

# FINANCIAL AND LEGAL ADVISORY COMMITTEE

November 21, 2012

*Dear Reverend Father, Pastoral Council Chairs and Parishioners:*

**Re: Financial and Legal Advisory Committee (FLAC) Update**

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Over the past several years the Diocese of Antigonish through the Class Action Settlement has been involved in an effort to bring reconciliation and healing to the members of the Church who have suffered sexual abuse. This has been a difficult experience which has deeply affected the lives of clergy, religious and laity. Our parishes have been impacted spiritually, pastorally and financially by what has happened. However, thanks to the co-operation of parishioners and their pastors, the Diocese has made the third and final payment towards the settlement of this class action.

Our Committee is writing to you to update you with respect to activities which have been undertaken on your behalf by the Committee in relation to the implementation of the Legal Settlement Agreement (the "Agreement"). To date, the Diocese has paid Eight Million Two Hundred Thousand (\$8,200,000.00) Dollars towards the settlement commitment. The final payment of Four Million Two Hundred Thousand (\$4,200,000.00) Dollars was paid on November 1, 2012.

## Review of Financial Operations:

To date, through a combination of land sales, donations and pooling of Parish assets, the settlement fund has accumulated revenues of Eleven Million Nine Hundred and Seventy-Eight Thousand (\$11,978,000.00) Dollars. In addition to these funds, in order to meet financial obligations, the Diocese has entered into bridge financing arrangements with the Royal Bank of Canada for an additional Two Million (\$2,000,000.00) Dollars, as well as an internal borrowing from the Diocese of Five Hundred and Eighty-Seven Thousand (\$587,000.00) Dollars. Of this accumulated Fourteen Million Five Hundred Thousand (\$14,500,000.00) Dollars, the Committee has disbursed Thirteen Million Seven Hundred and Ninety Thousand (\$13,790,000.00) Dollars in respect of the settlement obligations and associated costs.

As was noted in our previous update, the interim financing arrangements were necessary to allow us to meet earlier financial commitments. In keeping with that approach, the Diocese entered into further financial arrangements to allow for the payment of the final instalment of Four Million Two Hundred Thousand (\$4,200,000.00) Dollars on November 1, 2012.

The result of these borrowings will require that the Diocese continue with a concerted effort to liquidate all of its non-core properties in order to allow for the full repayment of its accumulated bridge financing. To date, the Diocese has received proceeds of land sales dispositions totalling in excess of Two Million Seven Hundred Thousand (\$2,700,000.00) Dollars. The process in respect of real estate sales continues to move forward. As would be expected, a seasonal trend has appeared whereby the majority of property sales occur during the period from April to October. On a positive note, the land sale process has been largely successful in securing full value for the sale properties. We are hopeful that through an orderly process of disposing of the properties, and with much of the financial pressures relieved through bridge financing, that we can continue on this path.

Projecting from past real estate sales, it is likely that the land disposition process may well continue for a significant period of time. While this will result in significant further work for the Diocese, it will help ensure that the Diocese does receive maximum value for its properties under a longer term orderly sale process. Any individual wishing to view the properties can do so by accessing the website: churchpropertysales.info .

### Bridge Financing Arrangements

As noted in the previous update, the Diocese has arranged for bridge financing from its bankers to allow for previous payments. These advances were secured against:

- (a) The sale of the Diocese's interest in The Casket Printing & Publishing Limited ("The Casket"); and
- (b) A commercial property adjacent to Grand Lake Road, Sydney.

The Committee is pleased to advise that the sale transaction with respect to the Diocese's ownership interest in The Casket has been concluded. The total estimated return of the Diocese's net of associated selling costs is approximately Seven Hundred and Fifty Thousand (\$750,000.00) Dollars. These funds will be distributed to the Diocese as final wind up arrangements with the Casket Publishing Company are concluded. To date, the Diocese has received an initial advance of Four Hundred Thousand (\$400,000.00) Dollars against its sale proceeds. The full amount of these proceeds will be applied to reduce the outstanding bridge financing loan.

While there has been a number of interested parties in regard to the commercial land on Grand Lake Road, no final agreement has been entered into at this time.

### Additional Financing Arrangements

The Diocese has arranged for an additional line of credit which was used to facilitate the final Settlement Agreement payment. The structure of the financing allows for the continued and orderly disposition of non-core diocesan property in order to allow for maximum sale proceeds. Capital repayments are tied to the sale of land assets of the Diocese. The loan has a maximum term of Twenty five (25) years. Interest (calculated and charged at the prime lending rate) on the outstanding indebtedness will be paid monthly.

### Opt Out Legal Suits

The November 1, 2012, payment formally concluded the financial commitments in respect of the Class Action Settlement Agreement. While this process has been financially challenging for the Diocese, the conclusion of this Agreement represents a significant point of closure in regard to this historic wrong. With the conclusion of the settlement obligations, the remaining legal issues will be represented through the four (4) private actions being brought against the Diocese alleging vicarious liability for acts of former Priests of the Diocese. These residual actions arose as a result of these individuals "opting out" of the legal settlement process in favour of private litigation.

No reasonable quantification of these claims can be made at this point. The Committee anticipates that resolution of these matters will be dealt with on a basis consistent with the approach taken under the legal settlement framework. The financial costs associated with this private litigation will also be dealt with through the sale of non-core Parish properties.

Looking forward through