the Confirmation Order.

The Parties acknowledge and agree that NMPCIGA is paying the Purchase Amount to the Claimants for (i) the purchase of the Home Guaranty Claims from Claimants, pursuant to Bankruptcy Code §§ 363(b), (f), and (m) and, if applicable, 105(a), and Bankruptcy Rules 6004 and 9019, free and clear of all Claims and Interests of all Entities, (ii) for the entry of the Confirmation Order and the protections afforded to NMPCIGA pursuant to the Plan and the Confirmation Order, and (iii) in exchange for a complete settlement and release of any and all Home Guaranty Claims Claimants may have against NMPCIGA in connection with, related to, or arising from the Home Policies and the NMPCIGA Statutory Obligations with respect to the Home Guaranty Claims.

No part or Interest in, or title to, the Purchase Amount shall pass to Claimants, their bankruptcy estates, or the Trust, except pursuant to terms of this Agreement, the Plan and the Confirmation Order and the Purchase Amount shall not become property of the Claimants or the Trust unless and until the conditions set forth in Paragraph 2 above are satisfied.

4. Release by Claimants. Subject to the terms of this Agreement, the Claimants shall release any and all Claims against NMPCIGA related to or arising from the Home Policies, NMPCIGA Statutory Obligations, and the Home Guaranty Claims as set forth in Section 15.7 in the Plan and the Ballot.

5. Release by NMPCIGA. Subject to the terms of this Agreement, upon the Effective Date, NMPCIGA and each of its respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, solely in their capacities as such, irrevocably and unconditionally releases and discharges Claimants, their Bishops, predecessor Bishops, and each of Claimants' trustees, officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors, and assigns, solely in their capacities

as such (collectively, the “**Claimant Released Parties**”), from any and all actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, punitive or bad faith damages, judgments, extents, executions, Claims, and/or demands, whether known or unknown, suspected or unsuspected, fixed or Contingent, in law, admiralty, or equity, arising from or related to the Home Guaranty Claims, the NMPCIGA Statutory Obligations or the Home Policies, which the liquidator, Home Insurance, or their subsidiaries, affiliates, predecessors, successors, and assigns, solely in their capacities as such, ever had, now have, or hereafter may have against Claimant Released Parties arising from, or related to, the Home Guaranty Claims, the NMPCIGA Statutory Obligations or the Home Policies.

6. Judgment Reduction. In the event that one or more Claimants or the Trust obtains a judgment against any Insurer or guaranty associations, Section 24.3 of the Plan shall apply.

7. No Assignments. Solely to the extent of matters released under this Agreement: (a) Claimants warrant and represent that, as of the date on which it executed this Agreement, Claimants have not assigned, conveyed, or otherwise transferred any Claims, demands, causes of action, rights, or obligations related in any way to the Home Policies or the Home Guaranty Claims, or any proceeds thereof, or the Claims, losses, and expenses released herein, to any Person or Entity; and (b) Claimants shall not assign or otherwise transfer this Agreement or any rights or obligations thereunder without the written consent of NMPCIGA, which consent shall not be unreasonably withheld. Nothing in this provision shall, in any way affect the rights or timing of any assignments pursuant to the Plan to the Trust, and NMPCIGA specifically consents to such assignments.

8. Further Assurances. The Parties shall take all further actions as may be necessary to carry out the intent and purpose of this Agreement and to consummate the transactions contemplated herein.

9. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico without regard to the conflicts of law provisions thereof. The Parties agree that the exclusive venue for any dispute between the Parties arising out of the Home Guaranty Claims, the NMPCIGA Statutory Obligations, the Home Policies, or this Agreement shall be the Bankruptcy Court or the United States District Court for the District of New Mexico.

10. Due Diligence. The Parties acknowledge and agree that, in negotiating and executing this Agreement, they have relied upon their own judgment and upon the recommendations of their own legal counsel, that they have read this Agreement and have had the opportunity to consider its terms and effects, and that they have executed this Agreement voluntarily and with full understanding of its terms and effects. This Agreement is the product of negotiations between the Parties. No Party shall be charged with having promulgated this Agreement, and any rule that ambiguities are to be construed against the drafter shall not apply to this Agreement.

11. No Third Party Rights. This Agreement is entered into solely for the benefit of NMPCIGA and Claimants, and is not intended to, and does not give or create any right to or in any Person or Entity other than the Parties except that upon confirmation of the Plan and satisfaction of the conditions precedent hereto, the assignee of Claimants' rights hereunder in accordance with Paragraph 7 above shall succeed to Claimants' rights hereunder.

12. Counterparts. This Agreement may be executed in multiple counterparts, each of which, when so delivered, shall be an original, but such counterparts shall together constitute one and the same instrument. The Parties agree that a signature sent by facsimile or electronic mail to the other Party shall have the same force and effect as an original signature.

13. Power and Authority to Execute. Subject to the approvals of the Bankruptcy Court as set forth in Paragraph 2, each Party hereto represents and warrants that: (i) it has the full power and authority to execute, deliver, and perform this Agreement; (ii) that all requisite and necessary approvals, other than approval of the Bankruptcy Court have been obtained to consummate the transactions contemplated by this Agreement; (iii) that there are no other agreements or transactions to which it is a party that would render this Agreement or any part thereof, void, voidable or unenforceable; (iv) that each individual signing on behalf of a Party has been duly authorized by that Party to execute this Agreement on its behalf; and (v) that no Claims being released under the terms of this Agreement have been assigned, sold, or otherwise transferred to any other Entity.

14. Successor-in-Interest Bound. This Agreement shall be binding upon, and shall inure to the benefit of the Parties and their respective trustees, officers, directors, employees, attorneys, liquidators, receivers, administrators, agents, Representatives, successors, and assigns.

15. Entire Agreement. This Agreement, the Plan, the Confirmation Order, and the Plan Documents, all constitute the entire agreement and understanding between the Parties with respect to the subject matter thereof. This Agreement supersedes all prior agreements and understandings, whether written or oral, concerning such matters.

16. Survival of Warranties and Representations. The warranties and representations made herein shall survive the execution of this Agreement.

17. No Waiver. No waiver of any right under this Agreement shall be deemed effective unless contained in a writing signed by the Party or an authorized representative of the Party charged with such waiver, and no waiver of any breach or failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other provision of this Agreement. This Agreement may not be amended except in a document signed by the Party or an officer or other authorized official of the Party to be charged.

18. Notice. All notices to be given under this Agreement shall be given by e-mail, facsimile, and first class U.S. mail directed to:

If to Claimant, to:

**Bishop James Wall  
Diocese of Gallup  
711 S. Puerco Drive  
Gallup, New Mexico 87301  
Fax 505.722.9131**

**and**

**Bishop James Wall  
Diocese of Gallup  
P.O. Box 1338  
Gallup, New Mexico 87305**

**and**

**Susan Boswell  
Quarles & Brady LLP  
One S. Church Avenue, Suite 1700  
Tucson, Arizona 85701  
Fax 520.623.2418  
susan.boswell@quarles.com**

If to NMPCIGA, to:

**Mark L. Ish, Esq.  
Felker, Ish, Ritchie & Geer, P.A.  
911 Old Pecos Trail  
Santa Fe, NM 87505  
Fax 505.983.4876  
markish@felkerish.com**

**and**

**Edward Mazel, Esq.  
Askew & Mazel, LLC  
320 Gold Ave., SW, Suite 300A  
Albuquerque, NM 87102  
Fax 505.717.1494  
edmazel@askewmazelfirm.com**

19. Severability. If any provision of this Agreement is invalid, unenforceable, or illegal under the law of any applicable jurisdiction, the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby and the remaining provisions of this Agreement shall remain valid and enforceable. However, in the event of such invalidity, unenforceability, or illegality, the Parties shall negotiate in good faith to amend this Agreement



through the insertion of additional provisions which are valid, enforceable, and legal and which reflect, to the extent possible, the purposes contained in the invalid, unenforceable, or illegal provision, all of which shall further be subject to approval by the Bankruptcy Court.

20. Non-Prejudice and Construction of Agreement.

- A. This Agreement is subject to Federal Rule of Evidence 408 and New Mexico Rule of Evidence 11-408, is intended to be and is a compromise between the Parties and shall not be construed as an admission of coverage or liability relating to the Home Guaranty Claims, the Home Policies or the NMPCIGA Statutory Obligations, nor shall this Agreement or any provision hereof be construed as a waiver, modification, or retraction of the positions of the Parties with respect to the interpretation and application of the Home Policies except as otherwise provided in this Agreement upon the Effective Date.
- B. This Agreement is the product of informed negotiations and involves compromises of the Parties' previously stated legal positions. Accordingly, this Agreement does not reflect the Parties' views as to their rights and obligations with respect to matters or Entities outside the scope of this Agreement. This Agreement is without prejudice to positions taken by NMPCIGA relating to other insureds or third party claimants, and without prejudice to positions taken by Claimants relating to other Insurers.

21. Additional Documents. The Parties shall execute such other documents as may be reasonably required to satisfy the conditions precedent set forth in Paragraph 2 above.

22. Captions and Headings. The captions and headings used in this Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Agreement.

WHEREFORE, the Parties have caused this Agreement to be executed on their respective behalves as of the date below the signatures of their duly authorized representatives.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK  
AND SIGNATURES ON FOLLOWING PAGE]

**ROMAN CATHOLIC CHURCH OF THE DIOCESE  
OF GALLUP, A NEW MEXICO CORPORATION  
SOLE**

By: 

Name: Bishop James S. Wall

Title: The Most Reverend James S. Wall, Fourth Bishop of Gallup

Date: April 14, 2016

**BISHOP OF THE ROMAN CATHOLIC CHURCH OF  
THE DIOCESE OF GALLUP, AN ARIZONA  
CORPORATION SOLE**

By: 

Name: Bishop James S. Wall

Title: The Most Reverend James S. Wall, Fourth Bishop of Gallup

Date: April 14, 2016

**NEW MEXICO PROPERTY AND CASUALTY  
INSURANCE GUARANTY ASSOCIATION**

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

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

**ROMAN CATHOLIC CHURCH OF THE DIOCESE  
OF GALLUP, A NEW MEXICO CORPORATION  
SOLE**

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

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

**BISHOP OF THE ROMAN CATHOLIC CHURCH OF  
THE DIOCESE OF GALLUP, AN ARIZONA  
CORPORATION SOLE**

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

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

**NEW MEXICO PROPERTY AND CASUALTY  
INSURANCE GUARANTY ASSOCIATION**

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

Name: William Davis

Title: Chairman

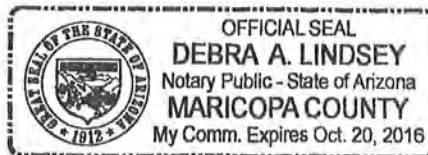
Date: April 19, 2016

STATE OF ~~NEW MEXICO~~ <sup>ARIZONA</sup> )  
 ) ss.  
COUNTY OF Maricopa )

The foregoing Settlement Agreement, Purchase Agreement, Mutual Release, and Covenant Not to Sue was acknowledged before me this 14<sup>th</sup> day of April, 2016, by James S. Wall as Bishop of the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole.

Debra A. Lindsey  
Notary Public

My Commission expires: 10/20/16

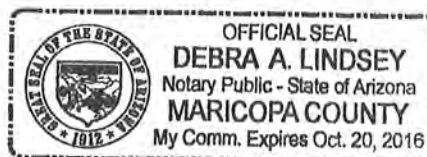


STATE OF ~~NEW MEXICO~~ <sup>ARIZONA</sup> )  
 ) ss.  
COUNTY OF Maricopa )

The foregoing Settlement Agreement, Purchase Agreement, Mutual Release, and Covenant Not to Sue was acknowledged before me this 14<sup>th</sup> day of April, 2016, by James S. Wall as Bishop of the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole.

Debra A. Lindsey  
Notary Public

My Commission expires: 10/20/16



STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing Settlement Agreement, Purchase Agreement, Mutual Release, and Covenant Not to Sue was acknowledged before me this \_\_\_\_ day of April, 2016, by \_\_\_\_\_ as \_\_\_\_\_ of the New Mexico Property and Casualty Insurance Guaranty Association.

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

My Commission expires: \_\_\_\_\_

STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing Settlement Agreement, Purchase Agreement, Mutual Release, and Covenant Not to Sue was acknowledged before me this \_\_\_\_ day of April, 2016, by \_\_\_\_\_ as \_\_\_\_\_ of the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole.

Notary Public

My Commission expires: \_\_\_\_\_

STATE OF NEW MEXICO               )  
  ) ss.  
COUNTY OF                             )

The foregoing Settlement Agreement, Purchase Agreement, Mutual Release, and Covenant Not to Sue was acknowledged before me this \_\_\_\_ day of April, 2016, by \_\_\_\_\_ as \_\_\_\_\_ of the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole.

Notary Public

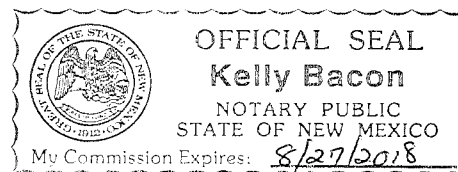
My Commission expires: \_\_\_\_\_

STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF Bernalillo )

The foregoing Settlement Agreement, Purchase Agreement, Mutual Release, and Covenant Not to Sue was acknowledged before me this 19<sup>th</sup> day of April, 2016, by William Davis as Chairman of the New Mexico Property and Casualty Insurance Guaranty Association.

Kelly Bacon  
Notary Public

My Commission expires: 8/27/2018



# EXHIBIT I

## PARTICIPATING PARTY AGREEMENT

This Agreement is entered into on the date below indicated, by and among the Roman Catholic Church of the Diocese of Gallup and the Bishop of the Roman Catholic Church of the Diocese of Gallup (collectively, the “**Debtors**”) and the Parish Steering Committee of Roman Catholic Church of the Diocese of Gallup (the “**Steering Committee**”) on behalf of the parishes, missions, and schools of the Debtors (the “**Parishes**” (for purposes of the Plan, the Parishes are a Participating Party) and together with the Debtors, the “**Parties**”). The Debtors have filed the Plan (as defined in Section 1) and Disclosure Statement.<sup>1</sup> The Parties have agreed to this settlement (the “**Agreement**”) which is provided for in the Plan, and of which the Parties will seek Bankruptcy Court approval as part of confirmation of the Plan. A list of Parishes is attached hereto as **Schedule 1**.

### RECITALS

- A. WHEREAS, the Debtors filed their Chapter 11 cases on November 12, 2013 in the United States Bankruptcy Court for the District of New Mexico. The cases are jointly administered under Case Number 13-13676-t11 (the “**Reorganization Cases**”).
- B. WHEREAS, the Diocese is divided into “Parishes” and other juridic persons. Each Parish is led by a pastor appointed by the Bishop. The Parishes have and do acquire, retain, administer and dispose of their own goods and property. They do so in keeping with the norms of Canon Law and of the particular church, i.e., the Diocese, but they do so on their own authority. Dominion over the goods belongs to the Parish community. This is the reason that each Parish or other juridic person must have a finance council.
- C. WHEREAS, certain Tort Claimants have alleged or may in the future allege that the Parishes are legally identical to the Debtors, so that Parish property has direct liability for Claims against the Debtors, including to the claimants in connection with Tort Claims alleged or that may in the future be alleged in actions or failures to act arising within the territory of the Diocese.
- D. WHEREAS, the Debtors may have rights against certain Parishes to the extent that in connection with Tort Claims that have been alleged against the Debtors or that may in the future be alleged against them, the allegations are based upon actions of the Parish rather than the Diocese.
- E. WHEREAS, Debtors filed their voluntary bankruptcy petitions and Plan for the purpose of fairly and finally resolving all their legal and other disputes, including with Tort Claimants. The Parishes are interested in seeing Debtors accomplish that reorganization.
- F. WHEREAS, the Debtors will establish the Trust under the Plan for the benefit of the Tort Claimants.

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

G. WHEREAS, the Parishes will collectively make a contribution to support the Plan and the transactions contemplated thereunder, including funding the Trust, and in exchange each Parish will be named as a “Participating Party” as that term is defined in the Plan.

H. WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in matters with other unrelated parties, without future trial or adjudication of any issues of fact or law, and without admission of liability or responsibility, a full and final settlement that releases and terminates all obligations and liabilities of the Parties between themselves and provides for a release and Channeling Injunction against any Tort Claims or Unknown Tort Claims asserted against the Parishes.

### AGREEMENTS

1. Consideration. Now, therefore, in full settlement of the claims between the Parishes and the Debtors and in consideration of a Channeling Injunction, release and other provisions in the “Debtors’ Plan of Reorganization Dated March 21, 2016” filed at Docket No. 540 (as such plan may be amended from time to time, the “**Plan**”), the Parishes shall collectively pay \$500,000.00 (the “**Settlement Payment**”) subject to the terms and conditions contained in this Agreement, the Plan, and the Confirmation Order.
2. Plan Provisions. Provided that the Bankruptcy Court in the Reorganization Cases enters the Confirmation Order in form satisfactory to the Parishes’ counsel, the Parishes shall pay the Settlement Payment into the Debtors’ Plan Implementation Account on or before the Effective Date.
3. Dismissal of Underlying Litigation. Within five (5) business days of the Effective Date, Debtors’ and the Parishes’ counsel and plaintiffs’ counsel jointly shall execute and file a dismissal with prejudice (“**Stipulation**”) in any court in which litigation regarding the relevant Tort Claim is pending against a Participating Party (“**Underlying Litigation**”), each party to bear its own costs and attorneys’ fees incurred therein.
4. Agreement Effective Date. This Agreement shall be effective upon the date that Debtors, the Steering Committee, and the claimants/plaintiffs or their counsel have executed the Agreement.
5. Termination of Agreement.
  - a. If, after a duly noticed Confirmation Hearing, the Court does not enter the Confirmation Order which confirms a plan of reorganization substantially in the form of the Plan as filed, or if the Court does enter such an order but the Confirmation Order does not become a Final Order, any of the Parties may, in its sole discretion, either:



- i. Terminate this Agreement; or
    - ii. Continue this Agreement in effect temporarily while the Parties attempt to negotiate (x) an alternative settlement that could be incorporated into a different plan of reorganization for confirmation by the Court or (y) an alternative Confirmation Order.
  - b. If the Parishes fail to make the Settlement Payment in the time required by the Plan or Confirmation Order, then the Debtors or Committee may terminate this Agreement in their sole discretion.
  - c. In the event a Party or the Committee terminates this Agreement, such Party or the Committee must give notice of termination to the other Parties and the Committee in the manner prescribed in Section 16.
6. Neutrality. Nothing herein shall affect the Parishes' rights relating to their own insurers, indemnitors, subrogees, or others against whom the Parishes may have rights to seek indemnity or reimbursement (other than those Persons expressly protected by the Plan, the Confirmation Order, or this Agreement).
7. Jurisdiction. The Parishes shall be subject to the Bankruptcy Court's jurisdiction for the purpose of enforcing this Agreement and the provisions of the Confirmation Order applicable to the Parishes. The Bankruptcy Court's jurisdiction is exclusive with respect to enforcement of the Channeling Injunction, the Plan, the Confirmation Order, and this Agreement including certain other issues related to or arising in the Reorganization Cases.
8. Merger and Enforcement. The Parties intend that this Agreement shall be complete and shall not be subject to any claims of accident, unilateral mistake, mutual mistake, mistake of fact, rescission, reformation, or claims of similar effect, and they intend by this Agreement to resolve all present and future disputes between them relating to the Claims including Tort Claims.
9. Representation by Counsel. The Parties acknowledge and agree that this Agreement was bargained for and entered into in good faith and as the result of arm's length negotiations, and that at all times material they have been represented by counsel of their own choosing concerning the rights affected by this Agreement, the form and content of it, and the advisability of executing it. This Agreement has been reviewed by counsel for each of the Parties and shall not be strictly construed against any Party.
10. Representations and Warranties. Each Party represents and warrants that this Agreement has been thoroughly negotiated and analyzed by its counsel and has been executed and delivered in good faith, pursuant to arm's length negotiations, and for value and valuable consideration. Subject to confirmation of the Plan and entry of the Confirmation Order approving this Agreement, each of the Debtors and the Steering Committee represents and warrants that it has authority to execute this Agreement as

its binding and legal obligation. Each of the Debtors and the Steering Committee represents and warrants that the person signing this Agreement on its behalf is authorized to execute this Agreement and that it has read this Agreement in full.

11. Release. Upon payment by CM of the amount determined in the CM Settlement Agreement, and by virtue of confirmation of the Plan and occurrence of the Effective Date, each Parish shall be deemed to have fully, finally, and completely remised, released, acquitted, and forever discharged CM and any of their reinsurers or retrocessionaires from any and all Tort Claims and Unknown Tort Claims, including any Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims and all Claims relating to the Released Insurance Policies including any Channeled Claims. This release specifically includes all Unknown Tort Claims that are based in whole or in part on the Tort Claims, the Released Insurance Policies, with all Unknown Tort Claims and Claims relating to the Released Insurance Policies channeled to the Trust, pursuant to the Plan, with no liability to CM.
12. Non-Prejudice and Construction of Agreement. This Agreement is subject to Federal Rule of Evidence 408 and similar state law rules of evidence applicable to compromises, is intended to be and is a compromise between the Parties, and shall not be construed as an admission of liability. This Agreement is without prejudice to positions taken or that may be taken by the Parishes relating to other insureds or claimants, and without prejudice to positions taken or that will be taken by the Debtors relating to third parties. Nothing in this Agreement, express or implied, confers on any Entity, other than the Parties, any benefit or any legal or equitable right, remedy, or Claim.
13. No Modification. Before the entry of the Confirmation Order, no change or modification of this Agreement shall be valid, even if supported by additional consideration, unless it is made in writing and signed by the Parties subject to Section 10. After the entry of the Confirmation Order, this Agreement may be changed or modified only in a written notice signed by the Parties and approved by the Bankruptcy Court.
14. No Waiver. Any Party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving Party, and no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one Party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a Party to seek a remedy for noncompliance or breach by the other Party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.
15. Governing Law. This Agreement shall be governed by and shall be construed in accordance with the laws of Arizona without regard to its conflict of law principles, and where necessary, in accordance with federal bankruptcy law.

16. Notices. Any notices, consents and other communications required or permitted herein shall be in writing and shall be effective, and any applicable time period shall commence when (a) delivered to the following address by hand or by a nationally recognized overnight courier service (costs prepaid) or (b) transmitted electronically to facsimile or e-mail addresses with confirmation of receipt of transmission, in each case marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, email address, or Entity as a Party may designate by notice to the other Parties). Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following:

Debtor:  
Bishop James S. Wall  
Roman Catholic Church  
of the Diocese of Gallup  
P.O. Box 1338  
Gallup, NM 87305

With a copy to:  
Susan G. Boswell  
Lori L. Winkelman  
QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701  
*Counsel for Debtors*

Parish Steering Committee:  
Fr. Matthew Keller  
Sacred Heart Cathedral  
415 E. Green Ave.  
Gallup, NM 87301

Rev. Gilbert Schneider, OFM  
Our Lady of the Blessed Sacrament  
P.O. Box 70  
Ft. Defiance, AZ 86504

Rev. Joachim Blonski  
St. Rita  
1400 East Owens  
Show Low, AZ 85902

With a copy to:  
Robert M. Charles, Jr.  
Lewis Roca Rothgerber Christie LLP  
One South Church Ave., Suite 700  
Tucson, AZ 85701  
*Counsel for Steering Committee*

With a copy to:  
James I. Stang  
Ilan Scharf  
PACHULSKI STANG ZIEHL & JONES LLP  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
*Counsel for The Official Committee  
of Unsecured Creditors*  
-or-  
The Trustee under the Trust Agreement  
as so designated by the Committee

Claimant/Plaintiff:  
Alfred A. Moya  
John G.H. Doe  
Jane L.S. Doe  
*Claimants/Plaintiffs*

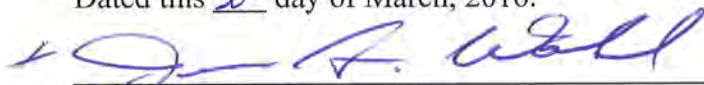
With a copy to:  
Robert E. Pastor  
Montoya, Jimenez & Pastor, P.A.  
3200 North Central Ave., Suite 2550  
Phoenix, AZ 85012  
-and-  
John Manly  
Manly, Stewart & Finaldi  
19100 Von Karman Ave., Suite 800  
Irvine, CA 92612  
*Counsel for Claimants/Plaintiffs*

17. Integration. This Agreement, together with the Plan and the Confirmation Order (when entered), constitutes the entire Agreement among the Parties with respect to the subject matter hereof and thereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect thereto.
18. Additional Documents. The Parties shall execute any such other documents as may be reasonably required to obtain the Confirmation Order as set forth herein, or as may reasonably be necessary to effectuate any other requirement or agreement herein.

19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original. This Agreement is binding when one or more counterparts, individually or taken together, is signed by each of the Parties and claimants/plaintiffs or their counsel. This Agreement may be effected by facsimile or other electronic transmission of executed copies of the signature page delivered to counsel for the Parties.
20. Captions and Headings. The captions and headings used in this Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Agreement.

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AND SIGNATURES ON FOLLOWING PAGE]

Dated this 30<sup>th</sup> day of March, 2016.

  
\_\_\_\_\_  
Debtors

Dated this \_\_\_\_\_ day of March, 2016.

Parish Steering Committee of Roman Catholic Church of the Diocese of Gallup

\_\_\_\_\_  
Fr. Matthew Keller

\_\_\_\_\_  
Rev. Gilbert Schneider, OFM

\_\_\_\_\_  
Rev. Joachim Blonski

[Consent and Acknowledgement on following page]

Dated this \_\_\_\_ day of March, 2016.

---

Debtors

*4th day of April, 2016*  
Dated this \_\_\_\_ day of March, 2016.

Parish Steering Committee of Roman Catholic Church of the Diocese of Gallup

*Rev. Matthew Keller*  
Fr. Matthew Keller

---

Rev. Gilbert Schneider, OFM

*Rev. Joachim Blonski*  
Rev. Joachim Blonski

[Consent and Acknowledgement on following page]

Dated this \_\_\_\_ day of March, 2016.

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Debtors

Dated this 31 day of March, 2016.

Parish Steering Committee of Roman Catholic Church of the Diocese of Gallup

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Fr. Matthew Keller

*for Gilbert Schneider, OFM*  
Rev. Gilbert Schneider, OFM

---

Rev. Joachim Blonski

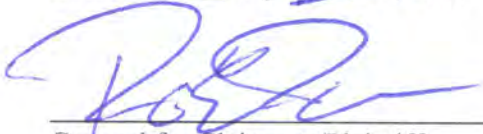
[Consent and Acknowledgement on following page]



CONSENT AND ACKNOWLEDGMENT

I acknowledge and consent to the foregoing and agree to comply with the terms of this Agreement, including dismissal of the Underlying Litigation with prejudice in accordance with this Agreement and the Plan.

Dated this 9 day of April, 2016.



\_\_\_\_\_  
Counsel for Claimants/Plaintiffs

## **SCHEDULE 1**

### **ARIZONA**

Alpine - St. Helena  
Chinle - Our Lady of Fatima  
Cibecue - St. Catherine  
Concho - San Rafael (a/k/a St. Raphael)  
Fort Defiance - Our Lady of the Blessed Sacrament  
Ganado - All Saints  
Greasewood - Our Lady of the Rosary  
Holbrook - Our Lady of Guadalupe  
Houck - St. John the Evangelist (a/k/a/ Tegakwitha or Tekakwitha Mission)  
Kayenta - Our Lady of Guadalupe  
Keams Canyon - St. Joseph  
Klagetoh - St. Anne  
Lukachukai - St. Isabel  
Many Farms - St. Anthony  
McNary - St. Anthony  
Overgaard/Heber - Our Lady of the Assumption  
Page - Immaculate Heart of Mary  
Pine Springs - St. Rose  
Pinetop - St. Mary of the Angels  
Piñon - St. Mary of the Rosary  
Round Rock - Our Lady of Guadalupe  
Sawmill - St. Francis  
Show Low - St. Anthony School  
Show Low - St. Rita  
Snowflake - Our Lady of the Snow  
Springerville - St. Peter  
St. Johns - St. John the Baptist  
St. Michaels – St. Michaels parish/mission  
Tsaile - St. Ann  
Tuba City - St. Jude  
Wheatfields - Our Lady of the Lake  
Whiteriver - St. Francis of Assisi  
Winslow - Holy Family Chapel  
Winslow - Madre de Dios  
Winslow - St. Joseph

### **NEW MEXICO**

Acoma - San Esteban del Rey (a/k/a San Estevan del Rey)  
Acoma - St. Anne  
Aragon - Santo Niño de Atocha  
Aztec - St. Joseph  
Bibo - Our Lady of Loretto  
Blanco - St. Rose of Lima  
Bloomfield - St. Mary  
Bluewater Lake - Risen Savior  
Cabezon - San Jose  
Cebolleta (Seboyeta) - Our Lady of Sorrows  
Chichiltah - St. Patrick  
Crownpoint - St. Paul

Cuba - Immaculate Conception  
 Cuba - Immaculate Conception School  
 Cubero - Our Lady of Light  
 Datil - Nativity of the Blessed Virgin Mary  
 Dulce - St. Anthony  
 Encinal - Nativity of the Blessed Virgin Mary  
 Farmington - Sacred Heart  
 Farmington - Sacred Heart School  
 Farmington - St. Mary  
 Flora Vista - Holy Trinity  
 Gallup - Gallup Catholic School  
 Gallup - Sacred Heart Cathedral  
 Gallup - St. Francis of Assisi  
 Gallup - St. Francis of Assisi School  
 Gallup - St. John Vianney  
 Glenwood - Santo Niño  
 Grants - St. Teresa Avila School  
 Grants - St. Teresa of Avila (a/k/a St. Theresa)  
 Horse Springs - St. Anne  
 Kirtland - San Juan Catholic Center  
 La Jara - Santo Niño de Atocha  
 Laguna - St. Joseph (a/k/a San Jose)  
 Laguna - St. Joseph School  
 Lower Frisco - San Isidro  
 Lumberton - St. Francis of Assisi  
 Lumberton - St. Francis of Assisi School  
 McCartys - Santa Maria de Acoma  
 Mesita - Sacred Heart of Jesus  
 Milan - St. Vivian  
 Moquino - Santa Rosalia  
 Naschitti - St. Anthony  
 Navajo - St. Berard  
 Paguete - St. Elizabeth of Hungary  
 Paraje - St. Margaret Mary  
 Pinehaven - Good Shepherd  
 Quemado - Sacred Heart  
 Reserve - St. Francis  
 San Fidel - St. Joseph School  
 San Fidel - St. Joseph the Worker  
 San Luis - San Aloysius Gonzaga  
 San Mateo - Cibola Catholic Community aka San Mateo Church  
 San Rafael - Cibola Catholic Community aka San Rafael Church  
 Seama - St. Anne  
 Shiprock - Christ the King  
 Thoreau - St. Bonaventure School  
 Tinaja/Ramah - San Lorenzo  
 Tohatchi - St. Mary  
 Waterflow - Sacred Heart  
 Zuni - St. Anthony  
 Zuni - St. Anthony School

\*The foregoing list is qualified and further defined by reference to the definition of Parishes in the Plan.

# **EXHIBIT J**

## **LIST OF CURRENT PARISHES**

### **ARIZONA**

Alpine - St. Helena  
Chinle - Our Lady of Fatima  
Cibecue - St. Catherine  
Concho - San Rafael (a/k/a St. Raphael)  
Fort Defiance - Our Lady of the Blessed Sacrament  
Ganado - All Saints  
Greasewood - Our Lady of the Rosary  
Holbrook - Our Lady of Guadalupe  
Houck - St. John the Evangelist (a/k/a/ Tegakwitha or Tekakwitha Mission)  
Kayenta - Our Lady of Guadalupe  
Keams Canyon - St. Joseph  
Klagetoh - St. Anne  
Lukachukai - St. Isabel  
Many Farms - St. Anthony  
McNary - St. Anthony  
Overgaard/Heber - Our Lady of the Assumption  
Page - Immaculate Heart of Mary  
Pine Springs - St. Rose  
Pinetop - St. Mary of the Angels  
Piñon - St. Mary of the Rosary  
Round Rock - Our Lady of Guadalupe  
Sawmill - St. Francis  
Show Low - St. Anthony School  
Show Low - St. Rita  
Snowflake - Our Lady of the Snow  
Springerville - St. Peter  
St. Johns - St. John the Baptist  
St. Michaels – St. Michaels parish/mission  
Tsaile - St. Ann  
Tuba City - St. Jude  
Wheatfields - Our Lady of the Lake  
Whiteriver - St. Francis of Assisi  
Winslow - Holy Family Chapel  
Winslow - Madre de Dios  
Winslow - St. Joseph

### **NEW MEXICO**

Acoma - San Esteban del Rey (a/k/a San Estevan del Rey)  
Acomita - St. Anne  
Aragon - Santo Niño de Atocha  
Aztec - St. Joseph  
Bibo - Our Lady of Loretto  
Blanco - St. Rose of Lima  
Bloomfield - St. Mary  
Bluewater Lake - Risen Savior  
Cabezon - San Jose  
Cebolleta (Seboyeta) - Our Lady of Sorrows  
Chichiltah - St. Patrick  
Crownpoint - St. Paul  
Cuba - Immaculate Conception  
Cuba - Immaculate Conception School  
Cubero - Our Lady of Light

## **LIST OF CURRENT PARISHES**

Datil - Nativity of the Blessed Virgin Mary  
Dulce - St. Anthony  
Encinal - Nativity of the Blessed Virgin Mary  
Farmington - Sacred Heart  
Farmington - Sacred Heart School  
Farmington - St. Mary  
Flora Vista - Holy Trinity  
Gallup - Gallup Catholic School  
Gallup - Sacred Heart Cathedral  
Gallup - St. Francis of Assisi  
Gallup - St. Francis of Assisi School  
Gallup - St. John Vianney  
Glenwood - Santo Niño  
Grants - St. Teresa Avila School  
Grants - St. Teresa of Avila (a/k/a St. Theresa)  
Horse Springs - St. Anne  
Kirtland - San Juan Catholic Center  
La Jara - Santo Niño de Atocha  
Laguna - St. Joseph (a/k/a San Jose)  
Laguna - St. Joseph School  
Lower Frisco - San Isidro  
Lumberton - St. Francis of Assisi  
Lumberton - St. Francis of Assisi School  
McCartys - Santa Maria de Acoma  
Mesita - Sacred Heart of Jesus  
Milan - St. Vivian  
Moquino - Santa Rosalia  
Naschitti - St. Anthony  
Navajo - St. Berard  
Pagate - St. Elizabeth of Hungary  
Paraje - St. Margaret Mary  
Pinehaven - Good Shepherd  
Quemado - Sacred Heart  
Reserve - St. Francis  
San Fidel - St. Joseph School  
San Fidel - St. Joseph the Worker  
San Luis - San Aloysius Gonzaga  
San Mateo - Cibola Catholic Community aka San Mateo Church  
San Rafael - Cibola Catholic Community aka San Rafael Church  
Seama - St. Anne  
Shiprock - Christ the King  
Thoreau - St. Bonaventure School  
Tinaja/Ramah - San Lorenzo  
Tohatchi - St. Mary  
Waterflow - Sacred Heart  
Zuni - St. Anthony  
Zuni - St. Anthony School

\*The foregoing list is qualified and further defined by reference to the definition of Parishes in the Plan.

# **EXHIBIT K**

### **LIST OF PARTICIPATING PARTIES**<sup>1</sup>

- Province of St. John the Baptist of the Order of Friars Minor and its insurer, United States Fidelity and Guaranty Company
- Province of Our Lady of Guadalupe of the Order of Friars Minor
- St. Bonaventure Indian Mission and School, Inc.
- The Parishes, as defined in the Plan
- Catholic Peoples Foundation
- Roman Catholic Diocese of Phoenix
- Southwest Indian Foundation, Inc.

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<sup>1</sup> This list is qualified and further defined by reference to each Participating Party Agreement with each above-named party and the Plan.



# **EXHIBIT L**

## PARTICIPATING PARTY AGREEMENT

This Agreement is entered into on the dates below indicated, by and among the Roman Catholic Church of the Diocese of Gallup and the Bishop of the Roman Catholic Church of the Diocese of Gallup (collectively, the “**Debtors**”) and The Roman Catholic Diocese of Phoenix and all of its past and present priests, clergy, employees, parishes, schools, affiliates and related entities set forth on Exhibit A attached hereto (collectively, the “**Phoenix Participating Party**”, and together with the Debtors, the “**Parties**”). The Debtors have filed the Plan (as defined in Section 1) and a Disclosure Statement.<sup>1</sup> The Parties have agreed to this settlement (the “**Agreement**”) which is provided for in the Plan, and of which the Parties will seek Bankruptcy Court approval as part of confirmation of the Plan.

### RECITALS

- A. WHEREAS, the Debtors filed their Chapter 11 cases on November 12, 2013 in the United States Bankruptcy Court for the District of New Mexico. The cases are jointly administered under Case Number 13-13676-t11 (the “**Reorganization Cases**”).
- B. WHEREAS, certain Tort Claimants have alleged or may in the future allege that the Phoenix Participating Party has direct liability to the claimant in connection with Tort Claims arising within the territory of the Diocese.
- C. WHEREAS, the Debtors may have rights of indemnification or subrogation against the Phoenix Participating Party in connection with Tort Claims.
- D. WHEREAS, the Debtors will establish the Trust under the Plan for the benefit of the Tort Claimants.
- E. WHEREAS, the Phoenix Participating Party will make a contribution to support the Plan and the transactions contemplated thereunder, including funding the Trust, and in exchange will be named as a “Participating Party” as that term is defined in the Plan.
- F. WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in matters with other unrelated parties, without future trial or adjudication of any issues of fact or law, and without admission of liability or responsibility, a full and final settlement that releases and terminates all obligations and liabilities of the Parties between themselves and provides for a release and Channeling Injunction against any Tort Claim or Unknown Tort Claim being asserted against the Phoenix Participating Party.
- G. WHEREAS, this Participating Party Agreement is the Phoenix Diocese Settlement Agreement as defined in §3.104 of the Plan.

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

## AGREEMENTS

1. Consideration. Now, therefore, in full settlement of the claims between the Phoenix Participating Party and the Debtors and in consideration of a Channeling Injunction, release and other provisions in the “Debtors’ Plan of Reorganization Dated March 21, 2016” filed at Docket No. 540 (the “**Plan**”), the Phoenix Participating Party shall pay Three Hundred Thousand Dollars (\$300,000) (the “**Settlement Payment**”) subject to the terms and conditions contained in this Agreement, the Plan, and the Confirmation Order.
2. In addition, the Participating Party has filed a proof of claim in the Reorganization Cases. [Claim No. 52-1, Claims Register in Reorganization Cases] (“**Participating Party Claim**”). The Debtors shall repay the Participating Party Claim in full on the following terms: the Debtors shall pay the Participating Party Claim by quarterly payments calculated upon a fully amortizing basis with a 30 year term and with interest at 1.0%. The first payment is due on the first business day beginning two (2) years after the Effective Date.
3. Plan Provisions. Provided that: (i) the plan which is confirmed by the Bankruptcy Court in the Reorganization Cases is substantially consistent with the terms of the Plan and any amendment to the Plan does not materially and/or adversely affect the rights, duties, or interests of the Debtors or the Phoenix Participating Party under this Agreement; and (ii) a Confirmation Order is entered which is consistent with the Plan and does not materially and/or adversely affect the rights, duties, or interests of the Debtors or the Phoenix Participating Party under this Agreement, the Phoenix Participating Party shall pay the Settlement Payment into the Debtors’ Plan Implementation Account on or before the Effective Date.
4. Agreement Effective Date. This Agreement shall be effective upon the date that all Parties have executed the Agreement.
5. Termination of Agreement.
  - a. If, after a duly noticed Confirmation Hearing, the Court does not enter the Confirmation Order as defined in the Plan which confirms a plan or reorganization substantially in the form of the Plan, or if the Court does enter such an order but the Confirmation Order does not become a Final Order, any of the Parties may, in its sole discretion, either:
    - i. Terminate this Agreement; or
    - ii. Continue this Agreement in effect temporarily while the Parties attempt to negotiate (x) an alternative settlement that could be incorporated into a different plan of reorganization for confirmation by the Court or (y) an alternative Confirmation Order.

- b. If the Phoenix Participating Party fails to make the Settlement Payment in the time required by the Plan or Confirmation Order, then the Debtors and the Committee may terminate this Agreement in their sole discretion or seek to enforce the obligations of the Phoenix Participating Party hereunder.
  - c. In the event a Party or the Committee terminates this Agreement, such Party or the Committee must give notice of termination to the other Parties in the manner prescribed in Section 15.
6. Neutrality. Nothing herein shall affect the Phoenix Participating Party's rights relating to its own insurers, indemnitors, subrogees, or others against whom the Phoenix Participating Party may have rights to seek indemnity or reimbursement (other than those Persons expressly protected by the Plan, the Confirmation Order, or this Agreement).
7. Jurisdiction. The Phoenix Participating Party shall be subject to the Bankruptcy Court's jurisdiction for the purpose of enforcing this Agreement and the provisions of the Confirmation Order applicable to the Phoenix Participating Party. The Bankruptcy Court's jurisdiction is exclusive with respect to enforcement of the Channeling Injunction, the releases, the Plan, the Confirmation Order, and this Agreement including certain other issues related to or arising in the Reorganization Cases.
8. Merger and Enforcement. The Parties intend that this Agreement shall be complete and shall not be subject to any claims of accident, unilateral mistake, mutual mistake, mistake of fact, rescission, reformation, or claims of similar effect, and they intend by this Agreement to resolve all present and future disputes between them relating to the Claims including Tort Claims.
9. Representation by Counsel. The Parties acknowledge and agree that this Agreement was bargained for and entered into in good faith and as the result of arm's length negotiations, and that at all times material they have been represented by counsel of their own choosing concerning the rights affected by this Agreement, the form and content of it, and the advisability of executing it. This Agreement has been reviewed by counsel for each of the Parties and shall not be strictly construed against any Party.
10. Representations and Warranties. Each Party represents and warrants that this Agreement has been thoroughly negotiated and analyzed by its counsel and has been executed and delivered in good faith, pursuant to arm's length negotiations, and for value and valuable consideration. Subject to confirmation of the Plan and entry of the Confirmation Order, each Party represents and warrants that it has authority to execute this Agreement as its binding and legal obligation. Each Party represents and warrants that the person signing this Agreement on its behalf is authorized to execute this Agreement and that it has read this Agreement in full.

11. Non-Prejudice and Construction of Agreement. This Agreement is subject to Federal Rule of Evidence 408 and similar state law rules of evidence applicable to compromises, is intended to be and is a compromise between the Parties, and shall not be construed as an admission of liability. This Agreement is without prejudice to positions taken or that may be taken by the Phoenix Participating Party relating to other insureds or claimants, and without prejudice to positions taken or that will be taken by the Debtors and Committee relating to third parties. Nothing in this Agreement, express or implied, confers on any Entity, other than the Parties, any benefit or any legal or equitable right, remedy, or Claim.
12. No Modification. Before the entry of the Confirmation Order, no change or modification of this Agreement shall be valid, even if supported by additional consideration, unless it is made in writing and signed by the Parties. After the entry of the Confirmation Order, this Agreement may be changed or modified only in a written notice signed by the Parties and approved by the Bankruptcy Court.
13. No Waiver. Any Party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving Party, and no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one Party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a Party to seek a remedy for noncompliance or breach by the other Party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.
14. Governing Law. This Agreement shall be governed by and shall be construed in accordance with the laws of Arizona without regard to its conflict of law principles, and where necessary, in accordance with federal bankruptcy law.
15. Notices. Any notices, consents and other communications required or permitted herein shall be in writing and shall be effective, and any applicable time period shall commence when (a) delivered to the following address by hand or by a nationally recognized overnight courier service (costs prepaid) or (b) transmitted electronically to facsimile or e-mail addresses with confirmation of receipt of transmission, in each case marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, email address, or Entity as a Party may designate by notice to the other Parties). Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following:

Debtor:

Bishop James S. Wall  
Roman Catholic Church  
of the Diocese of Gallup  
P.O. Box 1338  
Gallup, NM 87305

With a copy to:

Susan G. Boswell  
Lori L. Winkelman  
QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701  
*Counsel for Debtors*

Phoenix Participating Party:

Roman Catholic Diocese of Phoenix  
400 E. Monroe Street  
Phoenix, AZ 85004

With a copy to:

Steven D. Jerome  
SNELL & WILMER  
400 E. Van Buren St. #1900  
Phoenix, AZ 85004  
*Counsel for Participating Party*

With a copy to:

James I. Stang  
Ilan Scharf  
PACHULSKI STANG ZIEHL & JONES LLP  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
*Counsel for The Official Committee  
of Unsecured Creditors*

-or-

The Trustee under the Trust Agreement  
as so designated by the Committee

16. Integration. This Agreement, together with the Plan and the Confirmation Order (when entered), constitutes the entire Agreement among the Parties with respect to the subject matter hereof and thereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect thereto.
17. Additional Documents. The Parties shall execute any such other documents as may be reasonably required to obtain the Confirmation Order as set forth herein, or as may reasonably be necessary to effectuate any other requirement or agreement herein.
18. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original. This Agreement is binding when one or more counterparts, individually or taken together, is signed by each of the Parties. This Agreement may be effected by facsimile or other electronic transmission of executed copies of the signature page delivered to counsel for the Parties.
19. Captions and Headings. The captions and headings used in this Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Agreement.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK  
AND SIGNATURES ON FOLLOWING PAGE]

Dated this 30<sup>th</sup> day of March, 2016.

+ [Signature]  
Debtors

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Phoenix Participating Party



Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Debtors

Dated this 14<sup>th</sup> day of April, 2016.

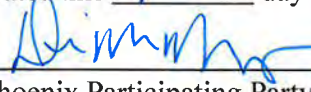
, GENERAL COUNSEL  
Phoenix Participating Party

Exhibit A to  
Participating Party Agreement

For the purposes of this Participating Party Agreement, the term “Participating Party” means The Roman Catholic Diocese of Phoenix and all of its past and present priests, clergy, employees, parishes, schools, affiliates and related entities, including but not limited to the following:

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|--|
| All Saints Roman Catholic Parish Mesa                          |
| Ascension Roman Catholic Parish Fountain Hills                 |
| Blessed Sacrament Roman Catholic Parish<br>Scottsdale          |
| Blessed Sacrament Roman Catholic Parish Tolleson               |
| Christ the King Roman Catholic Parish Mesa                     |
| Corpus Christi Roman Catholic Parish Phoenix                   |
| El Cristo Rey Roman Catholic Parish Grand Canyon               |
| Holy Cross Roman Catholic Parish Mesa                          |
| Holy Family Roman Catholic Parish Phoenix                      |
| Holy Spirit Roman Catholic Parish Tempe                        |
| Immaculate Conception Roman Catholic Parish<br>Cottonwood      |
| Immaculate Heart of Mary Roman Catholic Parish<br>Phoenix      |
| Most Holy Trinity Roman Catholic Parish Phoenix                |
| Our Lady of Czestochowa Roman Catholic Parish<br>Phoenix       |
| Our Lady of Guadalupe Roman Catholic Parish<br>Guadalupe       |
| Our Lady of Guadalupe Roman Catholic Parish<br>Queen Creek     |
| Our Lady of Joy Roman Catholic Parish Carefree                 |
| Our Lady of the Lake Roman Catholic Parish Lake<br>Havasu City |
| Our Lady of Lourdes Roman Catholic Parish Sun<br>City West     |
| Our Lady of Mount Carmel Roman Catholic Parish<br>Tempe        |
| Our Lady of Perpetual Help Roman Catholic Parish<br>Glendale   |
| Our Lady of Perpetual Help Roman Catholic Parish<br>Scottsdale |
| Our Lady of the Valley Roman Catholic Parish<br>Phoenix        |
| Queen of Peace Roman Catholic Parish Mesa                      |

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| Church of the Resurrection Roman Catholic Parish Tempe     |
| Sacred Heart Roman Catholic Parish Phoenix                 |
| Sacred Heart Roman Catholic Parish Prescott                |
| St. Agnes Roman Catholic Parish Phoenix                    |
| St. Andrew the Apostle Roman Catholic Parish Chandler      |
| St. Anne Roman Catholic Parish Gilbert                     |
| St. Anthony Roman Catholic Parish Phoenix                  |
| St. Anthony of Padua Roman Catholic Parish Wickenburg      |
| St. Augustine Roman Catholic Parish Phoenix                |
| St. Benedict Roman Catholic Parish Phoenix                 |
| St. Bernadette Roman Catholic Parish Scottsdale            |
| St. Bernard of Clairvaux Roman Catholic Parish Scottsdale  |
| St. Bridget Roman Catholic Parish Mesa                     |
| St. Catherine Laboure Roman Catholic Parish Chino Valley   |
| St. Catherine of Siena Roman Catholic Parish Phoenix       |
| St. Charles Borromeo Roman Catholic Parish Peoria          |
| St. Clare of Assisi Roman Catholic Parish Surprise         |
| St. Clement of Rome Roman Catholic Parish Sun City         |
| St. Daniel the Prophet Roman Catholic Parish Scottsdale    |
| St. Edward the Confessor Roman Catholic Parish Phoenix     |
| St. Elizabeth Seton Roman Catholic Parish Sun City         |
| St. Frances Cabrini Roman Catholic Parish Camp Verde       |
| St. Francis Roman Catholic Parish Seligman                 |
| St. Francis of Assisi Roman Catholic Parish Bagdad         |
| St. Francis Xavier Roman Catholic Parish Phoenix           |
| St. Gabriel the Archangel Roman Catholic Parish Cave Creek |
| St. Germaine Roman Catholic Parish Prescott Valley         |
| St. Gregory Roman Catholic Parish Phoenix                  |
| St. Helen Roman Catholic Parish Glendale                   |
| St. Henry Roman Catholic Parish Buckeye                    |

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|---|
| St. James Roman Catholic Parish Glendale                  |
| St. Jerome Roman Catholic Parish Phoenix                  |
| St. Joachim & St. Anne Roman Catholic Parish Sun City     |
| St. Joan of Arc Roman Catholic Parish Phoenix             |
| St. John Vianney Roman Catholic Parish Goodyear           |
| St. John Vianney Roman Catholic Parish Sedona             |
| St. Joseph Roman Catholic Parish Phoenix                  |
| St. Joseph Roman Catholic Parish Williams                 |
| St. Louis the King Roman Catholic Parish Glendale         |
| St. Luke Roman Catholic Parish Phoenix                    |
| St. Margaret Roman Catholic Parish Tempe                  |
| St. Margaret Mary Roman Catholic Parish Bullhead City     |
| St. Maria Goretti Roman Catholic Parish Scottsdale        |
| St. Mark Roman Catholic Parish Phoenix                    |
| St. Martin de Porres Roman Catholic Parish Phoenix        |
| St. Mary Roman Catholic Basilica Phoenix                  |
| St. Mary Roman Catholic Parish Chandler                   |
| St. Mary Roman Catholic Parish Kingman                    |
| St. Mary Magdalene Roman Catholic Parish Gilbert          |
| St. Matthew Roman Catholic Parish Phoenix                 |
| St. Michael Roman Catholic Parish Gila Bend               |
| St. Patrick Roman Catholic Parish Scottsdale              |
| St. Paul Roman Catholic Parish Phoenix                    |
| St. Raphael Roman Catholic Parish Glendale                |
| St. Rose Philippine Duchesne Roman Catholic Parish Anthem |
| St. Steven Roman Catholic Parish Sun Lakes                |
| St. Theresa Roman Catholic Parish Phoenix                 |
| St. Thomas the Apostle Roman Catholic Parish Phoenix      |
| St. Thomas Aquinas Roman Catholic Parish Avondale         |
| St. Thomas More Roman Catholic Parish Glendale            |
| St. Timothy Roman Catholic Parish Mesa                    |
| St. Vincent de Paul Roman Catholic Parish Phoenix         |
| St. William Roman Catholic Parish Cashion                 |
| SS. Simon & Jude Roman Catholic Cathedral Phoenix         |

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|--|
| San Francisco de Asis Roman Catholic Parish<br>Flagstaff       |
| Santa Teresita Roman Catholic Parish El Mirage                 |
| Vietnamese Martyrs Roman Catholic Parish Phoenix               |
| Holy Cross Roman Catholic Chapel Sedona                        |
| La Santisima Trinidad Roman Catholic Mission<br>Scenic         |
| Mater Misericordiae Roman Catholic Mission<br>Phoenix          |
| Our Lady of Fatima Roman Catholic Mission<br>Phoenix           |
| Our Lady of the Desert Roman Catholic Mission<br>Dolan Springs |
| St. Anne Roman Catholic Mission Ashfork                        |
| St. Columba Kim Roman Catholic Mission Mesa                    |
| St. Joseph Roman Catholic Mission Mayer                        |
| St. Philip Benizi Roman Catholic Mission Black<br>Canyon City  |
| St. Philip the Deacon Roman Catholic Mission<br>Phoenix        |
| Bourgade Roman Catholic High School Phoenix                    |
| Notre Dame Preparatory Roman Catholic High<br>School           |
| St. Mary's Roman Catholic High School Phoenix                  |
| Seton Roman Catholic High School Chandler                      |
| Xavier College Preparatory Roman Catholic High<br>School       |
| All Saints Roman Catholic Newman Center Tempe                  |
| Holy Trinity Roman Catholic Newman Center<br>Flagstaff         |
| Diocese of Phoenix Catholic Cemeteries &<br>Mortuaries         |
| Mount Claret Roman Catholic Retreat Center<br>Phoenix          |

# **EXHIBIT M**

### **LIST OF SETTLING INSURERS**

- The Catholic Mutual Relief Society of America and The Catholic Relief Insurance Company of America
- New Mexico Property and Casualty Insurance Guaranty Association
- The Home Insurance Company in Liquidation

# **EXHIBIT N**



## PARTICIPATING PARTY AGREEMENT

This Agreement is entered into on the date below indicated, by and among the Roman Catholic Church of the Diocese of Gallup and the Bishop of the Roman Catholic Church of the Diocese of Gallup (collectively, the “**Debtors**”) and Saint Bonaventure Indian Mission and School, Inc., a New Mexico corporation (the “**SB Participating Party**”, and together with the Debtors, the “**Parties**”). The Debtors have filed the Plan (as defined in Section 1) and a Disclosure Statement.<sup>1</sup> The Parties have agreed to this settlement (the “**Agreement**”) which is provided for in the Plan, and of which the Parties will seek approval from the United States Bankruptcy Court for the District of New Mexico (the “**Court**”) as part of confirmation of the Plan.

### RECITALS

- A. WHEREAS, the Debtors filed their Chapter 11 cases on November 12, 2013 in the United States Bankruptcy Court for the District of New Mexico. The cases are jointly administered under Case Number 13-13676-t11 (the “**Reorganization Cases**”).
- B. WHEREAS, SB Participating Party is a New Mexico non-profit corporation.
- C. WHEREAS, SB Participating Party uses and has improved various real property in Thoreau, New Mexico for its mission and school activities.
- D. WHEREAS, Debtors and SB Participating Party have a dispute about ownership of certain property in Thoreau, New Mexico (the “**Quitclaim Property**”), as described in SB Participating Party’s complaint filed in Adversary No. 14-01014 in the Court (“**Adversary Proceeding**”), which SB Participating Party withdrew without prejudice.
- E. WHEREAS, SB Participating Party has informed Debtors that property in addition to the Quitclaim Property (herein referred to as the “**School Property**”) is part of what SB Participating Party uses for its mission and school activities, that there may be ownership issues involving the School Property, and that SB Participating Party wishes to resolve and document its use of the School Property.
- F. WHEREAS, in furtherance of resolving the Adversary Proceeding, SB Participating Party seeks to acquire title to certain of the School Property, defined below as the Smith Lake Property.
- G. WHEREAS, Debtors and SB Participating Party seek to resolve the Adversary Proceeding, and to establish a framework for resolving and documenting SB Participating Party’s use of the School Property.
- H. WHEREAS, certain Tort Claimants have alleged or may in the future allege that the SB Participating Party has direct liability to the claimant in connection with Tort

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

Claims alleged, or that may in the future be alleged, in actions or failures to act arising within the territory of the Diocese.

- I. WHEREAS, the Debtors may have rights of indemnification or subrogation against the SB Participating Party in connection with Tort Claims that have been alleged against the Debtors or that may in the future be alleged against them.
- J. WHEREAS, the Debtors will establish the Trust under the Plan for the benefit of the Tort Claimants that have alleged or may in the future allege Tort Claims against the Debtors that also relate to or implicate the SB Participating Party.
- K. WHEREAS, the SB Participating Party will make a contribution to support the Plan and the transactions contemplated thereunder, including funding the Trust, and in exchange will be named as a “Participating Party” as that term is defined in the Plan.
- L. WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in matters with unrelated parties other than Tort Claimants, without future trial or adjudication of any issues of fact or law, and without admission of liability or responsibility by the SB Participating Party, a full and final settlement that releases all claims and liabilities that were or could have been asserted in the Adversary Proceeding, other than those arising under this Agreement, and provides for a release and Channeling Injunction against any Tort Claims or Unknown Tort Claims asserted against the SB Participating Party.

## AGREEMENTS

- 1. Settlement and Consideration. Now, therefore, in full settlement of the claims between the SB Participating Party and the Debtors that were or could have been asserted in the Adversary Proceeding, and in consideration of (i) a Channeling Injunction, release and other provisions in the “Debtors’ Plan of Reorganization Dated March 21, 2016” filed at Docket No. 540 (as such plan may be amended from time to time, the “**Plan**”), (ii) a quitclaim deed to the Quitclaim Property, (iii) a quitclaim deed to the Smith Lake Property (defined below) and (iv) the right to use the School Property, as set forth more fully below, the SB Participating Party shall pay five hundred fifty thousand dollars (\$550,000.00) (“**Settlement Payment**”) subject to the terms and conditions contained in this Agreement, the Plan, and the Confirmation Order.
  - a. Quitclaim Property. On or before the Effective Date, the Debtors will execute and, subject to receipt of the Settlement Payment, will deliver a Quitclaim Deed to the SB Participating Party in the form attached hereto as Exhibit “A” for the “Quitclaim Property”. This transfer shall be treated as a sale free and clear of all liens, interests, and encumbrances under 11 U.S.C. § 363(f), subject to Court approval.
  - b. Smith Lake Property. On or before the Effective Date, the Debtors will execute and, subject to receipt of the Settlement Payment, deliver a Quitclaim Deed to the

SB Participating Party, or its assignee, in the form attached hereto as Exhibit “B” for the real property described therein (“**Smith Lake Property**”). This transfer shall be treated as a sale free and clear of all liens, interests, and encumbrances under 11 U.S.C. § 363(f), subject to Court approval.

- c. Use of the School Property. For a period of up to two years from the Effective Date (the “**Use Period**”), SB Participating Party shall have an exclusive right to use and occupy the School Property identified in Exhibit “C” during which time Debtors and Reorganized Debtor shall not transfer or voluntarily encumber the School Property or any interests therein or thereto, with the exception of transfer of the School Property to SB Participating Party if an agreement is reached to do so. The SB Participating Party hereby agrees to carry and maintain in full force and effect during the Use Period and any extension or renewal thereof at SB Participating Party’s expense public liability insurance covering bodily injury, property damage liability with limits of coverage of not less than \$1,000,000.00 for each person and \$2,000,000.00 in the aggregate for bodily injury or death liability for each accident and \$50,000 for each accident for property damage, for the benefit of Debtors and SB Participating Party as protection against all liability claims arising from the School Property, causing Debtors to be named as additional-named insureds on such policy of insurance, and delivering a copy thereof to Debtors. SB Participating Party further agrees to carry and maintain in full force and effect during the Use Period and any extension or renewal thereof at SB Participating Party’s expense fire and extended property damage coverage insurance upon the School Property and all alterations, additions, and improvements upon the School Property, and will cause Debtors to be named as additional-named insureds on such policy of insurance, and will deliver a copy to Debtors.
- d. Covenant Not To Sue and Release. For the consideration set forth in paragraphs 1a. through 1c. herein, SB Participating Party covenants not to refile, in any forum, the complaint previously dismissed without prejudice in the Adversary Proceeding, and releases Debtors from any and all claims set forth in that complaint.
- e. Release of CM. Upon payment by CM of the CM Settlement Amount, SB Participating Party hereby fully, finally, and completely remises, releases, acquits, and forever discharges CM and any of their reinsurers or retrocessionaires from any Tort Claims and Unknown Tort Claims, including any Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims and all Claims relating to the Released Insurance Policies including any Channeled Claims. This release specifically includes all Unknown Tort Claims that are based in whole or in part on the Tort Claims, the Released Insurance Policies, with all Unknown Tort Claims and Claims relating to the Released Insurance Policies channeled to the Trust, pursuant to the Plan, with no liability to CM. SB Participating Party acknowledges the adequacy of the CM Settlement Amount as adequate consideration for its release of CM. The defined terms in this paragraph

l.e. are as defined in the CM Settlement Agreement, as that term is defined in the Plan.

- f. Working Agreement. Within ninety (90) days of the Effective Date, the Bishop in charge of Debtors or Reorganized Debtor and the executive director of SB Participating Party, as well as other persons on behalf of either Party as they shall deem appropriate, shall attend an in-person meeting at mutually agreeable location (1) to discuss their continued working relationship, and (2) to negotiate for SB Participating Party's permanent use and ownership of the School Property, with due consideration for the value of SB Participating Party's improvements to the School Property since SB Participating Party began using the School Property.
  - g. Payment of Settlement Payment and Delivery of Quitclaim Deeds. The Settlement Payment will be wired in accordance with wire instructions, which will be provided, on or before the Effective Date. Upon confirmation of the receipt of the Settlement Payment, and the conditions precedent to occurrence of the Effective Date having been satisfied, the Debtors will deliver the quitclaims deeds for the Quitclaim Property and the Smith Lake Property.
  - h. The SB Participating Party shall have not recourse against the Trust for any breach of the terms and covenants in this Agreement that occur after the Effective Date.
  - i. Legal Descriptions. The legal descriptions of the Smith Lake Property and the School Property are subject to correction and verification by the Debtors and SB Participating Party no later than the Effective Date.
- 2. Plan Provisions. Provided that the Bankruptcy Court in the Reorganization Cases enters the Confirmation Order, the SB Participating Party shall pay the Settlement Payment into the Debtors' Plan Implementation Account on or before the Effective Date.
- 3. Agreement Effective Date. This Agreement shall be effective upon the date that all Parties have executed the Agreement.
- 4. Option to Escrow. At SB Participating Party's option and sole expense, SB Participating Party and Debtors may agree to an escrow of the Settlement Payment and the quitclaim deeds.
- 5. Termination of Agreement.
  - a. If, after a duly noticed Confirmation Hearing, the Court does not enter the Confirmation Order which confirms a plan of reorganization substantially in the form of the Plan, or if the Court does enter such an order but the Confirmation Order does not become a Final Order, any of the Parties may, in its sole discretion, either:

- i. Terminate this Agreement; or
    - ii. Continue this Agreement in effect temporarily while the Parties attempt to negotiate (x) an alternative settlement that could be incorporated into a different plan of reorganization for confirmation by the Court or (y) an alternative Confirmation Order (and if such negotiations are unsuccessful in the SB Participating Party's sole discretion, the SB Participating Party may terminate this Agreement).
  - b. If the SB Participating Party fails to make the Settlement Payment in the time required by the Plan or Confirmation Order, then the Debtors or Committee may terminate this Agreement in their sole discretion or seek to enforce the obligations of the SB Participating Party hereunder.
  - c. In the event a Party or the Committee terminates this Agreement, such Party or the Committee must give notice of termination to the other Parties in the manner prescribed in Section 15.
6. Neutrality. Nothing herein shall affect the SB Participating Party's rights relating to its own insurers, indemnitors, subrogees, or others against whom the SB Participating Party may have rights to seek indemnity or reimbursement (other than those Persons expressly protected by the Plan or this Agreement).
7. Jurisdiction. The SB Participating Party shall be subject to the Bankruptcy Court's jurisdiction for the purpose of enforcing this Agreement and the provisions of the Confirmation Order applicable to the SB Participating Party. The Bankruptcy Court's jurisdiction is exclusive with respect to enforcement of the Channeling Injunction, the Plan and the Confirmation Order, to the extent they incorporate the Agreement, including other issues related to or arising in the Reorganization Cases.
8. Merger and Enforcement. The Parties intend that this Agreement shall be complete and shall not be subject to any claims of accident, unilateral mistake, mutual mistake, mistake of fact, rescission, reformation, or claims of similar effect, and they intend by this Agreement to resolve all present and future disputes between them relating to the Claims including Tort Claims.
9. Representation by Counsel. The Parties acknowledge and agree that this Agreement was bargained for and entered into in good faith and as the result of arm's length negotiations, and that at all times material they have been represented by counsel of their own choosing concerning the rights affected by this Agreement, the form and content of it, and the advisability of executing it. This Agreement has been reviewed by counsel for each of the Parties and shall not be strictly construed against any Party.
10. Representations and Warranties. Each Party represents and warrants that this Agreement has been thoroughly negotiated and analyzed by its counsel and has been executed and delivered in good faith, pursuant to arm's length negotiations, and for

value and valuable consideration. Subject to confirmation of the Plan and entry of the Confirmation Order approving this Agreement, each Party represents and warrants that it has authority to execute this Agreement as its binding and legal obligation. Each Party represents and warrants that the person signing this Agreement on its behalf is authorized to execute this Agreement and that it has read this Agreement in full.

11. Non-Prejudice and Construction of Agreement. This Agreement is subject to Federal Rule of Evidence 408 and similar state law rules of evidence applicable to compromises, is intended to be and is a compromise between the Parties, and shall not be construed as an admission of liability. This Agreement is without prejudice to positions taken or that may be taken by the SB Participating Party relating to other insureds or claimants and without prejudice to positions taken or that will be taken by the Debtors and Committee relating to third parties. Nothing in this Agreement, express or implied, confers on any Entity, other than the Parties, any benefit or any legal or equitable right, remedy, or Claim.
12. No Modification. Before the entry of the Confirmation Order, no change or modification of this Agreement shall be valid, even if supported by additional consideration, unless it is made in writing and signed by the Parties subject to Section 10. After the entry of the Confirmation Order, this Agreement may be changed or modified only in a written notice signed by the Parties and approved by the Court.
13. No Waiver. Any Party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving Party, and no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one Party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a Party to seek a remedy for noncompliance or breach by the other Party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.
14. Governing Law. This Agreement shall be governed by and shall be construed in accordance with the laws of New Mexico without regard to its conflict of law principles, and where necessary, in accordance with federal bankruptcy law.
15. Notices. Any notices, consents and other communications required or permitted herein shall be in writing and shall be effective, and any applicable time period shall commence when (a) delivered to the following address by hand or by a nationally recognized overnight courier service (costs prepaid) or (b) transmitted electronically to facsimile or e-mail addresses with confirmation of receipt of transmission, in each case marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, email address, or Entity as a Party may designate by notice to the other Parties). Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following:

Debtor:  
Bishop James S. Wall  
Roman Catholic Church  
of the Diocese of Gallup  
P.O. Box 1338  
Gallup, NM 87305

With a copy to:  
Susan G. Boswell  
Lori L. Winkelman  
QUARLES & BRADY LLP  
One S. Church Ave., Suite 1700  
Tucson, Arizona 85701  
*Counsel for Debtors*

SB Participating Party:  
Saint Bonaventure Indian Mission and School, Inc.  
P.O. Box 610  
Thoreau, NM 87323

With a copy to:  
Charles R. Hughson  
RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.  
P.O. Box 1888  
Albuquerque, New Mexico 87103  
*Counsel for Saint Bonaventure  
Indian Mission and School, Inc.*

With a copy to:  
James I. Stang  
Ilan Scharf  
PACHULSKI STANG ZIEHL & JONES LLP  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
*Counsel for The Official Committee  
of Unsecured Creditors*  
-or-  
The Trustee under the Trust Agreement  
as so designated by the Committee

16. Integration. This Agreement, together with the Plan, the Plan Documents, and the Confirmation Order (when entered) constitute the entire Agreement among the Parties with respect to the subject matter hereof and thereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect

thereto.

17. Additional Documents. The Parties shall execute any such other documents as may be reasonably required to obtain the Confirmation Order as set forth herein, or as may reasonably be necessary to effectuate any other requirement or agreement herein.
18. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original. This Agreement is binding when one or more counterparts, individually or taken together, is signed by each of the Parties. This Agreement may be effected by facsimile or other electronic transmission of executed copies of the signature page delivered to counsel for the Parties.
19. Captions and Headings. The captions and headings used in this Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Agreement.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK  
AND SIGNATURES ON FOLLOWING PAGE]



ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP

By: James A. Webb

Its: Responsible Person For The Debtors

Date: March 30, 2016

THE BISHOP OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP

By: James A. Webb

Its: Responsible Person For The Debtors

Date: March 30, 2016

SAINT BONAVENTURE INDIAN MISSION AND SCHOOL, INC.

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

THE BISHOP OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

SAINT BONAVENTURE INDIAN MISSION AND SCHOOL, INC.,

By: [Signature]

Its: Executive Director

Date: 3-31-16

## EXHIBIT A

# QUITCLAIM DEED

The Roman Catholic Church of the Diocese of Gallup, a corporate sole, for consideration paid, quitclaims to Saint Bonaventure Indian Mission and School, Inc., a New Mexico nonprofit corporation, whose address is \_\_\_\_\_, the real estate described in the attached Exhibit A in McKinley County, New Mexico.

WITNESS my hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Roman Catholic Church of the Diocese of Gallup,  
a corporate sole

By: \_\_\_\_\_  
James S. Wall  
Bishop of the Roman Catholic Church of the Diocese of Gallup

## ACKNOWLEDGMENT

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

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_, by James S. Wall as Bishop of the Roman Catholic Church of the Diocese of Gallup.

My commission expires:

Notary Public

# Exhibit A

Lots One (1), Three (3), Five (5), Seven (7), Nine (9) and Eleven (11) in Block One Hundred Forty-nine (149) of TOWNSITE OF THOREAU as the same is shown and designated on the plat of said Townsite recorded in the Office of the County Clerk of McKinley County, New Mexico, on April 26, 1920.

AND

Lots Six (6), Seven (7), Eight (8), Nine (9), Eleven (11), Thirteen (13), Fifteen (15), Twenty-one (21) and Twenty-three (23) in Block Three Hundred Fifty-two (352) of TOWNSITE OF THOREAU within the North Half of Section 33, T14N, R13W, N.M.P.M. as the same is shown and designated on the plat of said Townsite recorded in the Office of the County Clerk of McKinley County, New Mexico, on April 26, 1920.

SUBJECT TO restrictions, easements and reservations of record.

AND

Lot Numbered Forty-two (42) in THOREAU TOWNSITE NO. TWO (2) as shown on the plat filed in the Office of the County Clerk of McKinley County, New Mexico, on January 12, 1972.

SUBJECT TO easements, restrictions, reservations and patent reservations of record.

AND

Lot Numbered Ninety-two (92) in THOREAU TOWNSITE NO. TWO (2) as shown on the plat filed in the Office of the County Clerk of McKinley County, New Mexico, on January 12, 1972.  
LESS AND EXCEPT the easterly portion thereof more particularly described as follows:

Beginning at the Southeast corner of said Lot 92 and running  
Thence N88°24'11"W, 130.00 feet along the south line of Lot 92;  
Thence N22°41'33"E, 222.92 feet to a point on the north line of Lot 92;  
Thence N83°30'45"E, 67.64 feet along the north line of Lot 92;  
Thence S6°29'13"E, 70.29 feet along the easterly line of Lot 92;  
Thence S9°32'31"W, 144.64 feet along the easterly line of Lot 92 to the Place of Beginning.

SUBJECT TO all reservations, easements and restrictions of record.

AND

A certain tract of land situate within the SE/4 of the NE/4 of Section 32, T14N, R13W, N.M.P.M., and being more particularly described by metes and bounds survey description as follows:

BEGINNING at the Northwest corner of the herein-described tract of land, being a 5/8" rebar with survey cap, and being common to the Southeast corner of Tract E of NAVARRE VISTA, UNIT I, as the same is shown and designated on the plat thereof filed in the Office of the County Clerk of McKinley County, New Mexico, on December 19, 1978, whence the North Quarter Corner of said Section 32, being a 5/8" rebar with survey cap having New Mexico State Plane Coordinates, West Zone values X = 379,475.178, Y = 1,603,995.581, bears N43°09'49", a distance of 2611.81 feet;

Thence S80°19'28"E along the Northerly boundary line of the herein-described tract of land, a distance of 740.00 feet to the Northeast corner, being a point on the Westerly right-of-way line of Victoria Lane;

Thence S09°30'29"W along said right-of-way line, a distance of 40.07 feet to an angle point, being a point on the Southerly right-of-way line of First Street;

Thence S80°20'08"E along said Southerly right-of-way line, a distance of 46.57 feet to an angle point;

Thence S09°31'34"W along the Easterly boundary line of the herein-described tract of land, a distance of 160.27 feet to the Southeast corner, being a point on the Northerly right-of-way line of the Atchison, Topeka and Santa Fe Railroad;

Thence N80°18'05"W along the Southerly boundary line of the herein-described tract of land and said Northerly right-of-way line, a distance of 768.52 feet to the Southwest corner;

Thence N09°30'30"E along the Westerly boundary line of the herein-described tract of land, a distance of 200.00 feet to the point of beginning and

Containing 3.5714 acres, more or less.

AND

A certain tract of land situate within McKinley County, New Mexico, being a Tract D of NAVARRE VISTA UNIT 1, as the same is shown and designated on the plat thereof filed in the Office of the County Clerk of McKinley County, New Mexico, on December 19, 1978, and a tract of unplatted land adjacent to said Tract D, being more particularly described by metes and bounds survey description as follows:

BEGINNING at the Northwest corner of the herein described tract of land, being common to the North Quarter Corner of Section 32, T14N, R13W, N.M.P.M. having New Mexico State Plane Coordinates, West Zone values  $X = 379,475.178$ ,  $Y = 1,603,995.581$ ;

Thence N89°37'42"E along the Northerly boundary line of the herein-described tract of land being common to the Northerly section line of said Section 32, a distance of 1,321.54 feet to the Northeast corner of the herein described tract of land, being a point on the Westerly right-of-way line of the West Boundary Channel, as the same is shown and designated on said NAVARRE VISTA UNIT I;

Thence S04°52'47"W along said Westerly right-of-way line, a distance of 1,191.03 feet to an angle point, being a point on the Northerly boundary of said Tract D;

Thence S85°07'13"E along said Northerly boundary line, a distance of 361.65 feet to an angle point, being the Northeast corner of said Tract D;

Thence S09°17'00"W along said boundary line, a distance of 198.75 feet to an angle point;

Thence S80°43'00"E continuing along said boundary line, a distance of 162.00 feet to an angle point;

Thence S09°17'00"W continuing along said boundary line a distance of 446.54 feet to the Southeast corner of the herein described tract of land, being common to the Southeast corner of said Tract D, and being a point on the Northerly right-of-way line of the A.T. & S.F. Railroad;

Thence N80°35'30"W along the Southerly boundary line of the herein-described tract of land, said Southerly boundary line of Tract D and said Northerly right-of-way line (at a distance of 907.22 feet passing the Southwest corner of said Tract D), a distance of 1,657.92 feet to the Southwest corner of the herein described tract of land, being a point on the North-South Quarter section line of said Section 32;

Thence N00°01'28"W along the Westerly boundary line of the herein

described tract of land and said North-South Quarter section line,  
a distance of 1,600.86 feet to the point of beginning and  
Containing 55.3163 acres, more or less,  
EXCEPTING therefrom all easements as shown and designated on said  
NAVARRE VISTA UNIT I,  
SUBJECT TO any and all easements, rights-of-way, restrictions, and  
reservations of record.

AND

A certain tract of land situate within McKinley County, New Mexico being  
comprised of Tract E and Tract F of NAVARRE VISTA UNIT I, as the same are  
shown and designated on the plat thereof, filed in the Office of the  
County Clerk of McKinley County, New Mexico, on December 19, 1978, and  
being more particularly described by metes and bounds survey description  
as follows:

BEGINNING at the Southeast corner of the herein described tract of land,  
being a point on the Northerly Right-of-Way line of the A.T. & S.F.  
Railroad, whence the N-1/4 corner of Section 32, T14N, R13W, N.M.P.M.,  
having New Mexico State Plane Coordinates, West Zone values  $X = 379,475.178$ ,  $Y = 1,603,995.581$ , bears  $N 42^{\circ}56'19''$  W, a distance of  
2,611.81 feet;

Thence  $N80^{\circ}35'30''$  W, along the Southerly boundary line of the herein  
described tract of land, said Northerly Railroad Right-of-Way line, and  
the Southerly boundary line of said Tract E, a distance of 160.01 feet  
to an angle point, being the Southeast corner of Tract D, as the same  
is shown and designated on said NAVARRE VISTA UNIT I;

Thence  $N09^{\circ}17'00''$  E, along the common boundary line of the herein  
described tract of land, a distance of 446.54 feet to an angle point;

Thence  $N80^{\circ}43'00''$  W, continuing along said common boundary line, a  
distance of 162.00 feet to an angle point;

Thence  $N09^{\circ}17'00''$  E, continuing along said common boundary line, a  
distance of 198.75 feet to an angle point, being the Northeast corner  
of said Tract D;

Thence  $N85^{\circ}07'13''$  W, continuing along said common boundary line, a  
distance of 286.65 feet to an angle point, being a point on the Easterly  
Right-of-Way line of the West Boundary Channel, as the same is shown and  
designated on said NAVARRE VISTA UNIT I;

Thence  $N04^{\circ}52'47''$  E, along the Westerly boundary line of the herein  
described tract of land and said Easterly Right-of-Way line, a distance  
of 290.00 feet to a point of curvature;

Thence, Northeasterly along a curve concave to the Southeast, along the  
Southerly Right-of-Way line of the East-West Channel, as the same is  
shown and designated on said NAVARRE VISTA UNIT I, having a delta of  
 $90^{\circ}00'00''$ , a radius of 165.10 feet and an arc length of 259.34 feet,  
to a point of tangency;

Thence  $S85^{\circ}07'13''$  E, along the Northerly boundary line of the herein  
described tract of land, said Southerly Right-of-Way line, and the  
Northerly boundary line of said Tract E, a distance of 479.54 feet to  
an angle point, being a point common to the Northeast corner of said  
Tract E and the Northwest corner of said Tract F;

Thence  $S80^{\circ}43'00''$  E, continuing along the Northerly boundary line of  
the herein described tract of land, said Southerly Right-of-Way line  
and the Northerly boundary line of said Tract F, a distance of 590.81  
feet to an angle point;

Thence  $N78^{\circ}42'35''$  E, continuing along the Northerly boundary line of  
the herein described tract of land, said Southerly Right-of-Way line,  
and the Northerly boundary line of said Tract F, a distance of 85.09  
feet to the Northeast corner of the herein described tract of land,  
being common to the Northeast corner of said Tract F;

Thence  $S00^{\circ}08'22''$  E, along the common Easterly boundary line of the  
herein described tract of land and said Tract F, a distance of 81.00

feet to an angle point, being common to the Southeast corner of said Tract F;  
Thence N80°43'00" W, along the Southerly boundary line of said Tract F, a distance of 683.73 feet to an angle point, being common to the Southwest corner of said Tract F;  
Thence S09°17'00" W, along the Easterly boundary line of said Tract E, a distance of 1,076.89 feet to the point of beginning, and containing 10.4286 acres, more or less.  
Excepting therefrom all easements as shown and designated on said NAVARRE VISTA UNIT I.

AND

A certain tract of land situate within McKinley County, New Mexico, being Lots 1 through 96 and Tract G of NAVARRE VISTA UNIT I, as the same are shown and designated on the plat thereof, filed in the Office of the County Clerk of McKinley County, New Mexico, on December 19, 1978, and being more particularly described by metes and bounds survey description as follows:

BEGINNING at the Northwest corner of the herein described tract of land, being a point on the section line common to Sections 29 and 32, T14N, R13W, N.M.P.M., whence the N-1/4 corner of said Section 32 having New Mexico State Plane Coordinates, West Zone values  $X = 379,475.178$ ,  $Y = 1,603,995.581$ , bears S 89°37'42" W, a distance of 1,321.54 feet;  
Thence N89°37'42" E, along the Northerly boundary line of the herein described tract of land, being common with said section line, and being also the Northerly Right-of-Way line of North Boundary Channel, as the same is shown and designated on said NAVARRE VISTA UNIT I, a distance of 1,263.56 feet to the Northeast corner of the herein described tract of land, being a point on the Westerly Right-of-Way line of County Road 27;  
Thence S22°36'00" E, along the Easterly boundary line of the herein described tract of land and said Westerly Right-of-Way, a distance of 345.97 feet to a point of curvature;  
Thence continuing along said Easterly boundary line and said Westerly Right-of-Way line, Southeasterly along a curve concave to the Southwest and having a delta of 31°53'02", a radius of 542.95 feet, and an arc length of 302.14 feet to a point of tangency;  
Thence S09°17'00" W, continuing along said Easterly boundary line and said Westerly Right-of-Way line, a distance of 279.57 feet to the Southeast corner of the herein described tract of land, being a point on the Southerly Right-of-Way line of the East West Channel as the same is shown and designated on said NAVARRE VISTA UNIT I;  
Thence N80°43'01" W, along the Southerly boundary line of the herein described tract of land and said Southerly Right-of-Way line, a distance of 65.82 feet to an angle point, being the Northeast corner of Tract F, as the same is shown and designated on said NAVARRE VISTA UNIT I;  
Thence S78°42'35" W, continuing along the Southerly boundary line of the herein described tract of land, said Southerly Right-of-Way line and the Northerly boundary line of said Tract F, a distance of 85.09 feet to an angle point;  
Thence N80°43'00" W, continuing along the Southerly boundary line of the herein described tract of land, said Southerly Right-of-Way line, and the Northerly boundary line of said Tract F, a distance of 590.81 feet to an angle point, being a point common to the Northwest corner of said Tract F and the Northeast corner of Tract E, as the same is shown and designated on said NAVARRE VISTA UNIT I;  
Thence N85°07'13" W, continuing along the Southerly boundary line of the herein described tract of land, said Southerly Right-of-Way line, and the Northerly boundary line of said Tract E, a distance of 479.54 feet to a point of curvature;

Thence continuing along said Southerly Right-of-Way line, Southwesterly along a curve concave to the Southeast, having a delta of  $90^{\circ}00'00''$ , a radius of 165.10 feet and an arc length of 259.34 feet, to a point of tangency, being a point on the Westerly boundary line of said Tract E and a point on the Easterly Right-of-Way line of the West Boundary Channel, as the same is shown and designated on said NAVARRE VISTA UNIT I;

Thence  $S04^{\circ}52'47''$  W, along said Westerly boundary line and said Easterly Right-of-Way line, a distance of 290.00 feet to an angle point, being a point on the Northerly boundary line of Tract D, as the same is shown and designated on said NAVARRE VISTA UNIT I;

Thence  $S85^{\circ}07'13''$  W, along said Northerly boundary line, a distance of 75.00 feet to an angle point, being a point on the Westerly Right-of-Way line of said West Boundary Channel;

Thence  $N04^{\circ}52'47''$  E, along said Westerly Right-of-Way line, a distance of 1,191.03 feet to the point of beginning, and containing 27.3962 acres, more or less.

EXCEPTING therefrom all easements and rights-of-way, as shown and designated on said NAVARRE VISTA UNIT I.

SUBJECT TO any and all easements, rights-of-way, restrictions and reservations of record.



EXHIBIT B  
QUITCLAIM DEED

The Roman Catholic Church of the Diocese of Gallup, a corporate sole, for consideration paid, quitclaims to Saint Bonaventure Indian Mission and School, Inc., a New Mexico nonprofit corporation, whose address is \_\_\_\_\_, the real estate described in the attached Exhibit A (“Real Property”) in McKinley County, New Mexico, together with all rights to water, if any, whether surface or ground, including if any, rights relating to domestic, livestock, monitoring or irrigation wells, whether appropriative or other, associated with, held, used or useful in connection with, or with points of diversion and/or places of use on, the Real Property, and any and all (i) adjudicated, licensed, permitted, certificated, declared, perfected, unperfected, Mendenhall, and other water rights and/or rights to water and claims to and applications and permits for any such water rights and/or rights to water, that are appurtenant to or have a point of diversion and/or place of use on the Real Property; (ii) pending and approved applications for permits, and permits, to appropriate water from such a point of diversion and/or to use water or to drill a well on the Real Property to produce water or monitor water levels or otherwise; (iii) ditches and ditch rights and reservoirs and reservoir rights; (iv) shares of stock and other interests in any irrigation, ditch or reservoir company, including, without limitation, any that provides, has provided, or is authorized to provide and/or deliver water to the Real Property; (v) wells, pumps, pumping stations, casing, tubing, pipes, pipelines, irrigation equipment and facilities, livestock and game watering equipment and facilities, electric power lines, tanks, dams, weirs and other diversion works, ditches, acequias, headgates, and turnouts, and other equipment, facilities and property associated, used or useful in connection with any of the foregoing; and (vi) rents, income, profits, proceeds, and products of and from any of the foregoing. All of the foregoing is quit claimed AS IS, WHERE IS, WITH ALL FAULTS, AND WITHOUT REPRESENTATION OR WARRANTY WHATSOEVER.

WITNESS my hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Roman Catholic Church of the Diocese of Gallup, a corporate sole

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

James S. Wall

Bishop of the Roman Catholic Church of the Diocese of Gallup

## ACKNOWLEDGMENT

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

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_, by James S. Wall as Bishop of the Roman Catholic Church of the Diocese of Gallup.

My commission expires:

Notary Public

EXHIBIT C “SCHOOL PROPERTY”

As depicted and described on pp. 16-17, 30-31, 39-40, and 54-55 of the May 4, 2015, appraisal prepared by Estate Valuation Consultants, Inc., for the Roman Catholic Church of the Diocese of Gallup et al., titled “Appraisal Report – Summary Format, St. Bonaventure Mission and School Properties, 8 Lenore Avenue, et al., Thoreau, New Mexico 87323, Appraisal File #E14111”

First,

A Tract of Land within 33 14 13 [Section 33 Range 14, Township 13], the NW 1/4 of, East of Lenore Avenue, Less a Portion to State Highway Department for overpass, containing 3.982 Acres M/L.

Assessor’s Parcel #2-076-079-306-395  
(R153354)

Second,

Lots 18, 20, 22, and 24, Block 352, Thoreau Townsite

Assessor’s Parcel #2-076-079-340-400  
(R058645)

Third,

Lots 17 and 19, Block 352, Thoreau Townsite Bk 5 5 PGS 1917-21 9/21/92 BK 19 PG 9986 3/19/03

Assessor’s Parcel # 2-076-079-356-389  
(R207276)

Fourth,

A Tract of Land in 32 14 13 [Section 32, Township 14 North, Range 13 West], the NE ¼ of, Cont. 43.13 Acs M/L. Book 5, Pages 1917-1921 09/21/92 Bk 19 Page 9986 3/19/03

Assessor’s Parcel #2-076-080-220-434  
(R208755)

# EXHIBIT O

## PURCHASE AGREEMENT

This Agreement is entered into on the date below indicated, by and among the Roman Catholic Church of the Diocese of Gallup and the Bishop of the Roman Catholic Church of the Diocese of Gallup (collectively, the “Debtors”) and Southwest Indian Foundation, Inc. a non-profit New Mexico corporation (“SWIF”).

- A. The Reorganization Cases. The Debtors filed their Chapter 11 cases on November 12, 2013 in the United States Bankruptcy Court for the District of New Mexico. The cases are jointly administered under Case Number 13-13676-t11 (the “Reorganization Cases”).
- B. The Plan. The Debtors have filed the “Debtors’ Plan of Reorganization Dated March 21, 2016” (the “Plan”).<sup>1</sup> See Docket No. 540 in the Reorganization Cases. Provided that the Plan confirmed by the Bankruptcy Court in the Reorganization Cases is substantially consistent with the terms of the Plan and Confirmation Order is entered which is consistent with the Plan and does not materially and adversely affect the rights, duties, or interests of the Debtors or the SWIF under this Agreement, SWIF agrees to purchase the Property (as defined below) as stated herein.
- C. Purchase and Sale. The Debtors agree to sell and convey to SWIF, and SWIF agrees to buy and accept the real property described as follows: Lots 3-11, Block 33 of OTS Addition, McKinley County, New Mexico, commonly known as 506 W. U.S. Hwy. 66, Gallup, NM (the “Property”) for the price of \$515,000.00 (the “Purchase Price”), payable in cash or other immediately available funds at Closing.
- D. Closing. Closing shall take place no later than the Effective Date at such location as the Debtors and SWIF may reasonably agree (the “Closing”).
- E. Termination.
  - 1. If, after a duly noticed Confirmation Hearing, the Court does not enter a “Confirmation Order” as defined in the Plan which confirms a plan of reorganization substantially in the form of the Plan, or if the Court does enter such an order but the Confirmation Order does not become a Final Order, either SWIF or the Debtors may, in its sole discretion, either:
    - a. Terminate this Agreement, or

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

- b. Continue this Agreement in effect temporarily while the Parties attempt to negotiate (x) an alternative settlement that could be incorporated into a different plan of reorganization for confirmation by the Court or (y) an alternative Confirmation Order.
2. If SWIF fails to pay the Purchase Price in the time required by the Plan or Confirmation Order, then the Debtors or Committee may terminate this Agreement in their sole discretion.
- F. Participating Party. As set forth in the Plan, SWIF is a Participating Party and shall be treated as such in accordance with the Plan, including but not limited to such Channeling Injunction and releases as provided in the Plan.
- G. Bankruptcy Court Approval. The Debtors shall request and use all reasonable efforts to pursue an order from the Bankruptcy Court that, among other things, approves this Agreement and the sale of the Property to SWIF and authorizes and directs the Debtors to proceed with the sale in accordance with the Plan.
- H. Closing Costs and Property Taxes. SWIF shall pay the fees of any counsel representing it in connection with this transaction and any Closing, document or other fees in connection with Closing. The Debtors shall pay the fees of any counsel representing the Debtors in connection with this transaction. Unless otherwise provided herein, all other costs and expenses incident to this transaction and the Closing thereof shall be paid by the party incurring same. To the extent property taxes are required to be paid, the taxes will be prorated as of the date of the Closing. Without limiting the foregoing, all taxes, assessments, charges, fees or levies, including but not limited to any impact fees, or assessments for paving, sewer, water, roads, or other improvements, accruing, assessed, billed, or claimed on or after the Closing by any governmental agency, including any flood control authority, shall be SWIF's sole and exclusive obligation.
- I. Brokerage Commissions. Each party represents that it has not executed a written brokerage agreement with any broker in connection with this transaction. Each party agrees that should any claim be made for brokerage commissions or finder's fees by any broker or finder by, through or on account of any acts of a party or its Representatives, said party will hold the other party free and harmless from and against any and all loss, liability, cost, damage and expense in connection therewith. The provisions of this paragraph shall survive Closing.
- J. Title. Debtors will convey title to the Property to SWIF at Closing by quit claim deed. Title to the Property will be transferred subject to any easements or restrictions of record.

- K. Title Insurance. Debtors are not obligated to order or provide title insurance. In SWIF's sole discretion, SWIF may obtain title insurance at SWIF's expense, in which case Debtors will reasonably cooperate.
- L. Disclaimer, Limitation of Liability. Notwithstanding anything to the contrary herein, it is expressly understood and agreed that SWIF is purchasing the Property "as is" and "where is" and with all faults and that Debtors are making no representations or warranties, whether express or implied, by operation of law or otherwise, with respect to the Property, including without limitation, the quality, physical condition or value of the Property. Without limiting the foregoing, it is understood and agreed that Debtors make no warranty of suitability, merchantability or fitness for a particular purpose. SWIF agrees that Debtors are not liable or bound by any guarantees, promises, statements, representations or information pertaining to the Property made or furnished by any real estate agent, broker, employee, servant or other person representing or purporting to represent Debtors, except as and to the extent expressly set forth herein. SWIF further acknowledges and agrees that the purchase price takes into account that the Property is being sold subject to the foregoing disclaimers. SWIF and Debtors agree that the provisions of this section shall survive the Closing of the transaction contemplated by this agreement.
- M. Release. Upon payment by CM (CM shall mean Catholic Mutual Relief Society of America, Catholic Relief Insurance Company of America, and as further defined in the Plan) of the amount determined in the CM Settlement Agreement, SWIF hereby fully, finally, and completely remises, releases, acquits, and forever discharge CM and any of their reinsurers or retrocessionaires from any and all Tort Claims and Unknown Tort Claims, including any Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims and all Claims relating to the Released Insurance Policies including any Channeled Claims. This release specifically includes all Unknown Tort Claims that are based in whole or in part on the Tort Claims, the Released Insurance Policies, with all Unknown Tort Claims and Claims relating to the Released Insurance Policies channeled to the Trust, pursuant to the Plan, with no liability to CM.
- N. Entire Agreement. This Agreement together with the Plan and the Confirmation Order (when entered) constitutes the entire Agreement between the parties with respect to the subject matter hereof and thereof, and supersedes all discussions, agreements and understandings, both written and oral, between the Parties with respect thereto.

- O. Counterparts. This Agreement may be executed in one or more counterparts, each of which is deemed to be an original and all of which shall together constitute one and the same instrument.
- P. Jurisdiction. This Agreement shall be subject to the Bankruptcy Court's jurisdiction for the purpose of enforcing this Agreement and the provisions of the Confirmation Order applicable to SWIF. The Bankruptcy Court's jurisdiction is exclusive with respect to enforcement of the Channeling Injunction, the Plan, the Confirmation Order and this Agreement including certain other issues related to or arising in the Reorganization Cases.
- Q. Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of New Mexico.

The parties have signed and acknowledged this Agreement effective as of the date stated herein.

SELLER

Roman Catholic Church of the Diocese  
of Gallup, and the Bishop of the Roman  
Catholic Church of the Diocese of Gallup

By   
Bishop James S. Wall

Dated 3-24-16

PURCHASER

Southwest Indian Foundation, Inc.  
a New Mexico non-profit  
corporation

By   
President

Dated 3-24-16

# **EXHIBIT P**



**Trust Agreement for  
the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole, and  
the Bishop of the Roman Catholic Church of the Diocese of Gallup, New Mexico, an  
Arizona corporation sole**

This Trust Agreement (“Trust Agreement”) is effective as of the Effective Date of the Debtors’ First Amended and Restated Plan of Reorganization Dated March 21, 2016 (together with any and all amendments thereto, all exhibits and schedules thereto and all documents incorporated by reference therein, as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions thereof, collectively, the “Plan”) in the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole, and the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole, jointly administered as Case No. 13-13676-t11 in the United States Bankruptcy Court for the District of New Mexico.

This Trust Agreement is entered into pursuant to the Plan.

**RECITALS**

A. On the Petition Date, the Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole, and the Bishop of the Roman Catholic Church of the Diocese of Gallup, an Arizona corporation sole, (collectively, the “Debtors”) filed voluntary petitions under Chapter 11 of the Bankruptcy Code. The Debtors continued in possession of their property and have continued to operate and manage their respective businesses as debtors in possession pursuant to Sections 1107(a) and 1108 of Title 11 of the United States Code (the “Bankruptcy Code”).

B. On \_\_\_\_\_, 2016, the Bankruptcy Court entered an order confirming the Plan (the “Confirmation Order”) [Docket No. \_\_\_\_ (Plan) and \_\_\_\_ (Confirmation Order)]. The Plan and the Confirmation Order are incorporated into this Trust Agreement by this reference.

C. The Plan provides for the creation of the Gallup Diocese Plan Trust (the “Trust”) and the transfer and assignment to the Trust of the Trust Assets (as defined in Section 5.1 hereof).

D. The Trust is established for the benefit of the Beneficiaries (as defined in Section 1.2.2 hereof) and is intended to qualify as a qualified settlement fund within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended, and the Treasury Regulation promulgated pursuant thereto and codified at 26 C.F.R. Sections 1.468B-1 through 1.468B-5.

E. Pursuant to the Plan and the Confirmation Order, Omni Management Acquisition Corporation (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.

F. The Trustee has a list setting forth the Holders (as defined in Section 1.2.3 hereof) of Claims filed and/or scheduled that are classified in Class 9 under the Plan. The Trustee will

maintain a list of Holders of Claims filed after the Effective Date that will be classified in Class 10 under the Plan.

**NOW, THEREFORE**, pursuant to the Plan and the Confirmation Order, in consideration of the promises and the provisions in the Plan, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the Trustee agrees as follows:

## **ARTICLE I**

### **DEFINITIONS**

1.1 **Defined Terms**. Unless otherwise stated herein, capitalized terms used in this Trust Agreement shall have the meanings assigned to them in the Plan and the Allocation Protocols. Terms defined in the Bankruptcy Code, and not otherwise specifically defined in the Plan, the Allocation Protocols or herein, when used herein, have the meanings attributed to them in the Bankruptcy Code.

1.2 **Additional Defined Terms**. As used herein, the following terms shall have the meanings set forth below, unless the context otherwise requires:

1.2.1 “**Trust Agreement**” shall have the meaning set forth in the introductory paragraph hereof.

1.2.2 “**Beneficiary**” means (a) the Class 9 and Class 10 Tort Claimants whose Claims are not disallowed by the Abuse Claims Reviewer and (b) those for whom Reserve or Trust Subaccounts for the various fees, costs and expenses, including reasonable attorneys’ fees and costs, in administering the Trust have been established.

1.2.3 “**Holder**” means, depending on the context, any Person holding a Claim in the Reorganization Cases, or any Person holding the Interest of a Beneficiary.

1.2.4 “**Reserve or Trust Subaccounts**” means the Reserves and Trust Subaccounts established by the Trustee pursuant to this Trust Agreement and the Plan.

## **ARTICLE II**

### **NAME OF THE TRUST**

2.1 The trust created by this Trust Agreement shall be known as the “Gallup Diocese Plan Trust” and referred to herein as the “Trust.”

### **ARTICLE III**

#### **APPOINTMENT AND ACCEPTANCE OF TRUSTEE**

3.1 Omni Management Acquisition Corporation hereby accepts the trusteeship of the Trust created by this Trust Agreement and the grant, assignment, transfer, conveyance and delivery of assets to the Trust, subject to the terms and conditions set forth in the Plan, the Confirmation Order and this Trust Agreement. The Trustee is independent of the Debtors and each Beneficiary and each Holder. The Trustee shall have all the rights, powers and duties set forth in the Plan, the terms of which are incorporated into this Trust Agreement as if set forth in full herein, this Trust Agreement 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 purpose of the Trust and the terms of the Plan and the Confirmation Order applicable to the Trust and not otherwise, and in accordance with applicable law. The Trustee and the Trust shall be subject to the terms of the Plan and the Confirmation Order. 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. By execution of this Trust Agreement, the Trustee does hereby agree and consent to act as Trustee hereunder.

### **ARTICLE IV**

#### **DECLARATION AND ESTABLISHMENT OF THE TRUST**

4.1 Pursuant to the Plan and the Confirmation Order, the Trust is created and the Debtors irrevocably transfer, absolutely grant, assign, convey, set over, and deliver to the Trustee, and at such times as is set forth in the Plan, all of their right, title and interest in and to the Trust Assets 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 the Plan and this Trust Agreement and, on behalf of the Trust. The Trustee is hereby authorized to file with the governmental authorities any documents necessary or helpful to establish the Trust.

### **ARTICLE V**

#### **CORPUS OF THE TRUST**

5.1 The assets of the Trust (the "Trust Assets") shall include all property transferred or assigned to the Trust pursuant to the Plan including:

5.1.1 All sums transferred or assigned to the Trust pursuant to the Plan or future orders of the Bankruptcy Court;

5.1.2 All sums, rights, interests and similar things of every kind, nature and description transferred or assigned to the Trust pursuant to the Plan or future orders of the

Bankruptcy Court or otherwise belonging to the Trust, including without limitation the Trust's rights with respect to the Home Liquidation Allowed Claim pursuant to Plan Section 20.2(d);

5.1.3 Cash required to be transferred from the Plan Implementation Account to the Trust as set forth in Plan Section 23.2(a)(iv); and

5.1.4 All income and sale proceeds derived from any of the above Trust Assets.

5.2 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.

5.3 Upon the transfer of the Trust Assets, the Trustee succeeds to all of the Debtors' and the Estates' right, title and interest in, and obligations with respect to, the Trust Assets and the Debtors and the Estates will have no further right or interest in, or obligations with respect to, the Trust Assets or this Trust, except as provided herein, in the Plan or the Confirmation Order.

## **ARTICLE VI**

### **PURPOSE OF THE TRUST**

6.1 On the Effective Date, and subject to the terms of the Plan, the Trust will assume all of the rights and duties of the Trust contemplated by the Plan and the Confirmation Order. Nothing contained in this Trust Agreement is intended to affect, diminish or impair the Tort Claimants' rights under the Plan against Co-Defendants.

6.2 The Trust will assume responsibility for: (a) establishing the respective Reserve or Trust Subaccounts with respect to the Trust; (b) making payments to the Holders of payable Class 9 and Class 10 Claims that become payable under the Plan, the Allocation Protocols, and Trust Agreement; (c) receiving, collecting, liquidating, maintaining and distributing the Trust Assets; and (d) fulfilling all other obligations under the Trust Agreement. 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 (including the prosecution of litigation), or as otherwise provided in the Plan.

6.3 This Trust Agreement sets forth the terms of the Trust contemplated by the Plan. In the event of any inconsistency between the Plan and this Trust Agreement, the provisions of the Plan shall govern.

6.4 No Beneficiary shall have any interest in any Reserve or Trust Subaccount established by the Trustee pursuant to the Plan and the Trust Agreement other than the Reserve

or Trust Subaccount established for the payment of such Beneficiary's Claim. No other creditors have any right, title or interest in the Trust Assets.

## **ARTICLE VII**

### **IRREVOCABILITY OF THE TRUST**

7.1 The Trust shall be irrevocable. The Reorganized Debtor shall not alter, amend, revoke, or terminate the Trust. The Reorganized Debtor shall have no power or authority to direct the Trustee to return any of the Trust Assets to the Debtors.

## **ARTICLE VIII**

### **DISSOLUTION AND TERMINATION OF THE TRUST**

8.1 The Trust shall become effective as of the Effective Date and shall remain and continue in full force and effect until entry of a Final Order of the Bankruptcy Court upon motion of the Trustee dissolving the Trust. On the first Business Day following the date that (a) the Trust has paid all of its funds to claimants, (b) complied with all of its obligations pursuant to the terms of the Trust, and (c) all obligations of CM under the Unknown Claims Certificate have expired, the Trustee shall move for entry of an order of the Bankruptcy Court dissolving the Trust. The Bankruptcy Court may order dissolution of the Trust or may order that the Trustee undertake such further actions as the Bankruptcy Court deems necessary and appropriate to carry out the provisions of the Plan and the Trust Agreement. Upon entry of an order by the Bankruptcy Court authorizing dissolution of the Trust, the Trustee will promptly proceed to wind up the affairs of the Trust. In the event a final decree has been entered in the Reorganizations Cases, and the Reorganization Cases have been closed prior to the Trustee's request to terminate and/or dissolve the Trust, the Reorganization Cases need not be reopened in order for the Bankruptcy Court to grant the relief requested by the Trustee to terminate or dissolve the Trust.

8.2 After the dissolution of the Trust and solely for the purpose of liquidating and winding up its affairs, the Trustee shall continue to act in such capacity until its duties hereunder have been fully performed. The Trustee shall retain the books, records and files that shall have been delivered to or created by the Trustee until distribution of all the Trust's assets. At the Trustee's discretion, all of such records and documents may be destroyed at any time following the later of (x) the first anniversary of the final distribution of the Trust Assets, and (y) the date until which the Trustee is required by applicable law to retain such records and documents; provided that notwithstanding the foregoing the Trustee shall not destroy or discard any records or documents relating to the Trust without giving parties that have an interest therein reasonable prior written notice thereof.

8.3 Upon termination of the Trust, and 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 \$10,000. For the avoidance of doubt, any such funds in excess of \$10,000 shall be distributed to the Beneficiaries of the Trust.

8.4 The Final Order terminating the Trust shall provide, *inter alia*, for the discharge of the Trustee and its professionals, the exculpation of the Trustee and its professionals from liability, and the exoneration of the Trustee's bond (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).

## ARTICLE IX

### **POWERS OF TRUSTEE**

9.1 The Trustee is vested with all powers described in the Plan and necessary or appropriate to effectuate the purpose of the Trust and to carry out the duties of the Trustee as set forth in the Plan. However, any grant of power set forth in this Trust Agreement does not itself require or permit the exercise of that power, given that Trustee powers are subject to the Trustee's fiduciary duties. These powers include, but are not limited to, the following:

9.1.1 The Trustee shall 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;

9.1.2 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 disposition of assets contemplated by the Plan, shall not be subject to any stamp tax, real estate transfer tax, excise tax, sales tax, use tax or other similar tax. This includes the sale of any of the properties by the Trust;

9.1.3 On fifteen (15) days' written notice to the Trust's Beneficiaries, the Trustee is empowered to abandon any property which it determines in its reasonable discretion to be of *de minimis* value or otherwise burdensome to the Trust, including any pending adversary proceeding or other legal action, provided that if any Person to whom such notice is given provides a written objection to the Trustee prior to the expiration of such fifteen (15) day period with respect to the proposed abandonment of such property, then such property may be abandoned only pursuant to a Final Order of the Bankruptcy Court after notice and opportunity for a hearing;

9.1.4 The Trustee is empowered to protect and enforce the rights 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;

9.1.5 The Trustee is empowered to file or cause to be filed, if necessary, any and all tax and information returns, and any other statements or disclosures relating to the Trust that are required to be filed by any governmental unit with respect to the Trust, and withhold and pay taxes properly payable by the Trust, if any;

9.1.6 The Trustee is empowered to open and maintain bank accounts on behalf of the Trust, deposit funds therein, and draw checks thereon, as appropriate under the Plan, the Confirmation Order and this Trust Agreement;

9.1.7 The Trustee is empowered to obtain all reasonably necessary insurance coverage with respect to any property that is or may in the future become Trust Assets;

9.1.8 The Trustee is empowered to incur on behalf of the Trust, and pay from the Trust Assets, all fees, costs and expenses described in the Plan. These fees, costs and expenses include those incurred by the Trustee in maintaining and administering the Trust, including (a) the fees of bankruptcy claims and/or distribution agents, (b) the fees and costs of professional persons employed by the Trustee, such as investment advisors, accountants, agents, managers, attorneys and contract attorneys, actuaries, or auditors, and (c) the premiums charged by insurers, including professional liability insurers, title insurers, and escrow agents;

9.1.9 The Trustee is empowered to pay Tort Claims, including Unknown Tort Claims, pursuant to the terms of the Plan, including the Allocation Protocols; provided, however, that the Trustee shall not pay any Tort Claim unless and until the Tort Claimant to whom such payment is due has executed a written release of any and all past, present, and future Claims in the form provided for in the Ballot, against any of the Participating Parties, the Settling Insurers, any Entity insured by any of the Settling Insurers or Participating Parties, and any of the Settling Insurers' or Participating Parties' reinsurers or retrocessionaires; further provided, however, that no Tort Claimant shall be required to release any Claims against any Co-Defendants;

9.1.10 The Trustee shall provide copies of the releases executed by a Tort Claimant, including any Unknown Tort Claimant, pursuant to the Ballot, the Plan or Section 9.1.8 of this Trust Agreement above to any Settling Insurer or Participating Party that requests them;

9.1.11 The Trustee is empowered to comply with instructions of a Tort Claimant, including any Unknown Tort Claimant, to distribute funds from the Trust to a third party for the purposes of creating a structured settlement fund; however the Trustee and the Trust shall not be liable to the Tort Claimant, including any Unknown Tort Claimant, if the purposes of a structured settlement fund are not accomplished;

9.1.12 The Trustee shall be entitled to rely on the authenticity of the signature of the Abuse Claims Reviewer, and the accuracy of the information set forth by the Abuse Claims Reviewer in the administration of the Allocation Protocols without any verification or confirmation;

9.1.13 The Trustee shall not have any duty to monitor the Debtors' compliance with any provision of Section 20.12 of the Plan but the Trustee may, as a party in interest, seek enforcement of any provision of Section 20.12 of the Plan; for the avoidance of doubt nothing in this section is intended to limit or diminish the Trustee's rights under any other provision of the Plan or Plan Documents;

9.1.14 Except as restricted by applicable professional ethics rules such as the Rules of Professional Conduct, the Trustee is empowered to retain any attorney, contract attorney, accountant, investment advisor, bankruptcy management company, or such other agents and advisors as are necessary and appropriate (and shall be entitled to rely on advice given by such advisors within its areas of competence) to:

- (a) effectuate the purpose of the Trust and/or the Plan; and
- (b) maintain and administer the Trust.

Nothing in the Plan, Plan Documents or any Trust Document restricts the Trustee's ability to retain any Committee Professional;

9.1.15 The Trustee is empowered 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;

9.1.16 Litigation or Other Proceedings.

9.1.17 The Trustee may seek the examination of any Person under, and subject to, the provisions of the Bankruptcy Rules, including Bankruptcy Rule 2004 with respect to any actions under the Plan, the Confirmation Order or the Trust that the Trust is authorized to pursue;

9.1.18 The Trustee is empowered to comply with all requirements imposed by applicable law, rule, or regulation.

9.1.19 The Trustee may file a motion with the Bankruptcy Court, with notice to the Reorganized Debtor and the parties in interest, for a modification of the provisions of this Trust Agreement if the Trustee determines that such modifications are necessary to conform to legal and/or administrative requirements and to the purposes of the Trust; provided, however, that the Trustee shall not seek any modifications that expand the powers of the Trust with respect to the Reorganized Debtor, any Participating Party or any Settling Insurer or the releases or Channeling Injunction under the Plan or the Confirmation Order.

9.1.20 Special Distribution Conditions.

(a) The Trustee shall obtain prior to remittance of funds to Tort Claimants' counsel or to a Tort Claimant, if pro se, in respect of any Tort Claim, a certification from the Tort Claimant that said Tort Claimant has or will provide any information necessary to comply with reporting obligations arising under the MSPA or MMSEA, and has or will provide for the payment and/or resolution of any obligations owing or potentially owing under the MSPA



relating to such Tort Claim or distribution from the Trust; otherwise the Trustee shall withhold from any payment directly or indirectly to the Tort Claimant funds sufficient to assure that any obligations owing or potentially owing under the MSPA relating to such Tort Claim are paid;

9.1.21 The Trustee is empowered to use the Trust Assets for payment of indemnity and expenses relating to reimbursing the United States government or its contractors for reimbursement obligations for conditional payments made pursuant to the MSPA applicable to any given Medicare Beneficiary and to such Medicare Beneficiaries and Tort Claimants;

9.1.22 Distributions May Be Delayed to Wind Up Affairs of the Trust.

(a) Upon any event terminating the Trust, the right to distributions shall vest immediately, but the Trustee may 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 taxes;

9.1.23 Tax Returns.

(a) The Trustee shall cause the timely preparation, distribution and/or filing of any necessary tax returns and other documents or filings as required by applicable law and pay any taxes shown as due thereon and which are payable by the Trust by virtue of its existence and operations. Each Beneficiary shall be responsible for the payment of any tax due on its own items of income, gain, loss, deduction or credit, if any.

(b) The Trustee shall pay out of the Trust Assets, any taxes imposed on the Trust or the Trust Assets.

(c) The Trustee may request an expedited determination of any unpaid tax liability of the Trust under Section 505(b) of the Bankruptcy Code prior to termination of the Trust, and shall represent the interest and account of the Trust before any taxing authority in all matters, including, but not limited to, any action, suit, proceeding, or audit.

9.1.24 Investments.

(a) The Trustee shall comply with Section 345 of the Bankruptcy Code with regard to the investment of Trust Assets. The Trustee is relieved of any obligation to diversify.

9.1.25 Trust Division.

(a) The Trustee is authorized to and shall segregate the monetary Trust Assets into separate subaccounts, funds or reserves, as required by the Plan, for ease of administration, or for any tax election or allocation. Any segregation shall be made according to the fair market value of the Trust Assets at the time of segregation; the appreciation or depreciation of the property allocated to each account or fund, including cash, shall be fairly representative of the appreciation or depreciation to the date of each segregation of all property available for allocation; and the segregation shall otherwise be in accordance with applicable tax

law. Nothing in this provision shall restrict the Trustee's authority to pool such accounts or funds for investment purposes or require separate bank accounts for such accounts or funds.

(b) Pursuant to and in accordance with the Plan, the Trustee may establish accounts, funds or reserves for: (1) Tort Claims; (2) Unknown Tort Claims; and (3) fees, costs and expenses payable to or on behalf of the Trust's professionals and the Trustee.

(c) The Trustee may establish additional Reserve or Trust Subaccounts as the Trustee determines are appropriate and may fund such additional Reserve or Trust Subaccounts pursuant to the Plan and the Trust Agreement. If, at any time, the Trustee determines that any Reserve or Trust Subaccount is not reasonably likely to be adequate to satisfy their purposes, then, the Trustee may increase the amount previously reserved.

If at any time, the Trustee determines that the value of a Reserve or Trust Subaccount is greater or lesser than the amount that is reasonably likely to satisfy the purpose for which the assets of the Reserve or Trust Subaccount have been reserved, the Trustee may release the excess amounts from such Reserve or Trust Subaccount or increase the amounts reserved and the amounts released would be deposited in any other Reserve or Trust Subaccount or become distributable to the Tort Claimants.

## 9.2 Limitations on the Trustee.

9.2.1 Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall not do or undertake any of the following:

- (a) guaranty any debt;
- (b) loan Trust Assets;
- (c) transfer Trust Assets to another trust with respect to which the Trustee serves as trustee;
- (d) make any transfer or distribution of Trust Assets, other than those authorized under the Plan, the Confirmation Order or this Trust Agreement; or
- (e) distribute any Trust Assets to a holder of a Class 10 Claim, which Claims shall be distributed to holders thereof solely from the proceeds of the Unknown Claims Certificate.

9.2.2 The Trust shall not hold 50% or more of the stock (in either vote or value) of any Person that is treated as a corporation for federal income tax purposes, nor have any interest in any Person that is treated as a partnership for federal income tax purposes, unless such stock or partnership interest was obtained involuntarily or as a matter of practical economic necessity, including through foreclosure of security interests and execution of judgments, in order to preserve the value of the Trust Assets; provided, however, the Trust shall not hold more than 4.9% of the issued and outstanding securities of any public reporting company.

9.2.3 The Trustee shall be responsible for only that property delivered to it, and shall have no duty to make, nor incur any liability for failing to make, any search for unknown property or for any liabilities.

9.2.4 Perpetuities.

(a) Notwithstanding any other provisions of this Trust Agreement, each trust hereby created, if not previously terminated under other provisions of this Trust Agreement, shall in any event terminate upon thirty five (35) years after the date of this Trust Agreement. Upon such termination, all the assets thereof shall be distributed pursuant to the Allocation Protocols.

9.2.5 Anti-Assignment Clause.

(a) To the fullest extent permitted by law, neither the principal nor income of the Trust, in whole or part, shall be subject to claims of creditors of any Beneficiary or others, nor to legal process, nor be voluntarily or involuntarily assigned, alienated or encumbered except as may be ordered by the Bankruptcy Court.

## ARTICLE X

### **IMMUNITY AND INDEMNIFICATION OF TRUSTEE**

10.1 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, 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, accountants, financial advisors or agents, and its good faith determination to not 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.

10.2 The Trust shall defend, indemnify and hold the Trustee harmless from and against any and all uninsured claims, liabilities, costs, damages or expenses arising from any contract, obligation or liability made or incurred by the Trustee provided that the Trustee meets the standards of conduct set forth in Section 10.1. Nothing in this Section shall be construed or interpreted to limit in any way the protections and immunities, if any, afforded to the Trustee pursuant to federal and/or state statutory and common law. Notwithstanding the foregoing, this indemnification, obligation of defense and covenant to hold harmless shall not apply to any liability arising from a criminal proceeding where the Trustee had reasonable cause to believe that the conduct in question was unlawful.

10.3 The Trust shall defend, indemnify and hold the Trustee's professionals harmless from and against any and all uninsured claims, liabilities, costs, damages or expenses arising from services rendered to the Trustee provided that the Trustee's professionals meet the standards of conduct set forth in Section 10.1.

10.4 The Trust shall defend, indemnify and hold harmless the Debtors, the Reorganized Debtor, the Participating Parties and the Settling Insurers from any Claims, including any costs and expenses incurred by any of the foregoing, 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; provided, however, that nothing herein shall obligate the Trustee to expend funds beyond the amount of funds available in the Trust as of the date any such indemnification obligation arises.

10.5 No recourse shall ever be had, directly or indirectly, against the Trustee personally, or against any employee, contractor, agent, attorney, 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 all such liabilities, covenants, and Trust Agreements of the Trust whether in writing or otherwise, shall be enforceable only against and be satisfied only out of the Trust Assets or such part thereof as shall under the term of any such Trust Agreement be liable therefore or 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.

#### 10.6 Medicare Secondary Payer Act.

10.6.1 Except as provided in the Plan and Section 10.4 of this Trust Agreement, neither the Trust, the Trustee nor the Trustee's agents and professionals shall have any liability to any entity, including any governmental entity pursuant to the Medicare Secondary Payer Act or any state law statute that is substantially similar to the Medicare Secondary Payer Act.

## ARTICLE XI

### **TRUSTEE COMPENSATION**

11.1 The Trustee shall be entitled to receive as compensation from the monetary Trust Assets in such amounts as described in **Exhibit A** attached hereto and as the same may be amended from time to time during the term of this Trust Agreement. Such amendments to

**Exhibit A**, if any, shall be filed with a notice setting forth the proposed compensation for the Trustee for subsequent period(s).

11.1.1 Any professional or any Person retained by the Trustee pursuant to 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.

11.1.2 Any and all reasonable and necessary costs and expenses incurred by the Trustee and any professional or other Person retained by the Trustee, in performing its respective duties under this Trust Agreement, will be reimbursed by the Trust Assets.

11.1.3 The Trustee and each professional employed by the Trustee shall provide to the Trustee a statement setting forth its aggregate fees and expenses incurred in connection with the engagement not previously billed, together with reasonable documentation of such expenses (any such report, a “Fee and Expense Report”), and shall be entitled to receive payment of such fees and expenses ten (10) days after providing the Fee and Expense Report (the “Fee Notice Period”) to the Trustee. Notwithstanding the foregoing, if the Trustee objects to such Fee and Expense Report within the Fee Notice Period (which may be extended by the party seeking payment), the parties may seek to resolve such objection on a consensual basis. If the parties are unable to reach a consensual resolution, the Trustee (and each professional employed by the Trustee) shall be entitled to payment of the contested portion of its fees and/or expenses only pursuant to a Final Order of the Bankruptcy Court after notice and opportunity for a hearing, provided that the Trustee (and each professional employed by the Trustee) shall be entitled to payment of the uncontested portion, if any, of such fees and expenses upon expiration of the Fee Notice Period. The Fee and Expense Report may be redacted as required to protect all applicable privileges.

## **ARTICLE XII**

### **SUCCESSOR TRUSTEES**

#### **12.1 Vacancy Caused by Trustee Resignation or Removal.**

12.1.1 Trustee Resignation. The Trustee may resign at any time. The Trustee shall file its written resignation with the Bankruptcy Court. The resignation shall take effect within thirty (30) days of delivery of the notice of resignation. The Trustee shall, by the earliest date possible, deliver to the Trustee’s successor all of the Trust Assets which were in the possession of the Trustee along with a complete record and inventory of all such Trust Assets and otherwise comply with the terms and conditions set forth in Section 12.1.3 below.

12.1.2 Trustee Removal. The Bankruptcy Court may remove a Trustee on a motion submitted by a Beneficiary following notice to parties in interest, including without limitation, Beneficiaries, the Trustee and the Debtors or the Reorganized Debtor. The standard for removal is good cause. The removal will take effect upon the date the Bankruptcy Court

specifies. The Trustee shall, by the earliest date possible, deliver to the Trustee's successor all of the Trust Assets which were in the possession of the Trustee along with a complete record and inventory of all such Trust Assets and otherwise comply with the terms and conditions set forth in Section 12.1.3 below.

12.1.3 Impact on Trust. The death, resignation, or removal of the Trustee shall not operate to terminate the Trust created by this Trust Agreement or to revoke any existing agency (other than any agency of the Trustee as the Trustee) created pursuant to the terms of this Trust Agreement or invalidate any action taken by the Trustee, and the Trustee agrees that the provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Trustee and the Trustee's successors or assigns, as the case may be. In the event of the resignation or removal of the Trustee, in addition to preparation an interim report (containing unreported information to be included in annual reports pursuant to Section 13.1 below through the effective date of the termination), the former Trustee promptly shall:

(a) execute and deliver by the effective date of resignation or removal such documents, instruments, and other writings as may be reasonably requested by the successor Trustee to effect the termination of the resigning or removed Trustee's capacity under this Trust Agreement and the conveyance of the Trust Assets then held by the resigning or removed Trustee to the successor Trustee;

(b) 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

(c) otherwise assist and cooperate in effecting the assumption of the resigning or removed Trustee's obligations and functions by the successor Trustee.

12.1.4 Power of Attorney. The resigning, removed or departed Trustee hereby irrevocably appoints the successor 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.

## 12.2 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 the dissolution of the Committee on the Effective Date), subject to the approval of the Bankruptcy Court, after notice and a hearing. If at least five (5) 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.

### 12.3 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 successor Trustee shall thereupon be considered a Trustee of the Trust without the necessity of any conveyance or instrument. Each successor Trustee shall have all of the rights, powers, duties, authority, and privileges set forth in this Trust Agreement subject to the terms of the Plan and the Confirmation Order as if initially named as a Trustee hereunder. Each 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.

### 12.4 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 XIII**

### **INSTRUCTIONS TO TRUSTEE**

In addition to the other duties set forth in the Plan or this Trust Agreement, the Trustee is hereby specifically directed to do the following:

#### 13.1 Annual Financial Reports.

In lieu of compliance with applicable law regarding the Trustee's obligation to prepare accountings and/or reports, the Trustee shall prepare on behalf of the Trust an annual (as of each December 31 after the Effective Date) financial reports describing the then remaining Trust Assets and the manner in which the Trust Assets are then invested. The reports shall include an itemization of categories of expenses and corresponding amounts. The reports shall also include an estimate of the current market value of the invested Trust Assets and a description of the obligations, income and expenses of the Trust. The Trustee may, but shall not be required to, employ valuation experts. The reports shall include an itemized statement of all sums disbursed to Tort Claimants. The reports shall be prepared within forty-five (45) days of the close of the reporting period. Copies of the reports shall be available to Beneficiaries upon request. The reports shall be prepared on an accrual basis.

#### 13.2 Additional Reporting to the Court.

The Trustee shall report to the Bankruptcy Court, by public disclosure on the Docket for the Reorganization Cases with notice to the Reorganized Debtor, with respect to any matter arising from the administration of the Trust that the Trustee deems advisable to bring to the attention of the Bankruptcy Court. The Trustee shall report to the Bankruptcy Court, with respect to any matter arising from the administration of the Trust upon request of the Bankruptcy Court.



## **ARTICLE XIV**

### **SECTION 468B SETTLEMENT FUND**

#### **14.1 Generally.**

14.1.1 In accordance with the Plan, the Trustee will take all reasonable steps to ensure that the Trust will qualify as, and remain, a “qualified settlement fund” within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and the Treasury Regulations promulgated pursuant thereto. Each Debtor is a “transferor” within the meaning of Treasury Regulation § 1.468B-1(d)(1). The Trustee shall be classified as the “administrator” within the meaning of Treasury Regulation § 1.468B-2(k)(3). Accordingly, if appropriate, the Trustee shall elect to apply settlement fund rules by filing a “Section 1.468B-5(b)(2) Election.”

14.1.2 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 § 1.461-1(a)(2). As such, neither the Debtors nor the Reorganized Debtor shall be taxed on the income of the Trust. The Trust shall be taxed on its modified gross income, excluding the sums, or cash equivalents of things, transferred to it. In computing the Trust’s modified gross income, deductions shall be allowed for, among other things, administrative costs and other incidental deductible expenses incurred in connection with the operation of the Trust, including, without limitation, state and local taxes, and legal, accounting, and actuarial fees related to the operation of the Trust. All such computations of the Trust’s modified gross income, as well as any exclusions or deductions thereto, shall be compliant and consistent with Treasury Regulation § 1.468B-2(b)(1)-(4).

#### **14.2 Employer Identification Number.**

Upon establishment of the Trust, the Trustee shall apply for an employer identification number for the Trust pursuant to Internal Revenue Service Form SS-4 and in accordance with Treasury Regulation § 1.468B-2(k)(4).

#### **14.3 Relation-Back Election.**

If applicable, the Trustee and the Debtors shall fully cooperate in filing a relation-back election under Treasury Regulation § 1.468B-1(j)(2), to treat the Trust as coming into existence as a settlement fund as of the earliest possible date.

#### **14.4 Reporting 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 § 1.468B-2(k). Furthermore, in accordance with the provisions of Treasury Regulation § 1.468B-2(l), the Trustee shall cause to be filed all required federal, state, and local information returns and ensure compliance with withholding and reporting requirements. The Trustee may retain an



independent, certified public accountant to consult with and advise the Trustee with respect to the preparation of any and all appropriate income tax returns, information returns, or compliance with withholding requirements. The Debtors' election statement shall be made on the Trust's first timely filed trust income tax return. The Debtors (or some other person on behalf the Debtors) shall supply to the Trustee and to the Internal Revenue Service the statement described in Treasury Regulation § 1.468B-3(e)(2), no later than February 15th of the year following each calendar year in which the Debtors (or some other person on behalf of the Debtors) makes a transfer to the Trust.

#### 14.5 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 it deems necessary to reasonably ensure that the Trust is treated as a "designated settlement fund" or "qualified settlement fund" under Section 468B of the Tax Code, and the Treasury Regulations promulgated pursuant thereto. Further, the Trustee may 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.

#### 14.6 Savings Provision.

Notwithstanding anything herein to the contrary, in the event that any portion of this Trust shall at any time be considered not to be in compliance with Section 468B of the Tax Code, as amended, together with any Treasury Regulations promulgated thereunder or any Internal Revenue Service notices, rulings, announcements, or directives, such offending provision of this Trust Agreement shall be considered null, void and of no effect, without any action by any court or by the Trustee. The overarching purpose of this Trust is to at all times be in compliance with Section 468B of the Tax Code and all administrative authority and announcements thereunder. In the event that this Section 14.6 applies to render an offending provision null, void or of no effect, Section 17.4 shall still apply with respect to the remaining non-offending provisions of this Trust Agreement.

### **ARTICLE XV**

#### **BENEFICIARIES**

##### 15.1 Identification of Beneficiaries; Allocation of Interests.

15.1.1 Trust Beneficiaries. The Beneficiaries are the parties identified as the holders of Class 9 and Class 10 Claims entitled to a distribution. Any Holder of a Class 9 or Class 10 Claim that is not entitled to a distribution pursuant to the Allocation Protocols or the terms of the Plan shall not be a Beneficiary of the Trust.

##### 15.2 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 in the Reorganization Cases, or (ii) proper notice of a name or address change has been delivered by such Beneficiary to the Trustee. The Trustee is subject to the orders of the Bankruptcy Court regarding confidentiality of the filed Proofs of Claim and the Register is confidential under the terms of such orders.

### 15.3 Rights of Beneficiaries.

Each Beneficiary will be entitled to participate in the rights due to a Beneficiary hereunder and under the Plan. The rights of a Beneficiary shall, upon the death or incapacity of an individual Beneficiary, pass to the legal representative of such Beneficiary and such death, insolvency or incapacity shall not terminate or affect the validity of this Trust Agreement. 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.

### 15.4 Interests in Trust.

Except as otherwise expressly provided in the Plan or Confirmation Order, no Interest in this Trust may be assigned or transferred in any manner, unless approved by the Bankruptcy Court. In addition, such Interests shall not be voluntarily or involuntarily subject to any type of encumbrance, to the maximum extent allowable by law. This shall include, but not be limited to, encumbrances associated with claims of any creditor (in or outside of bankruptcy or other insolvency statutory schemes) under any federal, state, or local laws. Any such Interest, if any, shall be made available only upon termination of the Trust.

## ARTICLE XVI

### **FINAL REPORT AND DISCHARGE OF TRUSTEE**

16.1 Final Report. Prior to termination of the Trust, the Trustee shall prepare a final report (the “Final Report”), which shall contain the following information: (i) all Trust Assets including assets originally charged under the Trustee’s control; (ii) all funds transferred into and out of the Reserve or Trust Subaccounts; (iii) an accounting of all purchases, sales, gains, losses, and income and expenses in connection with the Trust Assets during the Trustee’s term of service (including any predecessor Trustee); (iv) a statement setting forth the total distributions to the Beneficiaries (but not the distributions to individual Beneficiaries); (v) the ending balance of all Trust Assets; (vi) a narrative describing actions taken by the Trustee in the performance of its duties which materially affect the Trust; and (vii) schedule(s) reflecting that:

16.1.1 All Trust Assets (including Claims and/or defenses) have been either: (i) reduced to Cash; or (ii) abandoned by the Trustee, in accordance with the provisions of this Trust Agreement and the Plan; and

16.1.2 All expenses of the Trust have been paid (or will be paid) and all payments and final distributions to be made to Beneficiaries have been made (or will be made) by the Trustee in accordance with the provisions of this Trust Agreement and the Plan.

16.2 Approval of Final Report and Discharge of the Trustee. The Trustee's Final Report, prepared pursuant to the Plan and this Trust Agreement, shall be filed with the Bankruptcy Court and served on all Beneficiaries, along with a motion for approval of the Final Report and discharge of the Trustee. Upon the entry of the order of the Bankruptcy Court approving the Final Report, the Trustee shall be discharged from all liability to the Trust or any Person who or which has had or may then or thereafter have a Claim against or 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, unless the Bankruptcy Court orders otherwise for good cause.

## **ARTICLE XVII**

### **MISCELLANEOUS PROVISIONS**

#### **17.1 Interpretation.**

As used in this Trust Agreement, words in the singular include the plural and words in the plural include the singular. The masculine, feminine and neuter genders shall be deemed to include all genders. The descriptive heading for each paragraph and subparagraph of this Trust Agreement are for the reader's convenience and shall not affect the interpretation or the legal efficacy of this Trust Agreement.

#### **17.2 Notices.**

All notices or deliveries required or permitted hereunder shall be in writing and shall be deemed given on the first of the following dates: (i) when personally delivered; (ii) when actually received by means of facsimile transmission or e-mail; (iii) when received by overnight express courier delivery; (iv) when delivered and receipted for by certified mail, postage prepaid, return receipt requested (or in the event of attempted delivery and refusal of acceptance, then on the date of the first attempted delivery). Service on Beneficiaries may be effected by service on counsel who signed the Beneficiary's Proof of Claim.

#### **17.3 Choice of Law.**

This Trust Agreement shall be administered, governed by, construed, and enforced according to the internal laws of the State of New Mexico applicable to contracts and agreements made and to be performed therein, except that all matters of federal tax law and this Trust's compliance with Section 468B of the Tax Code and Treasury Regulations thereunder, shall be governed by federal income tax law, and all matters of federal bankruptcy law shall be governed by federal bankruptcy law.

#### 17.4 Invalidity and Unenforceability.

If any term or provision of this Trust Agreement shall be invalid or unenforceable, the remainder of this Trust Agreement shall not be affected thereby, and each remaining term and provision of this Trust Agreement shall be valid and enforced to the fullest extent permitted by law. If the fulfillment of any obligation imposed by this Trust Agreement will result in a violation of law, then *ipso facto*, the obligation to be fulfilled shall be reduced by the least amount necessary to allow compliance with the law.

#### 17.5 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.

#### 17.6 Tax Identification Numbers.

The Trustee may require any Beneficiary to furnish to the Trustee (a) its employer or taxpayer identification number as assigned by the Internal Revenue Service, and (b) 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 identification number and requested documents.

#### 17.7 Headings.

The Section headings contained in this Trust Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Trust Agreement or of any term or provision hereof.

#### 17.8 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. To the extent that the Trust has advanced such amounts, the Trust may recover such amounts from the non-prevailing party.

#### 17.9 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; provided, however, that in the event

of any inconsistency between the Plan (including the Confirmation Order) and this Trust, the terms of the Plan, including the Confirmation Order shall govern..

#### 17.10 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.

#### 17.11 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.**

##### 17.11.1 Jurisdiction.

The United States Bankruptcy Court for the District of New Mexico shall have exclusive original jurisdiction over all matters related to the Plan and this Trust Agreement. Notwithstanding such exclusive original jurisdiction, the Trustee, upon notice to the Debtors or the Reorganized Debtor and any affected party, may seek permission of the Bankruptcy Court for commencement of an action in the Supreme Courts of the State of New Mexico or in any other state court of original jurisdiction for relief in any matter concerning the interpretation or resolution of any dispute related to the Trust, or for enforcement of any rights claimed by the Trustee. If the Bankruptcy Court concludes, in the exercise of its discretion, that the Trustee would be aided in the administration of the Trust by referral of the matter to the Superior Court or other state court, the Bankruptcy Court may grant the Trustee permission to commence an action in any other state court of original jurisdiction.

IN WITNESS WHEREOF, the Trustee executes this Trust Agreement as of the date set forth in the opening paragraph.

**Omni Management Acquisition Corp.**

By: \_\_\_\_\_  
Printed Name: Eric R. Schwarz  
Title: Executive Vice President

**Roman Catholic Church of the Diocese of Gallup, a New Mexico corporation sole**

By: \_\_\_\_\_  
Printed Name:  
Title:

**Bishop of the Roman Catholic Church of the Diocese of Gallup, New Mexico, an Arizona corporation sole**

By: \_\_\_\_\_  
Printed Name:  
Title:

**EXHIBIT A**  
**COMPENSATION FOR TRUSTEE**

The Trustee shall charge for the time of its principals at the following hourly rates:

1. Eric R. Schwarz      \$\_\_\_\_

The Trustee shall charge for the time of its employees at its standard hourly rates; provided that no employee's rate is higher than the principals' rates. The hourly rates are subject to annual increases beginning in January 2016; however, the annual increases shall not exceed ten (10) percent.

# EXHIBIT Q



**TO BE FILED  
PRIOR TO  
CONFIRMATION  
HEARING**

# **EXHIBIT R**

**NON-MONETARY UNDERTAKINGS OF THE ROMAN CATHOLIC CHURCH OF  
THE DIOCESE OF GALLUP, THE BISHOP OF THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF GALLUP AND THE DIOCESE OF GALLUP**

1. The Diocese<sup>1</sup> and the Debtors shall comply with all policies and procedures regarding child abuse<sup>2</sup> and vulnerable person abuse prevention for all the Diocese's clergy, employees, representatives, agents and spokespersons and Diocese schools. The Diocese shall also include the current policies and procedures on the website of the Diocese.

2. The Diocese and the Debtors shall continue to require and fund annual mandatory reporting training for all of its employees and clergy who are in active ministry. Such training shall be in compliance with any laws on mandatory reporting and the internal policies and procedures of the Diocese.

3. The Diocese and the Debtors shall comply with all applicable laws regarding the reporting of abuse within the Diocese. The Diocese will inform all priests, religious employees, lay employees, representatives, agents and spokespersons within the Diocese to report any abuse within the territory of the Diocese.

4. The Diocese and the Debtors shall direct all priests, religious employees, lay employees, representatives, agents and spokespersons not to refer either verbally or in writing (including via email) to Tort Claimants as "alleged" claimants, "alleged" victims or "alleged" survivors and will require the same to refer to Tort Claimants as "survivors of clergy sexual abuse" or "survivors of sexual abuse perpetrated by lay employees."<sup>3</sup>

5. For a period of not less than ten (10) years after the Effective Date, the Diocese shall post through a prominent link on the Diocese website's home page,<sup>4</sup> a list of the names of all known priests, religious,<sup>5</sup> employees, or lay employees of the Diocese, or the current parishes, missions and schools within the geographic parameters of the Diocese, against whom credible allegation of abuse have been determined by the Diocese in compliance with the internal policies of the Diocese. As of the filing of the Plan, the Diocese has already published such names both on the website of the Diocese and in the *Voice of the Southwest* and in parish bulletins. After the Effective Date, the Diocese shall add any additional names to list to the extent that the Diocese

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<sup>1</sup> Capitalized terms used herein shall have the same meanings and definitions as in the "Debtors' Plan of Reorganization dated March 21, 2016," [Dkt. No. 540] as may be amended.

<sup>2</sup> References herein to "child abuse" and/or "sexual abuse" shall include the definition of the term "Abuse" contained in the Plan.

<sup>3</sup> This provision shall not apply to any Unknown Tort Claimant who asserts that he or she was abused after the Tort Claims Bar Date until such time that the abuse described by such Unknown Tort Claimant is deemed credible by the Diocese or an independent third party (including law enforcement).

<sup>4</sup> For purposes of these undertakings, references to prominent links on a website homepage shall mean a clearly labeled link that does not require more than two "clicks" to access referenced materials. Any reference to the Diocese's homepage shall be to the principal website maintained by the Diocese at any given time.

<sup>5</sup> "Religious" means religious of any Catholic religious order operating within the geographic boundaries of the Diocese whether or not such religious had faculties from the Diocese.

determines there are additional individuals where credible allegations of abuse have been determined by the Diocese in compliance with the internal policies and procedures of the Diocese.

6. The Diocese and the Debtors will provide a mechanism for survivors to tell his or her story, if requested by the survivor.

7. Within sixty days after the Effective Date, the Bishop shall send letters of apology to all Tort Claimants and/or, if requested, to immediate family member(s) unless a Tort Claimant requests in writing that he or she does not wish to receive a letter. Letters of apology shall state that the survivor was not at fault for the abuse and that the Diocese takes responsibility for the abuse. The Bishop shall personally sign the letters of apology.

8. The Bishop will personally visit each operating Parish or Catholic school in which abuse is alleged to have occurred or where identified abusers served, with a schedule to be published at least thirty (30) days in advance of each meeting (including by posting on the Diocese's website, posting in the Parishes, publishing in the Parish bulletins, publishing in the *Voice of the Southwest*, and by reasonable notice to all Tort Claimants of any such meetings), inviting all known survivors of abuse in that Parish or geographical area to attend and shall provide a forum/discussion during his visit to address questions and comments. The Diocese shall provide a telephone number and email address for parties to contact on a confidential basis in order to schedule a meeting. The Bishop shall be available upon reasonable notice to have a private conference with any Tort Claimant or any other person that informs the Diocese that he or she was sexually abused by clergy, religious or employees of the Diocese.

9. The Debtors and the Diocese shall provide counseling without delay with respect to sexual abuse for all Tort Claimants in accordance with the policies and procedures of the Diocese and the Debtors.

10. The Diocese shall identify and retain a person responsible for assisting victims of sexual abuse. Such person's responsibilities shall include coordinating treatment. Such person shall be available for direct verbal communications with victims of sexual abuse. Contact information (phone and email) for such person shall be posted on the Dioceses website. Communications from sexual abuse victims shall be returned within two (2) Business Days.

11. The Diocese shall prominently and visibly display a plaque (no smaller than 8.5 inches by 11 inches) in each operating Parish and Catholic school within the geographic boundaries of the Diocese stating: "This Parish (or school) is strongly committed to the emotional, physical, spiritual and moral wellbeing of all of its members. Abuse of any kind will not be tolerated." Such plaques shall be ordered within sixty days of the Effective Date and will promptly deliver the plaques to the Parishes and schools after received by the Diocese.

12. Diocese and the Debtors shall continue to comply with Article 3 of the Charter for Protection of Children and Young People regarding confidentiality provisions in settlement agreements. The Diocese and the Debtors shall not require a confidentiality provision in any future settlement agreements, unless requested by the survivor.

13. The Diocese shall publish on the Diocese's website home page, or its successor, as standalone documents, these non-monetary stipulations for a period of five (5) years after the Effective Date.

14. As long as *Voice of the Southwest* remains in publication, the Diocese will publish in the *Voice of the Southwest* four (4) times per year for five (5) years after the Effective Date, a prominent statement urging victims of sexual abuse to contact law enforcement (the police department and/or the county attorney's office), the Diocesan Victim's Assistance Coordinator, doctor or other health care professional or other trusted person to make a report of any Abuse.

15. The Debtors and the Diocese will provide status reports to the Trustee regarding compliance with these undertakings. The reports will be provided semi-annually for two (2) years after the Effective Date. Nothing about these continuing reporting requirements will prevent the issuance of a final decree or closing the Reorganization Cases.

16. Counsel for the Committee is currently in possession of copies of the "priest files," subject to certain privileges, for the abusers of the Tort Claimants. These documents were provided to counsel for the Committee under a the terms of the confidentiality agreement and Order of the Bankruptcy Court which, among other things, prevented distribution of those files to any person or entity other than Committee counsel. Debtors agree that, immediately upon submission of these non-moneteries to the Bankruptcy Court it will request that through the order approving the Disclosure Statement, the Court modify the confidentiality order to address the issues raised in this Paragraph 16 and Paragraph 17 below.

If, prior to confirmation of a plan, a Tort Claimant wishes to see the priest file of his or her abuser, counsel for the Committee may allow the Tort Claimant to view such file, but no copies from the file or duplicates of the file(s) will be provided to the Tort Claimant. Such production shall be limited to the procedures set forth herein, as ordered by the Bankruptcy Court or as may further be agreed to between the Committee and the Debtors. The Tort Claimant will only have access to the file of his or her abuser, and such file will be provided electronically by the Committee to the Tort Claimant. Such file will be for the Tort Claimant's eyes only and may not be duplicated in any manner. Subject to specific terms to be further agreed upon between the Committee and the Debtors, the files will be password protected, and may only be accessed by the intended recipient. The file may only be viewed the Tort Claimant and both counsel for the Committee and the Debtors will receive notice that the file has been accessed by the intended recipient. Upon such notification, access will no longer be allowed, except as agreed upon by the Debtors and the Committee. To be clear, any duplication (including, but not limited to photographing, imaging, copying, printing, saving and scanning) of such a priest file will be strictly forbidden by the order of the Court, and anyone who violates the Order and/or the terms of these non-moneteries may be subject to sanctions, as ordered by the Court. The provisions of this Paragraph 16 and Paragraph 17 below shall only apply to those priest files that are not publically available. To the extent that a priest file is publically available, the Tort Claimant may access such files through those public websites and the Debtors and/or the Committee are under no obligation to provide such files.

17. Counsel for the Committee shall hold these priest files as referenced in paragraph 16 for a period of one (1) year from the Effective Date, and on the first anniversary of date of

entry of the Order modifying the confidentiality order, counsel for the Committee shall destroy all such files and notify counsel for the Debtors or Reorganized Debtor that those files have been destroyed as required by the confidentiality order. If, during this one (1) year period, a Tort Claimant wishes to view the file of his or her abuser, he or she may do so in accordance with the provisions of paragraph 16, including the possibility of sanctions if the Tort Claimant does not abide by the requirement for viewing the files and/or the order of the Court.

# EXHIBIT 2

Roman Catholic Church of the Diocese of Gallup and  
Bishop of the Roman Catholic Church of the Diocese of Gallup  
Jointly Administered Case No. 13-13676-t11  
Disclosure Statement Exhibit 2 - Property Held in Trust\*

\*The Debtors do not admit they hold any ownership interest in the property listed herein; nevertheless, to the extent any ownership of the Debtors is alleged, such property is held in trust. Additionally, this list is non-exhaustive. To the extent a Parish uses or possesses property titled in one or both of the Debtors' names, such property is held in trust for the benefit of the Parish regardless whether it appears on this exhibit.

**Custodial Funds**

| <b>Name and Address of Owner</b>   | <b>Description of Property</b> |
|--|--------------------------------|
| Catholic University<br>Office of President<br>Mr. John H Garvey, President<br>620 Michigan Ave. NE<br>Washington, DC 20064 | Custodial Funds                |
| Miscellaneous Collections<br>Catholic Relief Services<br>3211 Fourth St. NE<br>Washington, DC 20017-1194                   | Custodial Funds                |
| Our Lady of Assumption<br>P.O. Box 628<br>Overgaard, AZ 85903-0628   | Custodial Funds                |
| Our Lady of Fatima<br>P.O. Box 2119<br>Chinle, AZ 86503  | Custodial Funds                |
| Our Lady of Guadalupe<br>P.O. Box 849<br>Holbrook, AZ 86025-0849   | Custodial Funds                |
| Our Lady of Sorrows<br>HC 77 Box 13<br>Cebolleta, NM 87104   | Custodial Funds                |
| Region XIII Diaconate<br>c/o Diocese of Las Cruces<br>1280 Med Park Drive<br>Las Cruces, NM 88005                          | Custodial Funds                |
| Sacred Heart – Cathedral<br>415 E. Green<br>Gallup, NM 87301   | Custodial Funds                |



|   |                 |
|---|-----------------|
| Sacred Heart Farmington<br>414 N. Allen<br>Farmington, NM 87401       | Custodial Funds |
| Santo Nino<br>P.O. Box 489<br>Reserve, NM 87830-0489                  | Custodial Funds |
| St. Anthony – Zuni<br>P.O. Box 486<br>Zuni, NM 87327                  | Custodial Funds |
| St. Francis – Gallup<br>411 N. 2nd<br>Gallup, NM 87301                | Custodial Funds |
| St. Francis – Whiteriver<br>P.O. Box 679<br>Whiteriver, AZ 85941-0679 | Custodial Funds |
| St. Johns<br>P.O. Box 309<br>St. Johns, AZ 85936-0309                 | Custodial Funds |
| St. Joseph – Aztec<br>424 N. Mesa Verde St.<br>Aztec, NM 87410        | Custodial Funds |
| St. Joseph – Winslow<br>220 W. 2nd St.<br>Winslow, AZ 86047           | Custodial Funds |
| St. Mary – Farmington<br>2100 E. 20th St.<br>Farmington, NM 87401     | Custodial Funds |
| St. Michaels – Parish<br>P.O. Box 680<br>St. Michaels, AZ 8651-0680   | Custodial Funds |
| St. Rita<br>P.O. Box 1449<br>Show Low, AZ 85902-1449                  | Custodial Funds |
| St. Teresa<br>P.O. Box 668<br>Grants, NM 87020                        | Custodial Funds |
| St. Vivian<br>P.O. Box 2938<br>Milan, NM 87021                        | Custodial Funds |

|   |                 |
|---|-----------------|
| Office of National Collections Church in Latin America<br>3211 Fourth Street NE<br>Washington, DC 20017-1194                    | Custodial Funds |
| Black And Indian Missions Office<br>2021 H Street NW<br>Washington, DC 2006-4207  | Custodial Funds |
| Office of National Collections<br>The Catholic Relief Services Collection<br>3211 Fourth Street NE<br>Washington, DC 20017-1194 | Custodial Funds |
| Regional Commissariat of<br>the Holy Land<br>Rev. Max Hottle, OFM<br>P.O. Box 69<br>San Miguel, CA 93451                        | Custodial Funds |
| The Apostolic Nunciature<br>Peter's Pence<br>3339 Massachusetts Ave. NW<br>Washington, DC 2008                                  | Custodial Funds |
| Office of National Collections<br>Catholic Campaign for Human Development<br>3211 Fourth Street NE<br>Washington, DC 20017-1194 | Custodial Funds |
| Frost Bank<br>Good Shepherd<br>Attn: Steve Klein, T-8<br>P.O. Box 2950<br>San Antonio, TX 78299-2950                            | Custodial Funds |
| National Religious Retirement Office<br>Retirement Fund for Religious<br>3211 Fourth Street NE<br>Washington DC 20017-1194      | Custodial Funds |
| Catholic Relief Services<br>Operation Rice Bowl<br>P.O. Box 17090<br>Baltimore, MD 21203-7090                                   | Custodial Funds |
| Office of National Collections<br>Catholic Communication Campaign<br>3211 Fourth Street NE<br>Washington, DC 20017-1194         | Custodial Funds |

|  |                 |
|--|-----------------|
| The Society of the Propagation<br>of the Faith<br>366 Fifth Avenue<br>New York, NY 10001                 | Custodial Funds |
| Mass Stipends<br>Various Priests in the Diocese as earned  | Custodial Funds |
| Frost Bank<br>Priest Retirement<br>Attn: Steve Klein, T-8<br>P.O. Box 2950<br>San Antonio, TX 78299-2950 | Custodial Funds |
| Mary Cullen<br>Cursillo Fund<br>324 Black Diamond Canyon<br>Gallup, NM 87301                             | Custodial Funds |
| Sacred Heart Parish<br>9 Country Road 6820<br>Waterflow, NM 87421  | Custodial Funds |
| St. Berard<br>P.O. Box 1284<br>Navajo, NM 87328  | Custodial Funds |
| Immaculate Conception<br>P.O. Box 40<br>Cuba, NM 87013   | Custodial Funds |
| St. Joseph School<br>P.O. Box 370<br>San Fidel, NM 87049-0370  | Custodial Funds |
| Christ the King<br>P.O. Box 610<br>Shiprock, NM 87420  | Custodial Funds |
| St. Francis of Assisi School<br>HC 71 Box 26<br>Lumberton, NM 87528                                      | Custodial Funds |
| St. Francis of Assisi School<br>P.O. Box 4060<br>Gallup, NM 87305  | Custodial Funds |
| St. Helena Parish<br>P.O. Box 229<br>42909 US 180<br>Alpine, AZ 85920                                    | Custodial Funds |

|  |                 |
|--|-----------------|
| St. Jude Parish<br>P.O. Box 248<br>100 Aspen Drive<br>Tuba City, AZ 86045                                      | Custodial Funds |
| Immaculate Heart of Mary Parish<br>P.O. Box 1387<br>455 S. Lake Powell Blvd.<br>Page, AZ 86040                 | Custodial Funds |
| St. Peter Parish<br>P.O. Box 1566<br>203 E. Apache Street<br>Springerville, AZ 85938                           | Custodial Funds |
| St. Michael School<br>P.O. Box 650<br>St. Michaels, AZ 86511   | Custodial Funds |
| Office of National Collections<br>Catholic Home Missions<br>3211 Fourth Street NE<br>Washington, DC 20017-1194 | Custodial Funds |
| St. John the Evangelist<br>P.O. Box 48<br>Houck, AZ 86506  | Custodial Funds |

Roman Catholic Church of the Diocese of Gallup and  
Bishop of the Roman Catholic Church of the Diocese of Gallup  
Jointly Administered Case No. 13-13676-t11  
Disclosure Statement Exhibit 2 - Property Held in Trust

**Parish Bank Accounts Using RCCDG's Tax Identification Number**

| <b>Name and Address of Owner</b>   | <b>Description of Property</b> | <b>Location of Property</b> |
|--|--------------------------------|-----------------------------|
| Our Lady of Light<br>Cubero, NM  | Account Ending 3700            | Wells Fargo Bank            |
| Risen Savior<br>Bluewater Rd.<br>Bluewater, NM 87323                     | Account Ending 9996            | Wells Fargo Bank            |
|  | Account Ending 0355            | Wells Fargo Bank            |
| St. Isabel<br>105 St. Isabel Lane<br>Lukachukai, AZ 86507                | Account Ending 5965            | Wells Fargo Bank            |
|  | Account Ending 5751            | Wells Fargo Bank            |
| Our Lady of Fatima<br>Navajo Route 7<br>Chinle, AZ 86503                 | Account Ending 5940            | Wells Fargo Bank            |
|  | Account Ending 5520            | Wells Fargo Bank            |
| St. Francis of Assisi<br>3760 Sandhill Drive<br>Dulce, NM 87528          | Account Ending 4097            | Wells Fargo Bank            |
| St. Mary of the Angels<br>1915 S. Penrod Lane<br>Pinetop, AZ 85935       | Account Ending 2864            | Wells Fargo Bank            |
| Holy Trinity<br>500 N. Mesa Verde Ave.<br>Aztec, NM 87410                | Account Ending 1706            | Citizens Bank               |
| San Rafael<br>35411 US 180A<br>Concho, AZ 85924                          | Account Ending 7880            | BancWest                    |
| St. John the Baptist<br>203 E. Commercial Street<br>St. Johns, AZ 85936  | Account Ending 1517            | Bank of America             |
| St. Rita<br>1400 E. Owens<br>Show Low, AZ 85902                          | Account Ending 2438            | Ava Maria Mutual Funds      |
|  | Account Ending 8576            | Chase Bank                  |
|  | Account Ending 6381            | Chase Bank                  |
| Nativity of the Blessed Virgin Mary<br>Old Highway 60<br>Datil, NM 87821 | Account Ending 0615            | First State Bank            |

Roman Catholic Church of the Diocese of Gallup and  
Bishop of the Roman Catholic Church of the Diocese of Gallup  
Jointly Administered Case No. 13-13676-t11  
Disclosure Statement Exhibit 2 - Property Held in Trust

**Property Held in Trust by RCCDG**

| Name and Address of Owner   | Description of Property   | Location of Property |
|---|---|----------------------|
| St. Peter Parish<br>203 East Apache Street<br>Springerville, AZ 85938         | Parcel No. 105-20-133B. Legal Description: Commencing at a point which is 3291.5 feet North and 380.5 feet West of the quarter corner on the South side of Section 33, Township 9 North, Range 29 East of the Gila and Salt River Base and Meridian; thence South 89 degrees 23 minutes 10 seconds West a distance of 1095.84 feet to a point; thence North 1 degree 15 minutes 45 seconds East a distance of 178.28 feet to the true point of beginning; thence continuing North 1 degree 15 minutes 45 seconds East a distance of 133.84 feet to the Southeast corner of that certain parcel conveyed to the Most Reverend Bernard T. Espelage, O.F.M, Bisop of the Roman Catholic Church of the Diocese of Gallup, New Mexico, an Arizona corporation Sole, by Deed recorded March 12, 1963 in Docket 58 of Official Records, page 451; thence North 87 degrees 46 minutes 01 seconds West, along the South line of said Parcel described in Docket 58 of Official Records, page 451, a distance of 133.20 feet to the Southwest corner of said parcel; thence South 2 degrees 57 minutes 23 seconds West a distance of 137.54 feet to the Southwest corner of that certain parcel conveyed to Cristoval Candelaria and Marian B. Candelaria by Deed recorded October 23, 1945 in Book 28 of Deeds, page 131; said point also being the Northwest corner of property owned by Most Reverend Bernard T. | Springerville, AZ    |
| Our Lady of Guadalupe Parish<br>212 East Arizona Street<br>Holbrook, AZ 86025 | Parcel No. 109-19-016. Legal Description: Zuck Addn: Lots 1 & 2, Block 17   | Holbrook, AZ         |
| Our Lady of Guadalupe Parish<br>212 East Arizona Street<br>Holbrook, AZ 86025 | Parcel No. 109-19-017. Legal Description: Zuck Addn: Lots 3 thru 18, Block 17   | Holbrook, AZ         |
| Our Lady of Guadalupe Parish<br>212 East Arizona Street<br>Holbrook, AZ 86025 | Parcel No. 109-19-018. Legal Description: Zuck Addn: Lots 19, 20, 21, Block 17  | Holbrook, AZ         |
| Our Lady of Guadalupe Parish<br>212 East Arizona Street<br>Holbrook, AZ 86025 | Parcel No. 109-19-019. Legal Description: Zuck Addn: Lots 22, 23, 24, Block 17  | Holbrook, AZ         |
| Our Lady of Guadalupe Parish<br>212 East Arizona Street<br>Holbrook, AZ 86025 | Parcel No. 109-19-360. Legal Description: Holbrook Townsite: Lots 25 thru 36, Block 8   | Holbrook, AZ         |
| St. Mary of the Angels Parish<br>1915 South Penrod Lane<br>Pinetop, AZ 85935  | Parcel No. 311-44-008E. Legal Description: That portion of the Northeast quarter of Section 5, Township 8 North, Range 23 East of the Gila and Salt River Base and Meridian, Navajo County, Arizona and being described as follows: beginning at the East quarter corner of said Section 5, point being monumented by a B-L-M brass capped pipe; thence North 89 degrees 49 minutes 52 seconds West along the center Section line, a distance of 1077.00 feet; thence North 00 degrees 03 minutes 03 seconds West 1324.14 feet (record North 00 degrees 8 minutes East), to a 1/2 inch rebar and the True Point of Beginning; thence North 89 degrees 49 minutes 50 seconds West 854.80 feet (record North 89 degrees 52 minutes West) to a 1/2 inch rebar; thence South 01 degrees 55 minutes 20 seconds West 64.70 feet (record South 01 degrees 53 minutes West) to a 1/2 inch rebar; thence South 27 degrees 29 minutes 00 seconds East 135.11 feet (record South 27 degrees 31 minutes East); thence South 89 degrees 49 minutes 50 seconds East, a distance of 794.78 feet; thence North 00 degrees 03 minutes 03 seconds West 184.34 feet to the True Point of Beginning.  | Pinetop, AZ          |
| St. Rita Parish<br>1400 East Owens<br>Show Low, AZ 85902                      | Parcel No. 210-21-034. Legal Description: Section 20, T10N, R22E: BEG SE COR; TH NLY ALG E SEC LINE 820'; TH WLY 400' TPOB; TH NLY 500'; TH WLY 90'; TH SLY 67'; TH WLY 308'; TH NLY 67'; TH WLY 20'; TH SLY 500'; TH ELY 415' M/L TO TPOB 4.37 ACRES   | Show Low, AZ         |
| Our Lady of Snow Parish<br>1655 Main Street<br>Snowflake, AZ 85937            | Parcel No. 202-17-013. Legal Description: SECTION 26, T13N, R21E: BEG SE COR; TH W 835.3'; TH N 290.07' TPOB; TH S88DGM1' W 502.99'; TH N11DG40'E 637.8' ALG HWY 77; TH N88DG53'30 E 365.5'; TH SDG46'E 621.82' TPOB ADDED 1979 14/50LIBERTYVIN3OIL 159902003/18577   | Snowflake, AZ        |
| Madre de Dios Parish<br>1015 Central Street<br>Winslow, AZ 86047              | Parcel No. 103-18-003E. Legal Description: The initial point begin the center of said section 30, T. 19 N., R. 16 E., which is 450 feet South from the centerline of the main track of the A.T. & S.F. RY. At an angle of 64 degrees and 21 minutes to the left at original engineer's station 122 plus 10 (milepost 285 plus 728 feet). Thence North 78 degrees 35 minutes West 765.4 feet to the Eastern line of the station grounds, 500 feet, thence Easterly along the Southerly line of the right of way of the A.T. & S.F. RY. Co., 593 feet to the centerline of said Section 30; thence South on said centerline 339.1 feet to the initial point, said parcel of land containing 6.241 acres more or less.   | Winslow, AZ          |

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|---|--|---------------|
| St. Joseph Parish<br>220 West 2nd Street<br>Winslow, AZ 86047               | Parcel No. 103-17-045. Legal Description: A&P Hicks Addn: Lots 9, 10, 15, 16, Blocks 5/12  | Winslow, AZ   |
| St. Joseph Parish<br>220 West 2nd Street<br>Winslow, AZ 86047               | Parcel No. 103-17-046. Legal Description: A&P Hicks Addn: Lots 11, 12, 13, 14 Blocks 5/12  | Winslow, AZ   |
| St. Joseph Parish<br>220 West 2nd Street<br>Winslow, AZ 86047               | Parcel No. 103-27-204. Legal Description: OLDS BROS ADDN: BEG W4 COR SEC 19, T19N, R16E; TH NLY ALG LINE BTWN SECTIONS 19 & 24 FOR 1079.4'; TH ELY 48' TPOB; TH ELY 540'; TH NLY 254.32'; TH WLY 540'; TH SLY 256.07' TPOB 3.16 ACRES  | Winslow, AZ   |
| St. Joseph Parish<br>220 West 2nd Street<br>Winslow, AZ 86047               | Parcel No. 103-26-001. Legal Description: SECTION 19, T19N, R16E: BEG SW COR NW4 SEC 19; TH N 1336.35'; TH E 48' TPOB; TH E 540'; TH N 1083.65' TPOB 13.43 AC  | Winslow, AZ   |
| St. Joseph Parish<br>220 West 2nd Street<br>Winslow, AZ 86047               | Lease with G.B. Investment Company dated August 1, 1979 and all amendments thereto.  | Winslow, AZ   |
| San Rafael Parish<br>35411 US 180A<br>Concho, AZ 85924                      | Parcel Nos. 201-11-056 and 201-11-056A. Legal Description: Lot 12, Block 2, Concho Townsite, according to the official plat of the records of Apache County, Recorder in Book 1 of maps, page 5. Together with all water right there unto belonging or in any way pertaining. EXCEPT the South 50 feet of the West 50 feet thereof.  | Concho, AZ    |
| San Rafael Parish<br>35411 US 180A<br>Concho, AZ 85924                      | Parcel No. 201-11-059. Legal Description: Lot 15, Block 2, CONCHO TOWNSITE, as shown by the official plat thereof recorded on Book 1 of Townsite Maps, page 5, records of Apache County, Arizona.  | Concho, AZ    |
| San Rafael Parish<br>35411 US 180A<br>Concho, AZ 85924                      | Parcel Nos. 201-37-017B, 201-37-017C, 201-37-018A, 201-37-018B, 201-37-018C. Legal Description: LOTS 2, & 3, BLOCK 17 LOTS 1, 2, 3, BLOCK 18, UNIT 6, AS SHOWN ON DOCKET 879, PAGE 481 OF TOWN SITE MAPS, IN THE OFFICE OF THE RECORDER OF APACHE CO. AS PER A.R.S. 42- 1614-A.#7.   | Concho, AZ    |
| San Rafael Parish<br>35411 US 180A<br>Concho, AZ 85924                      | Parcel No. 212-17-008. Legal Description: COMMENCING AT THE SOUTHWEST CORNER OF SECTION 32, WHENCE THE NORTH SECTION CORNER OF SECTION 4 AND 5, TOWNSHIP 12 NORTH, RANGE 26 EAST, BEAR EAST 1969.44', DISTANT THEREON. THENCE RUN NORTH 11°58'47" EAST, 2,956.99', TO THE SOUTHWEST CORNER OF THE PROPERTY BEING DESCRIBED, AND THE TRUE POINT OF BEGINNING. THENCE RUN EAST 1700'; THENCE RUN NORTH 510'; THENCE RUN WEST 1700'; THENCE RUN SOUTH 510'; TO THE TRUE POINT OF BEGINNING. | Concho, AZ    |
| San Rafael Parish<br>35411 US 180A<br>Concho, AZ 85924                      | Parcel No. 212-17-009. Legal Description (per Assessor's records): SEC 32 T13N R26E, BEGS S 1/4 C  | Concho, AZ    |
| San Rafael Parish<br>35411 US 180A<br>Concho, AZ 85924                      | Parcel No. 107-33-116. Legal Description: LOT 946 CONCHO LAKELAND #5 AS SHOWN ON DOCKET # 178 PAGE 594 OF TOWN SITE MAPS IN THE OFFICE OF THE RECORDER OF APACHE COUNTY AS PER A.R.S. 42-1614-A.#7   | Concho, AZ    |
| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936 | Parcel Nos. 203-36-196 and 203-36-197. Legal Description:<br>PARCEL #1<br>West Sixty-five (65) feet of Lot Two (2), Block 51, ST. JOHNS TOWNSITE, as recorded in the Office of the County Recorder of Apache County, Arizona.<br>PARCEL #2<br>Lot Two (2), Block Fifty-one (51), ST. JOHNS TOWNSITE, as recorded in the office of the County Recorder of Apache County, Arizona.<br>EXCEPT the West Sixty-five feet thereof.   | St. Johns, AZ |
| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936 | Parcel No. 203-36-201. Legal Description: an undivided one-half (½) interest in Lots 2, 3, and 4, Block 49, St. Johns Townsite, as recorded in the office of the County Recorder of Apache County, Arizona.  | St. Johns, AZ |

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| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936 | Parcel No. 203-36-202. Legal Description:<br>PARCEL #1:<br>LOT 5, BLOCK 49, ST. JOHNS TOWNSITE, as shown on the plat thereof in Book 1 of Townsite Maps, page 2, records of Apache County, Arizona;<br>EXCEPT the following described parcel:<br>For State Highway purposes an estate in fee, in and to a parcel of land situated in Lot 5, Block 49, St. Johns Townsite, per map of record in Book 1 of Townsite Maps, at page 2 thereof in the Apache County Recorder's Office, lying within the right of way of the Holbrook-Springerville Highway and described as:<br>All that portion of said Lot 5, which lies within a strip of land 37.7 feet in width, which said strip is on the Easterly side of, parallel with and contiguous to the following described line:<br>Beginning at a point on the construction and survey centerline of the Holbrook-Springerville Highway at Engineer's Station 3 + 02.96, per map of record in Docket 68, at page 69 thereof in the Apache County Recorder's Office; thence North 3°46'00" East, along said centerline, 160 feet to the point of termination of the line described herein.<br>PARCEL #2: The South Half of the following described property:<br>An alley between Lots 4 and 5, Block 49, St. Johns Townsite, as shown on the plat recorded in Book 1 of Townsite Maps, page 2, records of Apache County, Arizona, described as follows:<br>Beginning at the Northwest corner of Lot 4, Block 49; thence South 2°42'21" West 131.16 feet to the TRUE POINT OF BEGINNING;<br>Thence continuing South 2°42'21" West 16.5 feet;<br>Thence North 89°03'21" East 105.74 feet;<br>Thence North 2°42'21" East 16.5 feet;<br>Thence South 89°03'21" West 105.74 feet to the TRUE POINT OF BEGINNING.<br>EXCEPT any portion lying within the right of way of U. S. Highway 180. | St. Johns, AZ |
| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936 | Parcel No. 203-36-203. Legal Description: Commencing at a point two rods north and 20 feet East of the southwest corner of the southeast quarter of section 32, in Township 13 North of Range 26 East of the Gila and Salt River Base and Meridian, Arizona, being the true point of beginning; thence running east four rods; thence north 11 rods; thence west 4 rods; thence south 11 rods back to the place of beginning, and containing 44/160 of an acre, more or less.  |               |
| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936 | Parcel Nos. 204-34-001 and 204-34-002. Legal Description: G-BAR RANCH<br>Schedule A-2<br>Real Property located in Apache County, Arizona, described as follows:<br>DEEDED LAND<br>TOWNSHIP 16 NORTH, RANCE 29 EAST, G&SRB&M, APACHE COUNTY, ARIZONA, CORRECTION AND DESCRIBED AS FOLLOWS:<br>Section 1: Lots 1,2,3,4 Acres: 0.84<br>Section 3: Lots 1,2,3,4; Acres: 11.96<br>Section 4: Lots 1,2,3,4; Acres: 18.68<br>Section 5: Lots 1,2,3,4 Acres: 26.40<br>Section 6: Lots 1,2,3,4 Acres: 32.56<br>Section 7: Lots 1,2,3,4: E½W½;E½; Acres: 691.16<br>Section 9: All; Acres: 640.00<br>Section 11: All, Excepting 18 Acres right-of-way Highway 266; Acres: 622.00<br>Section 13: All; Acres: 640.00<br>Section 14: All, Excepting 18 Acres right-of-way Highway 266; Acres: 622.00<br>Section 15: All; Acres: 640.00<br>Section 17: All; Acres: 640.00<br>Section 19: Lots 1,2,3,4: E½W½;E½; Acres: 697.64<br>Section 21: All; Acres: 640.00<br>Section 22: All; Acres: 640.00<br>Section 23: All, Excepting 18 Acres right-of-way Highway 266; Acres: 622.00<br>Section 24: All; Acres: 640.00<br>Section 25: All; Acres: 640.00<br>Section 26: All, Excepting 18 Acres right-of-way Highway 266; Acres: 622.00<br>Section 27: All; Acres: 640.00<br>Section 29: All; Acres: 640.00<br>Section 31: Lots 1,2,3,4; E½W½;E½; Acres: 701.40<br>Section 33: All; Acres: 640.00<br>Section 34: All, Excepting 14 Acres right-of-way Highway 266; Acres: 626.00<br>Section 35: All, Excepting 4 Acres right-of-way Highway 266; Acres: 636.00  | St. Johns, AZ |



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| Continuation of<br>St. John the Baptist Parish<br>Parcel Nos. 204-34-001 and 204-34-002 | TOWNSHIP 16 NORTH, RANGE 30 EAST, G&SRB&M, APACHE COUNTY, DESCRIBED AS FOLLOWS:<br>Section 30: W½; Acres: 320.00<br>DEEDED LAND: Acres: 13,290.64<br>Section 1: Lots 1,2,3,4 Acres: 0.84<br>Section 3: Lots 1,2,3,4; Acres: 11.96<br>Section 4: Lots 1,2,3,4; Acres: 18.68<br>Section 5: Lots 1,2,3,4 Acres: 26.40<br>Section 6: Lots 1,2,3,4 Acres: 32.56<br>Section 7: Lots 1,2,3,4: E½W½;E½; Acres: 691.16<br>Section 9: All; Acres: 640.00<br>Section 11: All; Acres: 640.00<br>Section 13: All; Acres: 640.00<br>Section 14: All; Acres: 640.00<br>Section 15: All; Acres: 640.00<br>Section 17: All; Acres: 640.00<br>Section 19: Lots 1,2,3,4: E½W½;E½; Acres: 697.64<br>Section 21: All; Acres: 640.00<br>Section 22: SW¼; W½SE¼; Acres: 240.00<br>Section 23: All; Acres: 640.00<br>Section 24: All; Acres: 640.00<br>Section 25: All; Acres: 640.00<br>Section 26: All, Excepting 18 Acres right-of-way Highway 266; Acres: 622.00<br>Section 27: All; Acres: 640.00<br>Section 29: All; Acres: 640.00<br>Section 31: Lots 1,2,3,4: E½W½;E½; Acres: 701.40<br>Section 33: All; Acres: 640.00<br>Section 34: S½SE¼;NE¼SE¼;SE¼NE¼; less 14 acres right-of-way Highway 266; Acres: 146  | St. Johns, AZ |
| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936             | Parcel Nos. 204-34-003 and 204-35-004. Legal Description: G-BAR RANCH<br>Schedule A-1<br>Real Property located in apache County, Arizona, described as follows:<br>DEEDED LAND<br>TOWNSHIP 16 NORTH, RANGE 29 EAST, G&SRB&M<br>Acres<br>Section 1: Lots 1,2,3,4; Acres: 0.84<br>Section 3: Lots 1,2,3,4; Acres: 11.96<br>Section 4: Lots 1,2,3,4; Acres: 18.68<br>Section 5: Lots 1,2,3,4; Acres: 26.40<br>Section 6: Lots 1,2,3,4; Acres: 32.56<br>Section 7: Lots 1,2,3,4: E½W½;E½; Acres: 691.16<br>Section 9: All; Acres: 640.00<br>Section 11: All; Acres: 640.00<br>Section 13: All; Acres: 640.00<br>Section 14: All; Acres: 640.00<br>Section 15: All; Acres: 640.00<br>Section 17: All; Acres: 640.00<br>Section 19: Lots 1,2,3,4: E½W½;E½; Acres: 697.64<br>Section 21: All; Acres: 640.00<br>Section 22: SW¼;W½SE¼; Acres: 240.00<br>Section 23: All; Acres: 640.00<br>Section 24: All; Acres: 640.00<br>Section 25: All; Acres: 640.00<br>Section 26: All, Excepting 18 Acres right-of-way Highway 266; Acres: 622.00<br>Section 27: All; Acres: 640.00<br>Section 29: All; Acres: 640.00<br>Section 31: Lots 1,2,3,4: E½W½;E½; Acres: 701.40<br>Section 33: All; Acres: 640.00<br>Section 34: S½SE¼;NE¼SE¼;SE¼NE¼; less 14 Acres right-of-way Highway 266; Acres: 146.00<br>Section 35: All; Acres: 640.00<br>TOWNSHIP 16 NORTH, RANGE 30 EAST, G&SRB&M<br>Section 30: W½; Acres: 320.00<br>DEEDED LAND: Acres: 12,486.64 | St. Johns, AZ |
| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936             | Grazing Permits issued by the Bureau of Land Management and State Land Department for the State of Arizona.  | St. Johns, AZ |

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| Sacred Heart Parish<br>P.O. Box 339<br>Quemado, NM 87829   | Parcel Nos. 2-092-006-500-396 and 2-093-006-012-378. Legal Description:<br>TRACT A<br>A tract of land in the NW¼, Section 2 and in the NE¼, Section 3, T. 1N., R. 16W., N.M.P.M., Catron County, New Mexico, described as follows:<br>Beginning at Corner No. 1, a point on the Northwesterly line of New Mexico Highway 117 which bears S.22°22'35"E., 1161.53 feet distant from the Northwest Corner of said Section 2; thence S.30°30'28"W., 511.02 feet along the Northwesterly line of said Highway to Corner No. 2; thence S.80°19'44"W., 129.05 feet along the Northwesterly line of said Highway to Corner No. 3, a point on the Northeasterly line of U.S. Highway 60; thence along a 2.3953° highway curve to the left, 61.00 feet (radius = 2392 feet) to Corner No. 4; thence N.11°25'00"E., 11.25 feet to Corner No. 5, an existing fence corner; thence N.85°21'46"W., 90.04 feet along an existing barbed wire fence to Corner No. 6; thence N.01°17'05"W., 157.01 feet along an existing barbed wire fence to Corner No. 7; thence S.85°01'58"E., 93.66 feet along an existing barbed wire fence to Corner No. 8; thence N.00°29'09"W., 246.44 feet along an existing barbed wire fence to Corner No. 9; thence N.88°47'59"E., 433.00 feet along an existing barbed wire fence to the point of beginning and containing 3.37 acres more or less.  | Quemado, NM   |
| Continuation of<br>Sacred Heart Parish<br>Parcel Nos. 2-092-006-500-396<br>and 2-093-006-012-378 | TRACT B<br>A tract of land in Block 22, Original Quemado Townsite, NE¼, Section 3, T. 1N., R. 16W., N.M.P.M., Catron County, New Mexico, described as follows:<br>Beginning at Corner No. 1, which is identical with the Northwest Corner of Lot 12, said Block 22 and which bears S.06°44'03"W., 1358.31 feet distant from the Northeast Corner of said Section 3; thence S.44°37'57"E., 113.54 feet to Corner No. 2, a point on Line 6-7 of the above described Tract A; thence S.01°17'05"E., 48.70 feet along an existing barbed wire fence to Corner No. 3, which is identical with Corner No. 6 of the above described Tract A; thence S.85°21'46"E., 90.04 feet along an existing barbed wire fence to Corner No. 4, which is identical with Corner No. 5 of the above described Tract A; thence S.11°25'00"W., 11.25 feet to Corner No. 5, which is identical with Corner No. 4 of the above described Tract A and a point on the Northeasterly line of U.S. Highway 60; thence S.00°46'40"E., 66.80 feet along a right-of-way offset on the Northeasterly line of said Highway to Corner No. 6; thence along a 2.4464° highway curve to the left, 238.90 feet (radius = 2342 feet) along the Northeasterly line of said Highway to Corner No. 7, a point on the Westerly line of said Lot 12, Block 22; thence N.19°17'29"E., 84.84 feet to the point of beginning and containing 0.28 acres more or less. |               |
| Santo Niño de Atocha Parish<br>P.O. Box 489<br>Reserve, NM 87830                                 | Parcel No. 3-095-026-400-456. Legal Description: A lot or parcel of land situated in the Town of Aragon, New Mexico and located in Sec. 8, Twp. 5S., Rge. 16W and more particularly described as follows, to-wit:<br>Beginning at a point 1066 ft. East from Southwest corner of Sec. 8, Twp. 5S., Rge. 16W., thence north 46 ft. to corner No. 1 and point of beginning, thence north 309 ft., thence East 26 ft., thence North 148 ft., thence East 198 ft., thence South 110 ft., thence South 35 degrees West 298 ft., thence South 100 ft., thence West 49 ft. to point of beginning. This description conforms to a survey made of said lot by J. W. Carrajo in June 1950.  | Aragon, NM    |
| Santo Niño de Atocha Parish<br>P.O. Box 489<br>Reserve, NM 87830                                 | Parcel No. 3-095-026-400-456-T. Legal Description: A tract of land beginning at a point 24 yards West from Southwest corner of present Catholic church building. This Southwest corner is the corner closest to the main road on the South side, thence East and parallel with south side of building 70 yards, thence North to North boundary line of SW¼SW¼ of Section 8, Township 5 South, Range 16 West, thence West along North boundary line of said SW¼SW¼ 70 yards, thence South to a point of beginning. Said tract of land is situated in SW¼SW¼ of Section 8, Township 5 South, Range 16 West, N. M. P. M.   | Aragon, NM    |
| Our Lady of Sorrows Parish<br>Old State Hwy 279<br>Cebolleta, NM 87014                           | Parcel No. 2-028-064-280-463. Legal Description: Tract: B Quarter: N½ S: 8 T: 11N R: 5W AS DESCRIBED ON SURVEY FOR THE ROMAN CATHOLIC DIOCESE OF GALLUP LAND DIVISION RECORDED BOOK 19, PAGE 2733 JULY 21, 2009   | Cebolleta, NM |
| Our Lady of Sorrows Parish<br>Old State Hwy 279<br>Cebolleta, NM 87014                           | Parcel No. 2-028-064-282-477. Legal Description: Tract: A Quarter: N½ S: 8 T: 11N R: 5W 1391 Plaza Vieja Seboyeta.  | Cebolleta, NM |
| St. Joseph the Worker Parish<br>San Fidel, NM  | A parcel of land sit. in Vill. of San Fidel, Cty. of Val. State of N. Mex. Meas. 150 yds from W: to E: & 60 yds from N: to S: Bound. as follows: E: Land owned by Placida Sarracino W: Acequia Madre, N: Catholic Church S: Melquiades Otero.   | San Fidel, NM |

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| St. Teresa of Avila Parish<br>213 Smith Street<br>Grants, NM 87020 | <p>Subject to reserving rights of ingress and egress to the following described real estate, for the purpose laying water and or sewer lines and for the maintenance of same. That portion of Charles Street lying South of South line of Stephens Avenue as produced Southerly from the Northwest corner of Block No. 59 in the Bond-Sargent Addition to said Town and North of the North line of High Street as produced Northerly from the Southeast Corner of Lot six in Block 58 of the Bond-Sargent Addition to the Town of Grants, for the reason that said portion of Charles Street serves no useful public purpose and the abutting property owner served by said portion of Charles Street is adequately served by High Street.</p> <p>That portion of the alley paralleling and lying between High Street and Stephens Avenue, from the Southwest corner of Lot 12, in Block 58 of the Bond-Sargent Addition as produced Easterly to the Southeast corner of said Lot 12, thence beginning at the Northeast corner of Lot 6 in Block 58 of the Bond-Sargent Addition of the Town of Grants as said alley is produced Westerly to the Northwest corner of Lot 1 in Block 58, of the Bond-Sargent Addition to the Town of Grants. That portion of the alley paralleling and lying between High Street and Stephens Avenue, from the Southwest corner of Lot 12, in Block 59 of the Bond-Sargent Addition as produced Easterly to the Southeast corner of Lot 7 in Block 59, of the Bond-Sargent Addition of Grants, thence beginning at the Northeast corner of Lot 6 in Block 59 of the Bond-Sargent Addition to the Town of Grants as said alley is produced Westerly to the Northwest corner of Lot 1 in Block 59 of the Bond-Sargent Addition to the Town of Grants.</p> <p>The alley in Block 58, of the Bond-Sargent Addition to the Town of Grants beginning at the Northeast corner of Lot 10, produced Southerly to the Southeast corner of Lot 12, thence from the Southwest corner of Lot 7 as produced in Northerly to the Northwest corner of Lot 9 in said Block 58.</p> <p>The alley in Block 59 of the Bond-Sargent Addition to the Town of Grants beginning at the Northeast corner of Lot 10, produced Southerly to the Southeast corner of Lot 12, thence from the Southwest corner of Lot 7 as produced Northerly to the Northwest corner of Lot 9 in said Block 59.</p> | Grants, NM    |
| St. Vivian Parish<br>501 Sand Street<br>Milan, NM 87528            | <p>Parcel No. 2-059-066-235-395. Legal Description:<br/>A parcel of land situated within the NW¼ NE¼ of Section 5 in Township 11 North, Range 10 West, N.M.P.M., Valencia County, New Mexico, described as follows:</p> <p>To arrive at the true point of beginning commence at a point from whence the North quarter corner on the north line of Section 5 bears N 0°20' W a distance of 923 feet; thence S 0°20' E 877.0 feet to a point; thence N 74°23' E a distance of 1029.6 feet to a point which is the southeast corner of the tract and the TRUE POINT OF BEGINNING; thence N 21°42'39" W a distance of 227 feet to a point which is the northeast corner of the tract; thence S 74°23' W a distance of 161 feet to a point which is the northwest corner of the tract; thence S 21°42'39" E a distance of 227 feet to a point which is the southwest corner of the tract; thence N 74°23' E a distance of 161 feet to the point and place of beginning.</p> <p>SUBJECT TO all reservations, exceptions, restrictions and easements of record.</p> <p>TOGETHER WITH all rights of ingress and egress appurtenant to the premises; and</p> <p>TOGETHER WITH all rights to all underground and surface water rights which are appurtenant to the property; and</p> <p><del>TOGETHER WITH all appurtenant rights, licenses and easements.</del></p>   | Milan, NM     |
| St. Vivian Parish<br>501 Sand Street<br>Milan, NM 87528            | <p>Parcel No. 2-059-066-181-374. Legal Description: A tract of land situated within the Northeast quarter of Section 5, T. 11 N, R. 10W, N.M.P.M., Valencia County, New Mexico, more particularly described in Book 248, Page 7503 in the Official Records of the Cibola County Recorder.</p>  | Milan, NM     |
| San Mateo Parish<br>San Mateo, NM 87020                            | <p>Parcel No. 2-044-074-097-497. Legal Description: That certain parcel of land being identified as 0.254 Acre Parcel, Section Twenty-six (26) in Township Thirteen (13) North, Range Eight (8) West, N.M.P.M., SAN MATEO CIBOLA COUNTY, NEW MEXICO, and being more particularly described by metes and bounds as follows:</p> <p>Beginning at the southeast corner of the parcel herein described, whence the right-of-way marker 121+75.1, on the north right-of-way line of New Mexico State Road 53 bears S79°06'05"E, 42.40 feet distance;</p> <p>Thence N79°06'05"W, 170.19 feet distance along said north right-of-way line of New Mexico State Road 53 to the southwest corner of the parcel herein described;</p> <p>Thence N22°47'00"E, 77.00 feet distance to the northwest corner of the parcel herein described;</p> <p>Thence S72°51'05"E, 161.00 feet distance to the northeast corner of the parcel herein described;</p> <p>Thence S16°32'17"W, 58.10 feet distance to the southeast corner and place of beginning of the parcel herein described and</p> <p>Containing 0.254 acre, more or less.</p>   | San Mateo, NM |

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| San Rafael Parish<br>100 Guadalupe Plaza<br>San Rafael, NM 87051       | Legal Description: A parcel of land in Section 10 Township 10 North, Range 10 West of the New Mexico Principal Meridian in San Rafael, Valencia County, New Mexico described as follows:<br>Bounded on the North by Reyes Chavez;<br>On the East by vacant lot;<br>On the West by public road;<br>On the South by Domingo Diaz Sr.;<br><br>Parcel of land measures 75 feet on the North; 75 feet on the South; 75 feet on the East; 75 feet on the West.  | San Rafael, NM |
| San Lorenzo Parish<br>3928 Ice Caves Road<br>Ramah, NM 87321           | Parcel No. 2-081-054-331-422. Legal Description: S:3 T: 9N R:14W PARCEL 2 CEMETERY SITE AS SHOWN ON "REPLAT #1 OF THE SAME LORENZO CATHOLIC MISSION IN THE NE ¼ NW ¼ * 5 ACRES NEW SPLIT FOR 2012 PER REPLAT 0  | Ramah, NM      |
| San Lorenzo Parish<br>3928 Ice Caves Road<br>Ramah, NM 87321           | Parcel No. 2-081-054-320-470. Legal Description: S:3 T: 9N R:14W PARCEL 1 MISSION SITE; A TRACT OF LAND IN THE NW¼ OF SECTION = 4.9912 ACRES 3294 ICE CAVES RD 3926 ICE CAVES RD 3928 ICE CAVES RD 3930 ICE CAVES RD 0  | Ramah, NM      |
| Sacred Heart Parish<br>415 E. Green<br>Gallup, NM 87301                | Parcel No. 2-105-088-343-103. Legal Description: All of the lots numbered 1 thru 12, in Block 23 of the A & P Railway Company Addition to the town of Gallup, McKinley County, New Mexico, as the same are shown and designated on a plat of the said subdivision filed in the office of the then Probate Clerk and Ex-officio Recorder of Bernalillo County, N.M. on July 8, 1893, a copy of said Map being now on file in the office of the County Clerk of McKinley County, New Mexico.<br><br>TOGETHER with the southerly nine (9) feet of the previously vacated Mesa Ave., which lies between Block 22 and Block 23 of said A & P Railway Addition.<br><br>TOGETHER with that strip of land 16 feet in width which lies between the North and South halves of Block 23, being formerly the alley-way in the said block subsequently vacated by Ordinance 83 of the City of Gallup, passed on the 16th day of August, 1916.<br><br>The above described property is a tract of land 300 feet long between Woodrow Street and Cliff Street and 167 feet wide running from the northerly line of Lots 13 through 24 of the said Block 23 to a line 9 feet northerly from the southerly line of the previously vacated Mesa Ave.<br>* * *  | Gallup, NM     |
| Continuation of<br>Sacred Heart Parish<br>Parcel No. 2-105-088-343-103 | Lots Thirteen (13) to Twenty-four (24), both inclusive, in Block Twenty-three (23) of A. & P. RAILWAY CO'S ADDITION to the Town of Gallup, New Mexico, as the same are shown and designated upon the Map of said Addition (survey and plat by H.C. Nutt, Trustee for the Atlantic and Pacific Railroad Company) filed in the office of the then Probate Clerk and Ex-officio Recorder of Bernalillo County, N.M., on July 8, 1893, a copy of said Map being now on file in the office of the County Clerk of McKinley County, N.M.<br>* * *<br><br>That part of Mesa Avenue in the Rail Road Addition to the Town of Gallup between Woodrow and Cliff Streets and the two Alleys intersecting Blocks Number Twenty-two (22) and Twenty-three (23) of the Rail Road Addition to the Town of Gallup, McKinley County, New Mexico.<br>* * *<br><br>That portion of Mesa Avenue (Hinch Avenue) bounded on the west by the east right-of-way line of Woodrow Street and bounded on the east by the west right-of-way line of Cliff Street;<br>That alley in Block No. 22 of the amended plat of A&P Railway Co's Addition filed for record July 9, 1923, in the records of McKinley County, New Mexico, bounded on the west by the east right-of-way line of Woodrow Street and bounded on the east by the west right-of-way line of Cliff Street; and<br>That alley in Block No. 23 of said Addition bounded on the west by the east right-of-way line of Woodrow Street and bounded on the east by the west right-of-way line of Cliff Street. | Gallup, NM     |
| Sacred Heart Parish<br>415 E. Green<br>Gallup, NM 87301                | Parcel No. 2-105-088-357-136. Legal Description: Lots One (1) thru Twenty-four (24), inclusive, in Block Twenty-two (22) of A & P RAILWAY COMPANY ADDITION to the Town of Gallup, McKinley County, New Mexico, as the same are shown and designated on a Plat of the said subdivision filed in the office of the then Probate Clerk and Ex-officio Recorder of Bernalillo County, New Mexico, on July 8, 1893, a copy of said Map being now on file in the office of the County Clerk of McKinley County, New Mexico.<br><br>TOGETHER WITH Portions of vacated alleys and streets pursuant to Ordinance 83, dated August 16, 1916, recorded August 6, 1968 in Book 59 Miscellaneous Page 502.   | Gallup, NM     |
| Sacred Heart Parish<br>415 E. Green<br>Gallup, NM 87301                | Parcel No. 2-106-088-088-088. Legal Description: ALL OF BLOCK 48, OTS ADDITION CODE #2-106-088-088-088 (D/B/A LOWES)  | Gallup, NM     |

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| Sacred Heart Parish<br>415 E. Green<br>Gallup, NM 87301                | Lease with Pay and Save, Inc. dated February 1, 2006 and all amendments thereto.   | Gallup, NM      |
| St. Francis of Assisi Parish<br>214 W. Wilson Ave.<br>Gallup, NM 87301 | Parcel No. 2-106-088-089-324. Legal Description: An undivided three-eighths (¾) interest in and to the West Twenty (20) feet of Lot Eleven (11), all of Lots Twelve (12) and Thirteen (13), and the East Twenty-one and one-half (21½) feet of Lot Fourteen (14), all in Block Eleven (11), of State Land Addition to the Town of Gallup.  | Gallup, NM      |
| St. Francis of Assisi Parish<br>214 W. Wilson Ave.<br>Gallup, NM 87301 | Parcel No. 2-101-089-196-274. Legal Description: A tract of land located in the North one half of Section 8, Township 15 North, Range 17 West of N.M.P.M., more properly described as follows:<br><br>Beginning at the Southwest corner of said Section 8 and run North a distance of 2,640 feet to a point;<br>Thence N89°55' E a distance of 3,200 feet to the real point of beginning;<br>Thence continue on N89°55' E a distance of 208.71 feet to the Southeast corner of the property;<br>Thence North a distance of 208.71 feet to the Northeast corner of the property;<br>Thence South 89°55' W a distance of 208.71 feet to the Northwest corner of the property;<br>Thence South a distance of 208.71 feet to the real point of beginning, containing one acre more or less.  | Gallup, NM      |
| St. Francis of Assisi Parish<br>214 W. Wilson Ave.<br>Gallup, NM 87301 | Parcel No. 2-107-091-268-010. Legal Description: Lot numbered EIGHT (8), Block numbered TWENTY ONE (21), GAMERCO TOWNSITE UNIT NO. ONE, a subdivision in McKinley County, New Mexico, as the same is shown and designated on the Plat thereof filed in the office of the County Clerk of McKinley County, New Mexico, April 15, 1981.  | Gallup, NM      |
| St. Francis of Assisi Parish<br>214 W. Wilson Ave.<br>Gallup, NM 87301 | Parcel No. 2-106-088-090-343. Legal Description: The East 6 feet of Lot 28, All of Lot 29, All of Lot 30, West 5 feet of North 92 feet of Lot 31, West 1 foot of South 50 feet Lot 31, Block 5, STATE LAND ADDITION to the City of Gallup, McKinley County, New Mexico, as the same are shown and designated on the map of said Addition filed in the office of the County Clerk of McKinley County, N.M., on January 21, 1929.  | Gallup, NM      |
| St. Francis of Assisi Parish<br>214 W. Wilson Ave.<br>Gallup, NM 87301 | Parcel No. 2-106-088-112-335. Legal Description (per Assessor's records):<br>BLOCK 5 ALL OF LOTS 21 THRU 23, THE W.16 1/2' OF LOT 24, STATE LAND ADDN.<br>ST. FRANCIS CHURCH CODE #2-106-088-112-335   | Gallup, NM      |
| St. John Vianney Parish<br>3408 Zia Drive<br>Gallup, NM 87301          | Parcel No. 2-102-088-269-101. Legal Description: A tract of land situated in the S¼ Section 18, T15N, R17W, N.M.P.M., McKinley County, New Mexico, and more properly described in Book 21, Page 746.   | Gallup, NM      |
| St. Patrick Parish<br>549 Cousins Road<br>Vanderwagen, NM 87326        | Parcel No. 2-116-068-036-464. Legal Description: A tract of land within the Northeast Quarter of Section 26, Township 12 North, Range 20 West, N.M.P.M., more particularly described as follows:<br><br>Commencing at a point on the East line of Section 26, 414 feet South from the Northeast corner thereof, thence westerly parallel to the North line of said Section, a distance of 209½ feet to the Northeast corner of the tract hereby described and the point of beginning, thence along the same course a distance of 313 feet to the Northwest corner,<br>thence Southerly parallel to the east line of said section, a distance of 418 feet to the Southwest corner,<br>thence Easterly parallel to the first course, a distance of 313 feet to the Southeast corner,<br>thence Northerly a distance of 418 feet to a point of beginning. | Vanderwagen, NM |
| St. Patrick Parish<br>549 Cousins Road<br>Vanderwagen, NM 87326        | Parcel No. 2-112-068-515-505. Legal Description: A tract of land within the W ½ of the NW ¼ of Section 28, Township 12 North, Range 19 West, N.M. P.M., McKinley County, New Mexico, being<br><br>The Northerly 443.492 feet of Westerly 428 feet of the W ½ of the NW ¼ of said Section 28, containing 4.327 acres, more or less.   | Vanderwagen, NM |

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| St. Paul Parish<br>268 Crownpoint Drive<br>Crownpoint, NM 87313        | Parcel No. 2-073-099-049-106. Legal Description: Parcel "A":<br>A tract of land containing 1.55 acres more or less located in the Southeast Quarter of Section 24, Township 17 North, Range 13 West, N.M.P.M., more properly described as follows:<br>Beginning at the East ¼ corner of said Section 24 and running South along section line a distance of 1706.2 feet to the Real Point of Beginning:<br>Thence South a distance of 284.5' to a point;<br>Thence West a distance of 259.7' to a point;<br>Thence North a distance of 65.6' to a point;<br>Thence N 53° -21' W a distance of 4.5' to a point;<br>Thence N 27° -05' E a distance of 312.4' to a point;<br>Thence S 62° -55' E a distance of 136.0' to the Point of Ending.<br>AND<br>Parcel "C":<br>A tract of land containing .84 acres more or less located in the Southeast Quarter of Section 24, Township 17 North, Range 13 West, N.M.P.M., more properly described as follows:<br>Beginning at the East ¼ corner of said Section 24 and running South along section line a distance of 1706.2 feet to a point; thence N 62° -55' W a distance of 227.0 feet to the Real Point of Beginning:<br>Thence S 27° -05' W a distance of 297.1 to a point;<br>Thence N 53° -21' W a distance of 129.8' to a point;<br>Thence N 27° -05' E a distance of 275.1' to a point;<br>Thence S 62° -55' E a distance of 128.0' to the Point of Ending.<br>* * * | Crownpoint, NM |
| Continuation of<br>St. Paul Parish<br>No. 2-073-099-049-106            | Parcel "B":<br>A tract of land containing 0.64 acres more or less, located in the Southeast Quarter of Section 24, Township 17 North, Range 13 West, N.M.P.M., more properly described as follows:<br>Beginning at the East ¼ corner of said Section 24 and run South along section line a distance of 1706.2 feet to a point; thence N 62° -55' W a distance of 136.0 feet to the Real Point of Beginning:<br>Thence S 27° -05' W a distance of 312.4' to a point;<br>Thence N 53° -21' W a distance of 92.3' to a point;<br>Thence N 27° 05' E a distance of 297.1 feet to a point;<br>Thence S 62° -55' E a distance of 91.0' to the Point of Ending.<br>AND<br>Parcel "D":<br>A tract of land containing 2.57 acres more or less located in the Southeast Quarter of Section 24, Township 17 North, Range 13 West, N.M.P.M., more properly described as follows:<br>Beginning at the East ¼ corner of said Section 24 and run South along section line a distance of 1706.2' to a point; thence N 62° -55' W a distance of 355.0' to the Real Point of Beginning:<br>Thence S 27° -05' W a distance of 275.1' to a point;<br>Thence N 53° -21' W a distance of 443.1' to a point;<br>Thence N 0° -23' E a distance of 216.0' to a point;<br>Thence S 63° -53' E a distance of 534.0' to the Point of Ending.  | Crownpoint, NM |
| Good Shepherd Parish<br>Pinehaven, NM 87059                            | Parcel No. 2-100-076-493-165. Legal Description: A certain tract of land in the PINEHAVEN ADDITION, McKinley County, New Mexico, consisting of the south 1.0 acre of Lot 1, Block 1 of said Pinehaven Addition, more particularly described as follows:<br><br>BEGINNING at the southwest corner of said Lot 1;<br>thence N 0° 38' 20" W - 282.85 feet to the northwest corner;<br>thence EAST 217.33 feet to the northeast corner;<br>thence SOUTH 104.37 feet to the southeast corner;<br>thence S 44° 03' 20" W - 89.86 feet to a point of curve;<br>thence following a curve to the right whose radius is 607.55 feet through an arc distance of 191.15 feet to the place of beginning, containing 1.01 acres more or less.   | Pinehaven, NM  |
| Good Shepherd Parish<br>Pinehaven, NM 87059                            | Parcel No. 2-100-076-495-172. Legal Description: Lot Two (2) in Block One (1) of PINEHAVEN ADDITION of the West Half of Section 16, Township 13 North, Range 17 West, N.M.P.M., as shown and designated on Plat thereof, filed of record in the Office of the County Clerk of McKinley County, New Mexico on the 24th day of July 1969.   | Pinehaven, NM  |
| St. Francis of Assisi Parish<br>3760 Sandhill Drive<br>Dulce, NM 87528 | Parcel No. 2-004-186-030-346. Legal Description: "East Tract" being Lots 10-13 and a portion of Lots 6-9, and "West Tract", being Lots 19-31, both in Block 1 of the Townsite of Lumberton, as shown on plat entitled "Boundary Survey Plat for Manuel A. Cordova, Jr., ..." as filed in the records of the Rio Arriba County Clerk Book of Plats 11, page 9, on 26 May 2006, and having Reception No. 200604120.   | Dulce, NM      |
| St. Francis of Assisi Parish<br>3760 Sandhill Drive<br>Dulce, NM 87528 | Parcel No. 2-004-186-046-316. Legal Description: The East one hundred eleven (111) feet of lots numbered one (1) and two (2) in block three (3) of the town of Lumberton as the same are shown and designated on the map of such townsite.  | Dulce, NM      |

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| St. Francis of Assisi Parish<br>3760 Sandhill Drive<br>Dulce, NM 87528 | Parcel No. Unknown. Lots numbered Fourteen (14); Fifteen (15); Sixteen (16); and Seventeen (17) in Block No. One (1) of the Lumberton Townsite, Lumberton, New Mexico, each of the above lots measuring one hundred forty-one (141) feet East and West and twenty-five (25) feet North and South, or a total of one hundred (100) feet North and South and one hundred forty-one (141) feet East and West.  | Lumberton, NM |
| Immaculate Conception Parish<br>6440 Main Street<br>Cuba, NM 87013     | Parcel No. 1-000-000-802-701. Legal Description (per Assessor's records):<br>Legal: S: 00 T: 00 R: 00 A TR OF LAND IN TR 8 subd: SECT-TWNSHP-RNGE   | Cuba, NM      |
| St. Joseph Parish<br>424 N. Mesa Verde Ave.<br>Aztec, NM 87410         | Parcel No. 2-064-178-089-236. Legal Description: Lot Five (5), Block One (1), WILLIAMS ADDITION to the Town of Aztec, New Mexico, according to the recorded plat thereof.   | Aztec, NM     |
| St. Joseph Parish<br>424 N. Mesa Verde Ave.<br>Aztec, NM 87410         | Parcel No. 2-064-178-095-213. Legal Description: All of Lot Sixteen (16) and the North Forty (40) feet of Lot Fifteen (15) of Block numbered One (1), BUNKER'S ADDITION, in the City of Aztec, San Juan County, New Mexico, as shown on the Plat of said Addition filed for record July 5, 1906;<br>And also a tract of land in said addition, not numbered, described as follows:<br>BEGINNING at the Northwest corner of said Lot 16;<br>THENCE North 19°35' East 31.30 feet to South right of way line of Fairgrounds Road;<br>THENCE South 84 °08'10" East 142.05 feet along said South right of way line;<br>THENCE South 19 °35' West 65.00 feet to the Northeast corner of said Lot 16;<br>THENCE North 70 °25' West 138.00 feet along the North line of said Lot 16 to the point of beginning.  | Aztec, NM     |
| St. Joseph Parish<br>424 N. Mesa Verde Ave.<br>Aztec, NM 87410         | Parcel No. 2-064-178-080-262. Legal Description: Lot Six (6) in Block One (1) of the W.E. WILLIAMS ADDITION to the Town (now City) of Aztec, New Mexico, according to the Plat thereof on file in the office of the County Clerk of San Juan County, New Mexico.<br>SAVE AND EXCEPT THEREFROM the portion thereof condemned by the Board of County Commissioners of San Juan County, New Mexico in Case No. 8317 in the District Court of the Eleventh Judicial District sitting within and for San Juan County, New Mexico, entitled "Board of County Commissioners of San Juan County, New Mexico, Petitioner, vs. T.D. Sweringen, et al, Defendants".<br>The named Defendants in said condemnation suit, insofar as the property described herein is concerned, were C.M. Hallett, Vilate L. Hallett, Leo G. Stearns and Hazel I. Stearns and the parcel of property referred to herein was designated therein as Tract No. 4-15-D-1.<br>The tract of land (Tract No. 4-15-D-1) described therein as being condemned was more particularly described as follows:<br>A certain tract or parcel of land lying and being situate in Lot Six (6) of Block One (1) of the W.E. WILLIAMS ADDITION to the Town of Aztec, County of San Juan, State of New Mexico, being more particularly bounded and described as follows, to wit:<br>BEGINNING at a point on the Southerly line of Lot 6 from which point the Easterly Quarter Corner of Section Nine (9) bears North 78 ° 55' 51" East a distance of 865.45 feet;<br>THENCE: Northerly on a 13.404 ° curve (radius - 427.5 feet) through an arc of 7.859 ° to the right a distance of 58.64 feet to a point on the Northerly line of Lot 6;<br>THENCE: Easterly along the said Northerly lot line a distance of 15.14 feet;<br>THENCE: Southerly on a 13.791 ° curve (radius - 415.5 feet) through an arc of 8.190 ° to the left a distance of 59.39 feet to a point on the Southerly line of Lot 6;<br>THENCE: Westerly along the said Southerly lot line a distance of 13.79 feet to the point and place of beginning;<br>Containing 648.24 square feet, more or less. | Aztec, NM     |
| St. Joseph Parish<br>424 N. Mesa Verde Ave.<br>Aztec, NM 87410         | Parcel No. 2-064-178-108-242. Legal Description: Lots numbered 1(one), 2 (two), 3 (three) and 4 (four) in Block numbered 2 (two) in the W.E.Williams Addition to the Town of Aztec, according to the recorded plat thereof.   | Aztec, NM     |
| St. Rose of Lima Parish<br>307 N. Highway 64<br>Blanco, NM 87412       | Parcel No. 2-055-171-004-218. Legal Description: A tract of land in part of the Northeast Quarter Southeast Quarter (NE-¼ SE-¼) of Section Thirteen (13) in Township Twenty-nine (29) North, Range Ten (10) West, N.M.P.M., and in Part of the Northwest Quarter of the Southwest Quarter (NW-¼ SW-¼) of Section Eighteen (18) in Township Twenty-nine (29) North, Range Nine (9) West, N.M.P.M., described as follows:<br><br>BEGINNING at a point whence the East one-quarter (E-¼) of said Section 18 bears North 00°15' West 273.85 feet;<br>Thence North 50°48'00" East, 192.87 feet;<br>Thence South 00°15'00" East, 490.58 feet;<br>Thence South 89°39'07" West, 227.41 feet;<br>Thence North 143.30 feet;<br>Thence West 30.00 feet;<br>Thence North 140.47 feet;<br>Thence North 50°48'00" East, 136.53 feet to the point of beginning.  | Blanco, NM    |



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| St. Rose of Lima Parish<br>307 N. Highway 64<br>Blanco, NM 87412 | Parcel No. 2-055-171-015-245. Legal Description: A piece of land for a grave yard or cemetery commencing at the North East corner of NE¼ SE¼ sec 13 twp 29 N R 10 West in San Juan County New Mexico going West 261 feet along Northern line of said NE¼ SE¼ sec 13 twp 29 N R 10W; thence going South 261 feet; thence going East 261 feet, till it strikes the Eastern line of NE¼ SE¼ sec 13 twp 29 N R 10 W, thence North 261 feet to the place of beginning; the whole piece of land containing one acre and one quarter of one acre together with the right of way to a road (20) feet twenty feet wide from the public road of Aztec to Blaco & the San Juan River, such road to follow the catholic church & H. Amiot property Western line in Blanco Precinct No. 9, San Juan County, New Mexico.   | Blanco, NM     |
| St. Rose of Lima Parish<br>307 N. Highway 64<br>Blanco, NM 87412 | Oil and gas lease with original lessor El Paso Natural Gas Company, currently held by ConocoPhillips Company; 13-29N-10W (NE¼SE¼); commencing 10-12-1966 for 5 year primary term & so long thereafter as oil or gas being produced or operations continued; Gas - 12.5% mkt. value at wellhead; Oil - 12.5% of proceeds at mouth of well.  | Blanco, NM     |
| St. Rose of Lima Parish<br>307 N. Highway 64<br>Blanco, NM 87412 | Parcel No. 2-055-171-033-232. Legal Description: Beginning at the Northwest Corner of the South west Quarter of Section 13, Township 29 North, Range 9 West, N.M.P.M., thence running East one hundred and fifty feet, thence running South thirty nine Rods, thence West One Hundred and fifty feet, thence Noth to beginning thirty nine rods.   | Blanco, NM     |
| St. Rose of Lima Parish<br>307 N. Highway 64<br>Blanco, NM 87412 | Parcel No. 2-052-174-284-036. Legal Description: A tract of land lying in the SE¼ of the SW¼ of Section 33, T30N, R9W, N.M.P.M., San Juan County, New Mexico being more particularly described as follows:<br><br>BEGINNING at a point from whence the Southeast corner of said Section 33, bears S 89°25'17" E a distance of 2644.69 feet. Said begin point being the Southeast corner of C1-Lot 2.<br><br>THENCE: along the South line of said lot (2) also being the centerline of Road 4599, N 89°24'29" W a distance of 400.00 feet to the Southwest corner of lot (2);<br>THENCE: departing said centerline and along the West line, N 00°36'43" W a distance of 656.69 feet to the Northwest corner of lot (2);<br>THENCE: along the North line, S 89°34'16" E a distance of 400.00 feet to the Northeast corner of lot (2);<br>THENCE: along the East line of lot (2), S 00°36'36" E a distance of 657.83 feet;<br><br>To the point of beginning, same being C1-Lot 2 (Exempt) as shown on that certain Donation Exemption Survey prepared by Sakura Engineering/Evans Engineers, Inc., dated October 3, 2012, recorded on December 14, 2012, in Book 1550, Page 270 of the San Juan County records. | Blanco, NM     |
| St. Rose of Lima Parish<br>307 N. Highway 64<br>Blanco, NM 87412 | Parcel No. 2-048-176-108-280. Land in San Juan County, Blanco, NM. Legal Description: Beginning at a point 1070 feet west of the southeast corner of NE1/4 of SE1/4 of section 19, township 30 north, range 8 west, N.M.P.M.; thence N 19° 15' E. 27514 feet to the south corner of County School property (marked by cross (+) on side of cliff, in rook); thence N 70°45' W., 209 feet, to west corner of school property; thence S 19° 15' W., 348.5 feet, to south line of NE1/4 SE1/4 sec 19; thence east 221.3 feet, to point of beginning. Containing 1.6 acres, more or less, all in the NE1/4SE1/4 section 19 T. 30 N. R. 8W. (Cemetery)  | Blanco, NM     |
| St. Mary Parish<br>307 N. Church Street<br>Bloomfield, NM 87413  | Parcel No. 2-064-170-154-381. Legal Description: The following described tract of land situate in the Southwest Quarter of the Northeast Quarter of Section 21, Township 29 North, Range 11 West, N.M.P.M.; more particularly described as follows:<br><br>Beginning at a point N89°35' West 1,347.5 feet;<br><br>Thence North 0°09' West 1,139.8 feet from the East Quarter corner of said Section 21;<br>Thence South 89°51' West 425 feet,<br>Thence North 0°09' West 50 feet,<br>Thence North 89°51' East 425 feet,<br>Thence South 0°09' East 50 feet to the point of beginning, containing .489 acre, more or less; together with the water rights in Bloomfield Irrigation Canal for one-half acre-share for the land herein described.   | Bloomfield, NM |



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| St. Mary Parish<br>307 N. Church Street<br>Bloomfield, NM 87413  | Parcel Nos. 2-064-170-146-369 and 2-064-170-158-352. Legal Description: Beginning at a point which point is N89° 35' W 1347.5 feet;<br>Thence N0° 09' W 922.8 feet from the East Quarter corner of Section Twenty-one (21), Township Twenty-nine (29) North Range Eleven West, N.M.P.M.<br>THENCE S 89° 51' W 207.8 feet;<br>THENCE N0° 09' W 207.8 feet;<br>THENCE N 89° 51' E 207.8 feet;<br>THENCE S0° 09' E 207.8 feet to the point of beginning, containing one acre, more or less, together with water rights in Bloomfield Irrigation District canal for one acre of land herein described.  | Bloomfield, NM |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-093-501. Legal Description: The North Forty-eight (48) feet of Lot Ten (10) in Block Three (3) of HUNTER'S ADDITION to the Town of Farmington, New Mexico, as shown on the Plat filed for record in the Office of the County Clerk of San Juan County, New Mexico on March 17, 1893.   | Farmington, NM |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-093-514. Legal Description: Lot Twelve (12) and Thirteen (13) in Block Three (3) of HUNTER'S ADDITION, in the City of Farmington, San Juan County, New Mexico as shown on the Plat of said Addition filed for record March 17, 1893.   | Farmington, NM |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-093-506. Legal Description: Lot ELEVEN (11) of Block THREE (3) of Hunter's Addition to the Town of Farmington, New Mexico; together with all improvements thereon.   | Farmington, NM |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-114-490. Legal Description: Beginning at the northwest (NW) corner of block numbered three (3) of Hunter's Addition to the Town of Farmington, thence west along the southern boundary of First Avenue to its intersection with the east boundary of Morris Avenue, as the same is described and determined in and by that certain deed of dedication dated January 20th, 1904, and recorded in the office of the County Clerk of said county on the 26th day of July, 1920, in book 55 at page 105 of the records therein, thence south along the east boundary line of said Morris Avenue to its intersection with La Plata Street, thence easterly along the northern boundary line of said La Plata Street to the southwest (SW) corner of said block three (3) of said Hunter's Addition to the Town of Farmington, thence north along the west line of said block three (3) of said Hunter's Addition to the Town of Farmington to the point of beginning; the said tract of land hereby conveyed being bounded on the north by said First Avenue, on the east by said block three (3) in said Hunter's Addition to the Town of Farmington, on the south by said La Plata Street, and on the west by said Morris Avenue, according to the plats of record in said office of said County Clerk and according to the aforesaid deed of dedication of said Morris Avenue; together with a water-right therefor consisting of one (1) inch running space in the Star Irrigating Ditch. | Farmington, NM |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-111-445. Legal Description: A tract of land located in the southwest Quarter of the Northeast Quarter of the Northeast Quarter (SW¼NE¼NE¼) of Section Sixteen (16), Township Twenty-Nine (29) North of Range Thirteen (13) West, N.M.P.M., in the city of Farmington, San Juan County, New Mexico, same being part of that certain PALMER TRACT lying North of the Farmington Ditch, and being more particularly described as follows:<br>BEGINNING at a point 154.4 feet West and 867 feet North of the southwest corner of Lot 2, in Block 4 of the ORIGINAL TOWNSITE OF FARMINGTON, Records of said County;<br>THENCE North 55 feet, more or less, along the East side of Allen Avenue to the South line of West La Plata Avenue;<br>THENCE East 140 feet, more or less, along the South side of said La Plata Avenue to an alley;<br>THENCE South 30 feet, more or less, along the West side of said alley to the Northerly side of said Farmington Ditch;<br>THENCE Southwesterly 146 feet, more or less, along said ditch to the point of beginning.   | Farmington, NM |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-093-496. Legal Description: Lot Nine (9) and the South Two feet (2') of Lot Ten (10) in Block Three (3) of HUNTER'S ADDITION, as shown on the Plat of said Addition filed for record March 17, 1893  | Farmington, NM |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-093-521. Legal Description: Lots Fourteen (14) and Fifteen (15) in Block Three (3) of HUNTER'S ADDITION, as shown on the Plat of said Addition filed for record on March 17, 1893  | Farmington, NM |

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| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-136-493. Legal Description: That part of the Northeast Quarter of the Northwest Quarter of the Northeast Quarter (NE/4NW/4NE/4) of Section Sixteen (16), in Township Twenty-Nine (29) North of Range Thirteen (13) West, N.M.P.M., in the City of Farmington, San Juan County, New Mexico, described as follows:<br>BEGINNING at a point which is South 302 feet and West 75.37 feet from the Northeast corner of the NW/4NE/4 of said Section 16:<br>THENCE South 118 feet;<br>THENCE West 66 feet;<br>THENCE North 118 feet;<br>THENCE East 66 feet to the point of beginning.                                      | Farmington, NM  |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-073-521. Legal Description: Lots Twelve "B" (12B), in Block Two (2) of HUNTER'S ADDITION, in the City of Farmington, San Juan County, New Mexico, as shown on the Replat of said Addition filed for record June 5, 1987   | Farmington, NM  |
| Sacred Heart Parish<br>414 N. Allen Ave.<br>Farmington, NM 87401 | Parcel No. 2-076-171-142-493. Legal Description: That part of the Northeast Quarter of the Northwest Quarter of the Northeast Quarter (NE/4NW/4NE/4) of Section 16, Township 29 North, Range 13 West, N.M.P.M., described as follows:<br>BEGINNING 302 feet South of the Northeast corner of said NE/4NW/4NE/4, which point is on the West line of North Allen Avenue;<br>THENCE South 118 feet;<br>THENCE West 75.37 feet;<br>THENCE North 118 feet;<br>THENCE East 75.37 feet to the point of beginning.   | Farmington, NM  |
| St. Mary Parish<br>2100 E. 20th Street<br>Farmington, NM 87401   | Parcel No. 2-074-173-377-060. Legal Description: West one-half of the West one-half of the Southeast Quarter of the Southwest Quarter (W $\frac{1}{2}$ W $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ ) of Section Two (2), Township Twenty-nine (29) North, Range Thirteen (13) West, New Mexico Principal Meridian;<br>containing Ten (10) acres more or less.<br><br>Together with ten (10) shares of water in the Independent Ditch Co.   | Farmington, NM  |
| St. Mary Parish<br>2100 E. 20th Street<br>Farmington, NM 87401   | Oil & Gas Lease: XTO Energy Inc., 2-29N-13W (W $\frac{1}{2}$ W $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ ); commencing 06-01-1962, 5 year primary term or so long and oil or gas is produced; land is pooled; Gas -12.5% mkt. value at wellhead; Oil - 12.5% of proceeds at mouth of well.   | Farmington, NM  |
| Holy Trinity Parish<br>42 Road 3520<br>Flora Vista, NM 87415     | Parcel No. 2-069-176-377-170. Legal Description: The West One-Half of the Southwest Quarter of the Northeast Quarter of the Southwest Quarter (W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ ) of Section Twenty-Two (22), in Township Thirty (30) North of Range Twelve (12) West, N.M.P.M., San Juan County, New Mexico.  | Flora Vista, NM |
| Sacred Heart Parish<br>9 CR 6820<br>Waterflow, NM 87421          | Oil & Gas Lease: Merlin Interests, Ltd., 6-29N-15W (SE $\frac{1}{4}$ ); commencing 08-28-2013, 5 year primary term or so long and oil or gas is produced; 16.66667% of all oil produced & saved from premises. 16.66667% of net proceeds from the sale of gas (deduction for cost subsequent to production)  | Waterflow, NM   |
| Sacred Heart Parish<br>9 CR 6820<br>Waterflow, NM 87421          | Parcel No. 2-090-173-147-147. Legal Description: That part of the Northwest Quarter of the Southeast Quarter (NW $\frac{1}{4}$ SE $\frac{1}{4}$ ) of Section Six (6), Township 29 North, Range 15 West, N.M.P.M., described as follows:<br>BEGINNING AT a point whence the Southeast (SE) corner of said NW $\frac{1}{4}$ SE $\frac{1}{4}$ bears South 65°41'51" East a distance of 324.28 feet,<br>THENCE South 01°00' East a distance of 100.00 feet;<br>THENCE North 42°59' West a distance of 100.00 feet;<br>THENCE North 68°00'30" East a distance of 71.65 feet to the point of beginning,<br>Containing 0.077 acres, more or less. | Waterflow, NM   |
| Sacred Heart Parish<br>9 CR 6820<br>Waterflow, NM 87421          | Parcel No. 2-088-175-132-132. Legal Description: Southeast quarter of Section twenty-eight in Township thirty north of Range fifteen west of the New Mexico Meridian, New Mexico, containing one hundred sixty acres.  | Waterflow, NM   |

Roman Catholic Church of the Diocese of Gallup and  
Jointly Administered Case No. 13-13676-t11  
Disclosure Statement Exhibit 2 - Property Held in Trust

**Property Held in Trust by Arizona Entity**

| Name and Address of Owner   | Description of Property   | Location of Property |
|---|---|----------------------|
| St. Helena Parish<br>42909 U.S. 180<br>Alpine, AZ 85920             | Parcel No. 101-29-009A. Legal Description: Commencing at the East quarter corner of Section Eighteen (18), Township 5 North, Range 31 East, Gila and Salt River Base and Meridian; thence North 86 degrees 22 minutes 9 seconds West along the East-West midsection line of said Section 18, a distance of 1186.56 feet; thence North 2 degrees 17 minutes 35 seconds East, 100.75 feet to the True Point of Beginning; thence North 87 degrees 27 minutes 20 seconds West, 330 feet; thence North 2 degrees 23 minutes 50 seconds East, 585 feet; thence South 87 degrees 27 minutes 20 seconds East, 330 feet, to a point lying approximately under a Forest Service fence; thence South 2 degrees 23 minutes 50 seconds West along said fence 565 feet to a point on the North right of way line of U.S. Highway 260; thence South 2 degrees 23 minutes 50 seconds West, 21 feet to the True Point of Beginning.   | Alpine, AZ           |
| St. Helena Parish<br>42909 U.S. 180<br>Alpine, AZ 85920             | Parcel No. 101-29-009B. Legal Description: Commencing at the East quarter corner of Section Eighteen (18), Township 5 North, Range 31 East, Gila and Salt River Base and Meridian; thence North 86 degrees 22 minutes 9 seconds West along the East-West midsection line of said Section 18 a distance of 1186.56 feet; thence North 2 degrees 17 minutes 35 seconds East, 100.75 feet to the True Point of Beginning; thence North 2 degrees 23 minutes 50 seconds East a distance of 585 feet; thence South 87 degrees 27 minutes 20 seconds East a distance of 41 feet more or less to the East line of the Southwest quarter of the Northeast quarter of Section 18; thence South 4 degrees 31 minutes 00 seconds West along the East line of the Southwest quarter of the Northeast quarter a distance of 585 feet more or less; thence North 87 degrees 27 minutes 20 seconds West a distance of 65 feet more or less to the True Point of Beginning. | Alpine, AZ           |
| St. Peter Parish<br>203 E. Apache Street<br>Springerville, AZ 85938 | Parcel No. 105-20-130. Legal Description: Being the East half of Lot 11, Block 19, Springerville Townsite, County of Apache, State of Arizona, as the same appears on the Official Plat of said Townsite of Springerville, file in the office of the County Recorder of said Apache County and more particularly described as follows, to wit: Beginning at the Southeast corner of the Southwest quarter of the Northwest quarter of Section 33, Township 9 North, Range 29 East of the Gila and Salt River Base and Meridian, Apache County, Arizona; thence North 6 chains and 6 links; thence West 4 chains and 65 links; thence North 5 degrees East 265 feet to the True Point of Beginning; thence North 5 degrees East 359 feet to a stake; thence West 85 feet to a stake; thence South 5 degrees West 359 feet to a stake; thence due East 83 feet to the place of beginning.   | Springerville, AZ    |
| St. Peter Parish<br>203 E. Apache Street<br>Springerville, AZ 85938 | Parcel No. 105-20-131. Legal Description: Being part of Lot 11, Block 19, Springerville Townsite, County of Apache, State of Arizona, as the same appears on the Official Plat of said Townsite of Springerville, file in the office of the County Recorder of said Apache County and more particularly described as follows, to wit: Beginning at the Southeast corner of the Southwest quarter of the Northwest quarter of Section 33, Township 9 North, Range 29 East of the Gila and Salt River Base and Meridian, Apache County, Arizona; thence North 6 chains and 6 links; thence West 4 chains and 65 links; thence North 5 degrees East 265 feet; thence West 83 feet to the True Point of Beginning, to a fence corner; thence North 359 feet; thence West 83 feet; thence South 5 degrees West 359 feet; thence East 83 feet to the True Point of Beginning.   | Springerville, AZ    |
| St. Peter Parish<br>203 E. Apache Street<br>Springerville, AZ 85938 | Parcel No. 105-20-130B. Legal Description: That parcel of land located within section 33, Township 9 North, Range 39 East, Gila and Salt River Meridian, Apache County, Arizona more particularly described as follows: Commencing at a stake 350 West, 997 feet North of the Center of the South Boundary line in the Northwest Quarter of Sec. 33, T9N, R29E, G&SR Meridian, in Apache County, Arizona; Thence North 275 feet to a stake; thence East 119 feet to a stake, thence South 274 feet to a stake, and thence West 165 feet back to the place of beginning.   | Springerville, AZ    |

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| St. Peter Parish<br>203 E. Apache Street<br>Springerville, AZ 85938           | Parcel No. 105-20-134. Legal Description: A Portion of the Southwest quarter of the Northwest quarter of Section 33, Township 9 North, Range 29 East, of the Gila and Salt River Base and Meridian, Apache County, Arizona, more particularly described as follows: Commencing at the Centerwest 1/16th corner of said Section 33; thence North 25 degrees, 15 minutes, 11 seconds West, a distance of 749.01 feet to a 5/8" rebar with L.S. Cap #12014; thence South 88 degrees 36 minutes, 50 seconds East, a distance of 143.00 feet to the True Point of Beginning; thence North 02 degrees, 47 minutes, 10 seconds East a distance of 380.94 feet; thence North 86 degrees, 03 minutes, 41 seconds West a distance of 133.06 feet; thence North 04 degrees, 48 minutes 15 seconds East, a distance of 120.00 feet; thence South 88 degrees, 14 minutes, 12 seconds East, a distance of 64.40 feet; thence North 09 degrees, 10 minutes, 14 seconds West, a distance of 70.57 feet; thence North 86 degrees, 40 minutes, 50 seconds West a distance of 133.64 feet; thence South 00 degrees, 03 minutes, 07 seconds West, a distance of 220.43 feet; thence North 88 degrees, 40 minutes, 02 seconds West, a distance of 104.90 feet; thence South 04 degrees, 33 minutes, 54 seconds West, a distance of 359.71 feet; thence South 88 degrees, 36 minutes, 50 seconds East, a distance of 307.28 feet to the True Point of Beginning. | Springerville, AZ |
| St. Peter Parish<br>203 E. Apache Street<br>Springerville, AZ 85938           | Parcel No. 105-20-135. Legal Description: The South half of the following described property: commencing at the quarter corner of the South side of Section 33, Township 9 North, Range 29 East of the Gila and Salt River Base and Meridian, Apache County, Arizona; thence North 3297.7 feet; thence West 1626 feet; thence North 5°2' East, 388 feet to the True Point of Beginning; Thence North 5°2' East, 120 feet; thence South 88°2' East, 132 feet; thence South 3°38' West, 120 feet; thence North 88°2' West, 132 feet more or less, the True Point of Beginning.   | Springerville, AZ |
| Immaculate Heart of Mary Parish<br>455 S. Lake Powell Blvd.<br>Page, AZ 86040 | Parcel No. 801-06-001. Legal Description: Lot L, Block 16C, Townsite of Page, as shown on the plat thereof, recorded in Case 1, Map 74, records of Coconino County, Arizona.   | Page, AZ          |
| Immaculate Heart of Mary Parish<br>455 S. Lake Powell Blvd.<br>Page, AZ 86040 | Parcel No. 801-06-002. Legal Description: Lots J-J and J-H, Block 16C, Townsite of Page, as shown on the plat thereof, recorded in Case 1, Map 106, records of Coconino County, Arizona.   | Page, AZ          |
| Immaculate Heart of Mary Parish<br>455 S. Lake Powell Blvd.<br>Page, AZ 86040 | Parcel No. 801-06-029A. Legal Description: Lot C-1, Block 224, of City of Page, Minor Subdivision of Tract C, Block 224, according to the plat of record in the office of the County Recorder of Coconino County, Arizona, recorded in Case 7, Map 74.   | Page, AZ          |
| St. Jude Parish<br>100 Aspen Drive<br>Tuba City, AZ 86045                     | Parcel No. 802-04-001A. Legal Description: A strip of land northerly of and adjoining to that tract of land described in Docket 146, Page 556 of the Records of Coconino County, Arizona, said strip of land being a portion of the S/2, N/2, NW/4 of Section 29, Township 32 North, Range 11 East, Gila and Salt River Base and Meridian, Coconino County, Arizona, more particularly described as follows: Beginning at the Northeast Corner of the previously mentioned tract of land, thence Northerly, along and extension of the East line of the said tract of land, for 30.00 feet, more or less, to the North line of the said S/2, N/2, NW/4 of Section 29; Thence Westerly, along said North line for 350.00 feet, more or less, to the Northerly extension of the West line of the previously mentioned tract of land; Thence Southerly, along the extension of said West line, for 30.00 feet, more or less, to the Northwest Corner of the previously mentioned tract of land; Thence Easterly, along the North line of the previously mentioned tract of land, for 350.00 feet, more or less, to the Point of Beginning, containing 0.241 acres of land, more or less.  | Tuba City, AZ     |
| Our Lady of the Assumption Parish<br>3048 Highway 277<br>Overgaard, AZ 85933  | Parcel No. 206-34-026J. Legal Description: That part of the Southeast quarter of the Northwest quarter of Section 20, Township 12 North, Range 17 East of the Gila and Salt River Base and Meridian, Navajo County Arizona, described as follows: from the West quarter corner of said section 20 run North 00° 12' 37" West along the section line 1318.33 feet; thence south 89° 51' 55" East 1323.71 feet to the Northwest corner said Southeast quarter of the Northwest quarter; thence continuing South 89° 51' 55" East 330.00 feet to the true point of beginning and continuing; Thence South 89° 51' 55" East 140.00 feet; thence South 00° 11' 10" East 523.45 feet to the Northerly right of way line of Highway 277; thence South 63° 00' 27" West along said right of way line 156.82 feet; thence North 00° 11' 20" West 594.96 feet to the true point of beginning.  | Overgaard, AZ     |

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| Our Lady of the Assumption Parish<br>3048 Highway 277<br>Overgaard, AZ 85933 | Parcel No. 206-36-052E. Legal Description: Parcel One as per the survey plat of record, in Book 34 of Surveys, page 31, records of Navajo County, Arizona. Said Parcel One also further described as a portion of that certain Assessor Parcel 206-36-052C, which is described as follows: That portion of Lot 52, of Pineland Acres Subdivision, as recorded in Book 11 of Plat Maps, page 23, records of Navajo County, Arizona, located in a portion of the Northwest quarter of Section 20, Township 12 North, Range 17 East of the Gila and Salt River Base and Meridian, Navajo County, Arizona, and more particularly described as follows: Commencing at the Northwest corner of said Lot 52; Thence North 62 degrees 44 minutes 56 seconds East along the North line of said Lot 52, a distance of 16.86 feet to a point, being the Northwest corner of this parcel and the True Point of Beginning; Thence South 00 degrees 04 minutes 05 seconds East parallel to the West line of said Lot 52, a distance of 283.08 feet to a point, being the Southwest corner of this parcel; Thence North 64 degrees 44 minutes 56 seconds East parallel to the North line of said Lot 52, a distance of 275.82 feet to a point, being on the East line of said Lot 52, said point being the Southeast corner of this parcel; Thence North 00 degrees 02 minutes 51 seconds West along the East line of said Lot 52, a distance of 283.13 feet to a point, being on the North line of said Lot 52, said point being the Northeast corner of this parcel; Thence South 62 degrees 44 minutes 56 seconds West along the North line of said Lot 52, a distance of 275.93 feet to a point, being the Northwest corner of this parcel and the True Point of Beginning. | Overgaard, AZ |
| St. Mary of the Angels Parish<br>1915 S. Penrod Lane<br>Pinetop, AZ 85935    | Parcel No. 311-44-020. Legal Description: Commencing at the North Quarter corner of Section 5, Township 8 North, Range 23 East of the Gila and Salt River Base and Meridian, Navajo County, Arizona; thence run East 698.94 feet; thence run South 1020.00 feet to an iron pin the true point of beginning; thence run South 300.00 feet to an iron pin; thence run East 600.00 feet to an iron pin; thence run North 300.00 feet to an iron pin; thence run West 600.00 feet to the true point of beginning.  | Pinetop, AZ   |
| St. Rita Parish<br>1400 East Owens<br>Show Low, AZ 85902                     | Parcel No. 210-21-020. Legal Description: A parcel of land located in the Southeast quarter of Section 20, Township 10 North, Range 22 East, of the Gila and Salt River Base and Meridian, Navajo County, Arizona, described as follows: Commencing at the Southeast 1/16 corner of Section 20, a 5/8 inch iron bar; Thence South 89 degrees 54 minutes 59 seconds East, a distance of 232.00 feet an iron bar in the concrete of a driveway being the True Point of Beginning; Thence continue Easterly along said line, a distance of 110.00 feet to a 5/8 inch iron bar capped SGS RLS 28234; Thence South 00 degrees 00 minutes 59 seconds East, a distance of 100.00 feet to a 5/8 inch iron bar capped SGS RLS 28234; Thence North 89 degrees 55 minutes 07 seconds West, a distance of 110.00 feet to a 3/8 inch iron bar in the concrete of a garage floor; Thence North 00 degrees 00 minutes 59 seconds West, a distance of 100.00 feet to the True Point of Beginning.  | Show Low, AZ  |
| San Rafael Parish<br>35411 U.S. 180A<br>Concho, AZ 85924                     | Parcel No. 107-33-116. Legal Description: Lot 946 Concho Lakeland #5 as shown on Docket #178 Page 594 of Town Site Maps in the Office of the Recorder of Apache County as Per A.R.S. 42-1614-A.#7.   | Concho, AZ    |
| San Rafael Parish<br>35411 U.S. 180A<br>Concho, AZ 85924                     | Parcel No. 201-28-051. Legal Description: AS LOT 1, BLOCK 18, UNIT 2, AS SHOWN ON DOCKET 693, PAGE 355, OF TOWN SITE MAPS, IN THE OFFICE OF THE RECORDER OF APACHE CO. AS A.R.S. 42-1614-#7A.  | Concho, AZ    |
| San Rafael Parish<br>35411 U.S. 180A<br>Concho, AZ 85924                     | Parcel Nos. 201-29-187A, 201-29-187B, 201-29-187C. Legal Description: AS LOTS 1-2-3- BLOCK 187 UNIT #3 AS SHOWN ON DOCKET 334, PAGE 301, OF TOWN SITE MAPS, IN THE OFFICE OF THE RECORDER OF APACHE CO. AS A.R.S. 42-1614-#7A.   | Concho, AZ    |
| San Rafael Parish<br>35411 U.S. 180A<br>Concho, AZ 85924                     | Parcel No. 201-29-225A. Legal Description: AS LOT 1 BLOCK 225 UNIT 3 AS SHOWN ON DOCKET 146, PAGE 476 OF TOWN SITE MAPS, IN THE OFFICE OF THE RECORDER OF APACHE CO. AS A.R.S. 42-1614-#7A.  | Concho, AZ    |
| San Rafael Parish<br>35411 U.S. 180A<br>Concho, AZ 85924                     | Parcel Nos. 201-40-053B, 201-40-053C. Legal Description: AS LOTS 2 & 3 BLOCK 53 UNIT 8 AS SHOWN ON DOCKET 411, PAGE 130 OF TOWN SITE MAPS, IN THE OFFICE OF THE RECORDER OF APACHE CO. AS A.R.S. 42-1614-A.#7.   | Concho, AZ    |
| San Rafael Parish<br>35411 U.S. 180A<br>Concho, AZ 85924                     | Parcel No. 203-50-179. Legal Description: LOT 179 IN HACIENDA SAN JUAN EST. AS SHOWN ON DOCKET 197, PAGE 445, OF TOWN SITE MAPS, IN THE OFFICE OF THE RECORDER OF APACHE CO. AS A.R.S. 42-1614-#7A.  | Concho, AZ    |
| San Rafael Parish<br>35411 U.S. 180A<br>Concho, AZ 85924                     | Parcel No. 206-06-003. Legal Description: LOT 4 UNIT 4 OF CEDAR HILLS AS SHOWN ON DOCKET 44, PAGE 435, OF TOWN SITE MAPS, IN THE OFFICE OF THE RECORDER OF APACHE CO. AS PER A.R.S. 42-1614-#7A.   | Concho, AZ    |

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| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936 | Parcel No. 203-11-005. Legal Description: PARCEL NO. 1:<br>The South one-half of the Southwest quarter of the Southwest quarter of Section 24, Township 13 North, Range 28 East of the Gila and Salt River Base and Meridian, Apache County, Arizona. RESERVING UNTO THE GRANTOR an easement for ingress and egress over the North, East and West 40 feet thereof. PARCEL NO. 2: The North one-half of the Northwest quarter of the Northwest quarter of Section 25, Township 13 North, Range 28 East of the Gila and Salt River Base and Meridian, Apache County, Arizona. RESERVING UNTO THE GRANTOR as easement for ingress and egress over the South, East and West 40 feet thereof.  | St. Johns, AZ |
| St. John the Baptist Parish<br>203 E. Commercial St.<br>St. Johns, AZ 85936 | Parcel No. 203-36-195B. Legal Description:<br>PARCEL NO. 1:<br>Lot 1, Block 48, St Johns Townsite, according to Book 1 of Townsite Maps, page 2, records of Apache County, Arizona.<br>EXCEPT the North 51 feet thereof and;<br>EXCEPT beginning at the Southwest corner of Lot 1 in Block 48 of the St. Johns Townsite;<br>THENCE East 30 feet;<br>THENCE North 30 feet;<br>THENCE West 30 feet to the West line of said Lot 1;<br>THENCE in a Southerly direction along said West line of said Lot 1, 30 feet more or less to the TRUE POINT OF BEGINNING, being a parcel of land 30 feet by 30 feet in the Southwest corner of said Lot 1.<br>EXCEPT title to any mine of gold, silver, cinnabar, copper or lead or to any valid claim or possession held under the existing laws of Congress, as set forth in Patent from United States of America.<br>PARCEL NO. 2:<br>The North 25 feet of the following described parcel of land:<br>That certain parcel lying adjacent to Block 48, St Johns Townsite, according to Book 1 of Townsite Maps, page 2, records of Apache County, Arizona, described as follows:<br>BEGINNING at the Southeast corner of Lot 4, of said Block 48;<br>THENCE North 89 degrees 02 minutes 57 minutes East along the North boundary of Commercial Street, 50.00 feet to the West boundary of Water Street.<br>THENCE North 00 degrees 40 minutes 13 seconds West along the West boundary of Water Street, 145.21 feet to the Southeast corner of Lot 1, Block 48;<br>THENCE South 87 degrees 42 minutes 53 seconds West 92.40 feet to the Easterly boundary of said Lot 4;<br>THENCE South 17 degrees 11 minutes 17 seconds East along the Easterly boundary of said Lot 4; a distance of 149.00 feet to the TRUE POINT OF BEGINNING.<br>EXCEPT title to any mine of gold, silver, cinnabar, copper or lead or to any valid claim or possession held under the existing laws of Congress, as set forth in Patent from United States of America. | St. Johns, AZ |

# EXHIBIT 3

\_\_\_\_\_, 2016

Dear \_\_\_\_\_,

On behalf of the Diocese of Gallup, I would like to express my sadness and regret for what was done to you by \_\_\_\_\_ who was working within the diocese, and for you, a survivor, for the pain you have experienced over the past many years. Please remember that no part of what happened to you was your fault. The abuse you suffered was the responsibility of the Diocese of Gallup and those in whom you placed your trust, and they betrayed that trust.

Even after you found the courage to come forward, for a number of years we failed to respond properly to you, and your story was not respected or validated. This was wrong. I thank you for speaking out and sharing your story. I thank you for your bravery and perseverance. I thank you for your commitment to seeking truth and justice.

I humbly ask that you please accept my deepest apology and regret for what was done to you. I apologize in the name of the Church for failing to minister to you in a manner that is respectful of your dignity. Christ called us to serve all people with love and respect, and in this, the humans who make up the body of the Church have sometimes failed.

Please allow me to renew my commitment to you and to the people under my pastoral care. I want to assure you we are committed to instituting and maintaining strong policies that will help to protect all children and provide a safe environment for them to encounter the Living Christ.

Please also be assured of my love and concern for you, a reflection of the infinite love God feels for you and all His children. Christ Himself understands how deeply felt are the wounds of suffering. Many of you may find even the act of entering a church a painful one, but I want you to know that the Church as a whole is here for you. I would like to invite you to attend a Prayer Service, so that together, we can continue this very important healing process. Please join me at any of the following times, if you so choose to attend:

[LIST DATE, TIME, AND LOCATION OF PRAYER SERVICES]

\_\_\_\_\_, in the future, I pray the Lord will continue to bless and strengthen you with His peace and hope. May God's grace strengthen you and may you find new life in the Risen Christ.

I remain, sincerely your servant in Christ,

Most Reverend James S. Wall  
Bishop of the Diocese of Gallup



# EXHIBIT 4

Diocese of Gallup  
Profit & Loss  
Cash Flow Projection

Diocese - Administrative

| Cash In Flow                         | Jan 16     | Feb 16    | Mar 16     | Apr 16     | May 16    | Jun 16     | Jul 16     | Aug 16    | Sep 16    | Oct 16     | Nov 16    | Dec 16    | TOTAL 2016   | 2017         | 2018         | 2019         | 2020         |
|--------------------------------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|-----------|------------|-----------|-----------|--------------|--------------|--------------|--------------|--------------|
| BAA                                  | 3,890.00   | 10,105.00 | 233,480.47 | 90,757.53  | 9,740.00  | 14,684.00  | 15,355.00  | 8,340.00  | 5,120.85  | 1,325.00   | 1,107.50  | 18,436.54 | 412,321.89   | 422,629.94   | 433,195.69   | 444,025.58   | 455,126.22   |
| Vehicle Lease Income                 | 1,615.95   | 829.27    | 954.95     | 1,003.47   | 2,851.50  | 777.07     | 2,216.68   | 1,174.98  | 912.40    | 2,983.22   | 3,094.48  | 834.66    | 19,048.63    | 19,524.85    | 20,012.97    | 20,513.29    | 21,026.12    |
| Workshop/Seminars Given              | 0.00       | 0.00      | 0.00       | 0.00       | 0.00      | 0.00       | 0.00       | 0.00      | 705.00    | 1,750.03   | 0.00      | 0.00      | 2,887.03     | 2,959.21     | 3,033.19     | 3,109.02     | 3,186.74     |
| Mission Co-op                        | 8,468.61   | 14,788.11 | 2,715.44   | 0.00       | 5,815.06  | 157.00     | 25.00      | 14,767.37 | 20,490.69 | 47,454.07  | 18,211.56 | 24,974.31 | 157,869.22   | 161,815.95   | 165,861.35   | 170,007.88   | 174,258.08   |
| Second Collections                   | 7,062.30   | 0.00      | 0.00       | 2,430.72   | 0.00      | 0.00       | 0.00       | 0.00      | 2,569.79  | 47,858     | 178.93    | 0.00      | 12,720.32    | 13,088.33    | 13,364.29    | 13,688.39    | 14,040.85    |
| Fee/Donations-SHRC                   | 3,205.00   | 3,650.00  | 3,780.00   | 4,970.00   | 1,055.00  | 6,985.00   | 260.00     | 7,940.00  | 470.00    | 4,780.00   | 5,297.25  | 2,478.00  | 44,850.25    | 45,971.51    | 47,120.79    | 48,288.81    | 49,506.28    |
| Donations                            | 4,255.00   | 305.00    | 1,065.00   | 6,825.60   | 2,870.00  | 21,234.84  | 12,806.57  | 2,699.28  | 906.88    | 405.00     | 3,175.00  | 555.00    | 57,123.17    | 58,551.25    | 60,015.03    | 61,515.41    | 63,053.29    |
| Grants                               | 104,685.00 | 0.00      | 1,000.00   | 63,635.00  | 19,519.00 | 71,225.00  | 110,310.50 | 3,000.00  | 20,571.27 | 83,192.50  | 7,000.00  | 12,333.34 | 496,361.61   | 508,770.65   | 521,489.92   | 534,527.16   | 547,890.34   |
| Grant Funding Catholic Organizations | 200,000.00 | 0.00      | 0.00       | 0.00       | 0.00      | 0.00       | 0.00       | 0.00      | 0.00      | 0.00       | 0.00      | 0.00      | 200,000.00   | 200,000.00   | 200,000.00   | 200,000.00   | 200,000.00   |
| Bequests                             | 0.00       | 0.00      | 590.65     | 0.00       | 0.00      | 0.00       | 0.00       | 3,046.00  | 5,000.00  | 5,047.56   | 0.00      | 0.00      | 13,674.21    | 14,016.07    | 14,366.47    | 14,725.63    | 15,093.77    |
| Binations                            | 740.00     | 2,980.00  | 560.00     | 1,040.00   | 1,490.00  | 400.00     | 510.00     | 560.00    | 2,030.00  | 600.00     | 1,630.00  | 800.00    | 13,350.00    | 13,683.75    | 14,025.84    | 14,376.49    | 14,735.90    |
| Assessment                           | 56,959.25  | 28,891.67 | 17,425.72  | 46,995.98  | 42,252.25 | 26,479.76  | 37,624.04  | 31,748.16 | 35,811.05 | 28,571.65  | 31,894.81 | 17,687.46 | 402,331.80   | 412,390.10   | 422,699.85   | 433,267.34   | 444,099.03   |
| Tribunal Fees                        | 150.00     | 525.00    | 50.00      | 300.00     | 875.00    | 0.00       | 150.00     | 1,025.00  | 825.00    | 575.00     | 150.00    | 225.00    | 4,850.00     | 4,971.25     | 5,095.53     | 5,222.92     | 5,353.49     |
| Total Cash In Flow                   | 396,397.10 | 62,722.05 | 262,206.23 | 219,456.51 | 90,304.24 | 145,938.70 | 180,731.85 | 76,042.33 | 98,095.65 | 177,152.61 | 73,179.53 | 78,624.31 | 1,860,851.11 | 1,902,372.39 | 1,944,931.70 | 1,988,554.99 | 2,033,268.86 |

Cash Out Flow

|                                   |            |            |            |           |            |            |            |            |            |            |            |            |              |              |              |              |              |
|-----------------------------------|------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| Education Costs                   | 4,198.54   | 3,949.31   | 2,129.50   | 2,000.00  | 2,545.73   | 6,180.49   | 2,000.00   | 5,211.29   | 4,797.48   | 53,192.78  | 2,000.00   | 4,628.00   | 92,833.12    | 95,153.95    | 97,532.80    | 99,971.12    | 102,470.39   |
| Grants                            | 0.00       | 165,000.00 | 4,690.00   | 0.00      | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       | 169,690.00   | 173,932.25   | 178,280.56   | 182,737.57   | 187,306.01   |
| Payroll                           | 41,285.54  | 39,833.40  | 48,848.39  | 40,273.20 | 43,457.25  | 44,833.27  | 42,707.17  | 40,028.37  | 39,540.15  | 44,888.38  | 40,660.44  | 40,727.57  | 507,383.13   | 520,067.71   | 533,069.40   | 546,396.14   | 560,056.04   |
| Administrative                    | 4,444.84   | 15,466.62  | 5,072.03   | 12,409.79 | 13,937.54  | 7,722.71   | 15,945.03  | 7,369.28   | 6,272.03   | 15,960.06  | 3,278.86   | 5,925.54   | 113,834.33   | 116,680.19   | 119,597.19   | 122,587.12   | 125,651.80   |
| Mission Salary Subsidy & Stipends | 3,725.00   | 3,325.00   | 3,325.00   | 3,125.00  | 2,875.00   | 4,075.00   | 4,375.00   | 3,505.00   | 5,925.00   | 3,545.00   | 3,425.00   | 3,625.00   | 44,850.00    | 45,971.25    | 47,120.53    | 48,298.54    | 49,506.01    |
| Property Taxes                    | 0.00       | 0.00       | 0.00       | 0.00      | 0.00       | 0.00       | 0.00       | 0.00       | 481.40     | 96.72      | 4,626.92   | 0.00       | 5,205.04     | 5,335.17     | 5,488.55     | 5,605.26     | 5,745.39     |
| Meals                             | 3,675.79   | 2,995.82   | 3,828.31   | 3,751.48  | 2,168.28   | 3,852.01   | 1,906.23   | 2,761.53   | 2,593.84   | 2,843.30   | 2,311.45   | 1,344.80   | 34,032.84    | 34,883.66    | 35,755.75    | 36,649.65    | 37,565.89    |
| Insurance                         | 3,943.40   | 0.00       | 777.90     | 77.40     | 0.00       | 0.00       | 23,756.70  | 0.00       | 1,580.23   | 981.68     | 0.00       | 316.73     | 31,434.04    | 32,219.89    | 33,025.39    | 33,851.02    | 34,697.30    |
| Repair & Maintenance              | 565.13     | 209.85     | 804.38     | 4,174.91  | 9,677.70   | 1,349.46   | 188.55     | 877.68     | 7,190.12   | 8,000.48   | 2,388.14   | 7,138.06   | 42,564.46    | 43,628.57    | 44,719.29    | 45,837.27    | 46,983.20    |
| Utilities                         | 9,933.12   | 10,611.14  | 12,817.86  | 6,368.02  | 7,782.19   | 5,181.18   | 5,797.06   | 3,335.79   | 3,972.06   | 3,742.64   | 5,469.08   | 8,779.94   | 83,790.08    | 85,884.83    | 88,031.95    | 90,232.75    | 92,488.57    |
| Rent                              | 2,200.00   | 2,200.00   | 2,200.00   | 2,200.00  | 2,200.00   | 2,200.00   | 2,200.00   | 2,200.00   | 4,400.00   | 0.00       | 2,200.00   | 2,200.00   | 26,400.00    | 27,060.00    | 27,736.50    | 28,429.91    | 29,140.66    |
| Transportation                    | 1,653.55   | 1,767.81   | 3,814.66   | 4,656.10  | 5,754.06   | 7,866.82   | 3,916.47   | 10,037.29  | 8,945.35   | 9,928.25   | 2,595.31   | 5,710.00   | 66,645.67    | 68,311.81    | 70,019.61    | 71,770.10    | 73,564.35    |
| Health Care Costs                 | 12,361.93  | 15,460.56  | 16,589.64  | 8,776.85  | 11,868.41  | 11,320.11  | 10,767.25  | 11,437.24  | 12,276.56  | 11,149.95  | 11,155.01  | 9,851.06   | 143,014.57   | 146,589.93   | 150,254.68   | 154,011.05   | 157,861.33   |
| Seminarian Costs                  | 18,465.96  | 1,016.40   | 1,675.00   | 4.99      | 1,958.45   | 10,000.00  | 12,958.01  | 31,207.93  | 21,640.42  | 10,000.00  | 6,638.52   | 13,133.00  | 128,698.68   | 131,916.15   | 135,214.05   | 138,594.40   | 142,059.26   |
| Bad Debts Expense                 | 0.00       | 0.00       | 26,400.00  | 0.00      | 5,132.68   | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       | 31,532.68    | 32,321.00    | 33,129.02    | 33,957.25    | 34,806.18    |
| Retirement Contributions          | 900.00     | 0.00       | 0.00       | 900.00    | 0.00       | 0.00       | 1,300.00   | 0.00       | 0.00       | 900.00     | 0.00       | 0.00       | 4,000.00     | 4,100.00     | 4,202.50     | 4,307.56     | 4,415.25     |
| Professional Fees                 | 4,400.00   | 5,700.00   | 4,500.00   | 4,600.00  | 4,400.00   | 4,200.00   | 3,000.00   | 3,520.00   | 3,000.00   | 5,285.00   | 3,400.00   | 3,800.00   | 49,805.00    | 40,000.00    | 41,000.00    | 42,025.00    | 43,075.63    |
| Miscellaneous Expense             | 60.83      | 1,045.87   | 459.00     | 695.58    | 2,474.37   | 3,071.88   | 924.21     | 7,448.11   | 6,513.85   | 4,053.50   | 11,788.30  | 1,613.24   | 40,146.74    | 41,150.41    | 42,179.17    | 43,233.65    | 44,314.49    |
| Total Cash Out Flow               | 111,813.63 | 268,611.78 | 137,931.67 | 94,013.32 | 116,231.66 | 111,852.93 | 131,741.68 | 128,937.51 | 129,428.49 | 174,567.74 | 101,937.03 | 108,792.94 | 1,615,860.38 | 1,645,206.76 | 1,686,336.93 | 1,728,495.36 | 1,771,707.74 |

Net Cash Flow

|  |            |             |            |            |            |           |           |            |            |          |            |            |            |            |            |            |            |
|--|------------|-------------|------------|------------|------------|-----------|-----------|------------|------------|----------|------------|------------|------------|------------|------------|------------|------------|
|  | 284,583.47 | -205,889.73 | 124,274.56 | 125,443.19 | -25,927.42 | 34,085.77 | 48,990.17 | -52,895.18 | -31,332.84 | 2,584.87 | -28,757.50 | -30,168.63 | 244,990.73 | 257,165.62 | 268,594.76 | 260,059.63 | 261,561.12 |
|--|------------|-------------|------------|------------|------------|-----------|-----------|------------|------------|----------|------------|------------|------------|------------|------------|------------|------------|

Sacred Heart Catholic School  
Profit and Loss  
Cash Flow Projection

Diocese - School

Cash In Flow

|                                  | Jan 16    | Feb 16    | Mar 16    | Apr 16    | May 16    | Jun 16    | Jul 16    | Aug 16    | Sep 16    | Oct 16    | Nov 16    | Dec 16    | TOTAL 2016 | 2017       | 2018       | 2019       | 2020       |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| Tuition                          | 21,172.07 | 22,834.13 | 18,674.70 | 20,233.64 | 20,761.09 | 6,286.78  | 7,207.55  | 26,006.78 | 23,556.31 | 23,743.04 | 28,370.26 | 50,183.18 | 269,029.63 | 275,755.27 | 282,649.15 | 289,715.38 | 296,958.26 |
| Scholarship Fund Accounts        | 9,625.00  | -         | -         | -         | 1,981.60  | 90.90     | -         | 125.00    | 11,400.00 | -         | -         | 1,000.00  | 24,222.50  | 24,828.06  | 25,448.76  | 26,084.98  | 26,737.11  |
| Enrollment Fees                  | 250.00    | 375.00    | 525.00    | 825.00    | 2,325.00  | 150.00    | -         | 8,050.00  | 2,725.00  | -         | -         | -         | 15,225.00  | 15,605.63  | 15,995.77  | 16,395.66  | 16,805.55  |
| Fund Raising                     | -         | 1,960.00  | 530.00    | -         | 12,388.25 | 815.00    | 3,500.00  | -         | 150.00    | -         | 7,500.00  | 4,649.86  | 31,493.11  | 32,280.44  | 33,087.45  | 33,914.63  | 34,762.50  |
| Donations                        | 8,300.00  | 2,167.09  | 3,285.00  | 26,085.00 | 5,710.00  | 1,310.00  | 11,256.70 | 1,226.50  | 1,715.93  | 75.00     | -         | 5,470.00  | 66,581.22  | 68,245.75  | 69,951.89  | 71,700.69  | 73,493.21  |
| Cafeteria Revenue                | 1,643.72  | 1,056.30  | 2,137.34  | 2,122.27  | 1,725.75  | 2,434.69  | 600.00    | -         | 880.98    | 1,372.66  | 4,102.80  | 2,765.46  | 20,843.07  | 21,364.15  | 21,898.25  | 22,445.71  | 23,006.85  |
| Grants/Subsidies                 | 5,000.00  | 26,000.00 | -         | -         | 2,280.00  | -         | -         | -         | 25,600.00 | 40,060.00 | 25,000.00 | 15,000.00 | 138,840.00 | 142,311.00 | 145,868.78 | 149,515.49 | 153,253.38 |
| Pre-, Before-, After-School Care | 100.00    | 441.00    | -         | 993.00    | 1,050.29  | 100.00    | 100.00    | 900.00    | 484.00    | 691.00    | 693.00    | 413.00    | 5,965.29   | 6,114.42   | 6,267.28   | 6,423.96   | 6,584.56   |
| Athletic Revenue                 | 3,400.00  | 2,000.00  | 2,200.00  | 650.00    | 2,215.95  | 1,850.00  | -         | 2,050.00  | 1,400.00  | 1,150.00  | 690.00    | 2,250.00  | 21,115.95  | 21,643.85  | 22,184.94  | 22,739.57  | 23,308.06  |
| Other Income                     | 179.27    | 615.32    | 1,666.02  | 271.46    | (793.93)  | (142.23)  | 468.71    | 663.53    | 654.68    | 1,971.50  | 92.33     | 264.04    | 5,910.70   | 6,038.47   | 6,209.93   | 6,365.18   | 6,524.31   |
| Total Cash In Flow               | 49,670.06 | 57,448.84 | 28,998.06 | 51,180.37 | 49,644.00 | 12,895.14 | 24,432.96 | 39,021.81 | 68,466.90 | 69,063.20 | 66,408.49 | 81,996.54 | 599,226.37 | 614,207.03 | 629,562.20 | 645,301.26 | 661,433.79 |

Cash Out Flow

|                           |           |           |             |           |             |             |             |            |           |           |           |           |            |            |            |            |            |
|---------------------------|-----------|-----------|-------------|-----------|-------------|-------------|-------------|------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| Administrative/Operations | 12,661.42 | 12,807.11 | 11,108.49   | 12,439.43 | 9,079.89    | 15,113.94   | 4,357.76    | 7,847.05   | 18,947.75 | 9,849.18  | 10,770.68 | 10,005.72 | 134,988.42 | 138,363.13 | 141,822.21 | 145,367.76 | 149,001.96 |
| Personnel                 | 28,295.50 | 30,964.38 | 32,729.15   | 36,159.72 | 35,786.22   | 32,853.89   | 31,950.83   | 29,572.21  | 27,220.88 | 44,025.69 | 19,924.53 | 31,187.52 | 380,669.52 | 390,186.26 | 399,940.91 | 409,939.44 | 420,187.92 |
| Bad Debt Write-Off        | (175.00)  | -         | (70.00)     | -         | 21,080.25   | -           | 8,452.83    | -          | -         | -         | -         | (70.00)   | 29,218.18  | 29,948.63  | 30,697.35  | 31,464.78  | 32,251.40  |
| Misc Expense              | 1,250.49  | 1,299.25  | 175.03      | 414.39    | 8,169.80    | 1,173.22    | 78.11       | 9,595.59   | 3,285.58  | 1,005.01  | 4,340.71  | 432.88    | 31,220.06  | 32,000.56  | 32,800.58  | 33,620.59  | 34,461.10  |
| Total Cash Out Flow       | 42,032.41 | 45,070.74 | 43,942.67   | 49,012.54 | 74,116.16   | 49,141.05   | 44,839.63   | 47,014.85  | 49,454.21 | 54,879.88 | 35,035.92 | 41,555.12 | 576,096.18 | 590,498.58 | 605,261.05 | 620,392.59 | 635,902.39 |
| Net Operating Cash Flow   | 7,637.65  | 12,378.10 | (14,944.61) | 2,167.83  | (24,472.16) | (36,245.91) | (20,406.67) | (7,993.04) | 19,012.69 | 14,183.32 | 31,372.57 | 40,440.42 | 23,130.19  | 23,708.44  | 24,301.16  | 24,908.68  | 25,531.40  |

Total Diocese Operating Cash Flow

|            |              |            |            |            |             |            |           |             |             |           |          |           |            |            |            |            |            |
|------------|--------------|------------|------------|------------|-------------|------------|-----------|-------------|-------------|-----------|----------|-----------|------------|------------|------------|------------|------------|
| 292,221.12 | (193,511.63) | 109,329.95 | 127,611.02 | 127,611.02 | (50,399.58) | (2,160.14) | 28,583.50 | (60,888.22) | (12,320.15) | 16,768.19 | 2,615.07 | 10,271.79 | 268,120.92 | 280,874.07 | 282,895.92 | 284,968.32 | 287,092.53 |
|------------|--------------|------------|------------|------------|-------------|------------|-----------|-------------|-------------|-----------|----------|-----------|------------|------------|------------|------------|------------|

Debt Service-Catholic Order of Foresters  
Debt Service Reserve-Catholic Order of Foresters  
Lease Payments-Southwest Indian Foundation  
Lease Receipts-CPF, Catholic Charities

|            |              |            |            |            |             |             |             |             |             |             |             |             |              |              |              |              |              |
|------------|--------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| -          | -            | -          | -          | -          | -           | (17,013.00) | (17,013.00) | (17,013.00) | (17,013.00) | (17,013.00) | (17,013.00) | (17,013.00) | (119,091.00) | (204,154.00) | (204,154.00) | (204,154.00) | (204,154.00) |
| -          | -            | -          | -          | -          | -           | (2,836.00)  | (2,836.00)  | (2,836.00)  | (2,836.00)  | (2,836.00)  | (2,836.00)  | (2,836.00)  | (19,852.00)  | (14,174.00)  | -            | -            | 34,026.00    |
| -          | -            | -          | -          | -          | -           | (2,000.00)  | (2,000.00)  | (2,000.00)  | (2,000.00)  | (2,000.00)  | (2,000.00)  | (2,000.00)  | (4,000.00)   | (24,000.00)  | (24,000.00)  | (24,000.00)  | (24,000.00)  |
| -          | -            | -          | -          | -          | -           | 1,200.00    | 1,200.00    | 1,200.00    | 1,200.00    | 1,200.00    | 1,200.00    | 1,200.00    | 8,400.00     | 14,400.00    | 14,400.00    | 14,400.00    | 14,400.00    |
| -          | -            | -          | -          | -          | -           | (20,649.00) | (20,649.00) | (20,649.00) | (20,649.00) | (20,649.00) | (20,649.00) | (20,649.00) | (144,543.00) | (227,928.00) | (213,754.00) | (213,754.00) | (179,726.00) |
| 292,221.12 | (193,511.63) | 109,329.95 | 127,611.02 | 127,611.02 | (50,399.58) | (22,809.14) | 7,934.50    | (81,537.22) | (32,968.15) | (3,880.81)  | (18,033.93) | (10,377.21) | 123,577.92   | 52,946.07    | 69,141.92    | 71,214.32    | 107,364.53   |

Diocese Cash Flow Before Plan Payments

**Diocese of Gallup**  
**Reorganization Plan-Sources of Cash and Plan Payments**

|               |  | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  | Notes |
|---------------|--|---------|---------|---------|---------|---------|-------|
|               |  |         |         |         |         |         |       |
| Plan Payments |  |         |         |         |         |         |       |
|               | Class 3-Ally Bank  | 16,396  | 16,396  | 16,396  | 5,465   | 0       |       |
|               | Class 4-Pinnacle Bank  | 11,381  | 11,381  | 11,381  | 11,381  | 11,381  |       |
|               | Class 5-Unsecured Convenience Claims   |         |         |         |         |         |       |
|               | Class 6 - Diocese of Phoenix   | 0       | 0       | 7,725   | 7,725   | 7,725   |       |
|               | Class 7-General Unsecured Claims   | 36,000  | 36,000  | 36,000  | 36,000  | 36,000  |       |
|               | Total Plan Payments  | 63,777  | 63,777  | 71,502  | 60,571  | 55,106  |       |
|               |  |         |         |         |         |         |       |
|               | Unrestricted Cash Flow from Operations-Diocese & School                                    | 123,578 | 52,946  | 69,142  | 71,214  | 107,365 |       |
|               |  |         |         |         |         |         |       |
|               | Beginning Cash-Unrestricted-Diocese & School   | 470,000 | 529,801 | 518,970 | 516,610 | 527,253 | 1     |
|               |  |         |         |         |         |         |       |
|               | Ending Cash-Unrestricted   | 529,801 | 518,970 | 516,610 | 527,253 | 579,512 |       |
|               |  |         |         |         |         |         |       |
|               |  |         |         |         |         |         |       |
| 1             | Beginning cash at 7/1/16 Effective Date is based on projecting from actual cash at 1/1/16. |         |         |         |         |         |       |

**THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF GALLUP AND  
BISHOP OF THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF  
GALLUP (“DEBTORS”)**

**JOINT PLAN OF REORGANIZATION DATED MARCH 21, 2016**

**SOURCES AND USES OF PLAN FUNDING**

**AND**

**EFFECTIVE DATE PAYMENTS<sup>1</sup>**

| <b>SOURCE NAME</b>   | <b>AMOUNT</b>          |
|--|------------------------|
| <b>Debtors</b>   | <b>\$ 3,020,000.00</b> |
| <b>Parishes</b>  | <b>500,000.00</b>      |
| <b>Catholic Peoples Foundation</b>   | <b>665,000.00</b>      |
| <b>Southwest Indian Foundation, Inc.</b>   | <b>515,000.00</b>      |
| <b>Province of St. John the Baptist of the<br/>Order of Friars Minor and its insurer<br/>United States Fidelity &amp; Guaranty</b> | <b>1,850,000.00</b>    |
| <b>Province of Our Lady of Guadalupe of<br/>the Order of Friars Minor</b>  | <b>300,000.00</b>      |
| <b>Saint Bonaventure Indian Mission and<br/>School, Inc.</b>   | <b>550,000.00</b>      |
| <b>Diocese of Phoenix</b>  | <b>300,000.00</b>      |
| <b>New Mexico Property &amp; Casualty<br/>Insurance Guaranty Association</b>   | <b>1,850,000.00</b>    |

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<sup>1</sup> Capitalized terms used in this document will have the same meaning as ascribed to those terms in the Plan of Reorganization Dated March 21, 2016 filed by the Debtors.

|  |  |
|--|--|
| <b>Catholic Mutual Relief Society of America</b>             | <b>\$11,550,000.00</b>   |
| <b>The Home Insurance Company in liquidation<sup>2</sup></b> | <b>1,875,000.00 (Est. Only)<sup>3</sup></b>  |
| <b>TOTAL</b>   | <b>\$22,975,000.00</b>   |
|  |  |
| <b>Catholic Mutual Relief Society of America</b>             | <b>Unknown Claims Certificate in maximum amount of \$1,800,000.00 for Unknown Tort Claims awarded by Abuse Claims Reviewer</b> |

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<sup>2</sup> The Liquidator has agreed to seek an allowed claim for the Debtors in the full amount of \$5,600,000.00. NMPCIGA's statutory subrogation claim of \$1,850,000.00 will be deducted from the allowed claim leaving an allowed claim for the Debtors of \$3,750,000.00. The proceeds from liquidation of the claim (whether by distributions or sale) will be assigned to the Trust. However, the amount the Trust will receive cannot at this time be calculated with any certainty.

<sup>3</sup>For purposes of this Sources and Uses **ONLY**, the Debtors, in consultation with Committee Professionals, have estimated a potential value of the Home Liquidation Allowed Claim of fifty percent (50%) or \$1,875,000.00. The Debtors are informed that there is a public market for Home Class II allowed claims but there is no assurance that the Home Liquidation Allowed Claim can or will be sold or if it is sold, that it will result in at least sale proceeds equal to the estimated amount used in this Sources and Uses.

| <b>USES— EFFECTIVE DATE<br/>PAYMENTS</b>   | <b>AMOUNT</b>                      |
|--|------------------------------------|
| <b>Agreed Professional Charges as of<br/>December 1, 2015</b>                                    | <b>\$ 3,118,758.96</b>             |
| <b>Professional Charges through Effective<br/>Date (subject to Professional Charges<br/>Cap)</b> | <b>375,000.00</b>                  |
| <b>TOTAL</b>   | <b>\$ 3,493,758.96</b>             |
|  |                                    |
| <b>TOTAL SOURCES</b>   | <b>\$22,975,000.00</b>             |
| <b>Less: Effective Date Payment</b>  | <b>( 3,493,758.96)</b>             |
| <b>Payment to Trust on Effective Date</b>  | <b>\$19,481,241.04<sup>4</sup></b> |

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<sup>4</sup> \$200,000 of the payment to the Trust on the Effective Date will be reserved by the Trustee for Trust fees and costs as set forth more specifically in the Plan and the Trust Agreement. The Debtors are not representing or warranting that any specific sum will be obtained on liquidation or payment of the Home Liquidation Allowed Claim; therefore the amount to be distributed to the Trust could be less.

# EXHIBIT 5



The Roman Catholic Church of The Diocese of Gallup  
Liquidation Analysis

| Account  | April 1, 2016<br>Balance Sheet Amount | April 1, 2016<br>Liquidation Value | Notes   |
|--|---------------------------------------|------------------------------------|---|
| Cash and cash equivalents - Unrestricted       | \$778,380                             | \$778,380                          |   |
| Cash and cash equivalents - Auction Proceeds   | 158,689                               | 158,689                            |   |
| Cash and cash equivalents - Restricted         | 380,306                               | 0                                  | Restricted cash would be offset against restricted payables (\$15,000) and then returned to contributor if restriction could not be met |
| Accounts receivable                            | 67,247                                | 30,000                             | Amounts are primarily due from poor parishes that do not have the ability to pay and students for tuition                               |
| Pledges receivable                             | 81,811                                | 0                                  | Pledges receivable would be uncollectible in a liquidation.   |
| Funds Held by Catholic Peoples Foundation      | 107,066                               | 107,066                            |   |
| Land, Buildings and Equipment, net             | 890,669                               | 3,000,000                          | Estimated liquidation value.  |
| Total  | 2,464,168                             | 4,074,135                          |   |
| Less: Costs of Chapter 7 Administration*       |                                       | (500,000)                          |   |
| Less: Costs of Chapter 11 Administration **    |                                       | (3,875,000)                        |   |
| Less: Costs of Litigation defense              |                                       | (1,000,000)                        |   |
| Less: Post-petition payables - unrestricted*** |                                       | (100,000)                          |   |
| Amount available to Creditors                  |                                       | (1,400,865)                        |   |
| Less: Secured Debt                             |                                       | (164,000)                          |   |
| Amount available to unsecured creditors        |                                       | <u><u>(\$1,564,865)</u></u>        |   |

\* This is a conservative estimate and does not include all amounts that might be expended in litigating property issues

\*\* Estimated unpaid reorganization expenses as of April 1, 2016

\*\*\* This does not include priority employee claims for vacation and sick leave which would further reduce amount available to creditors.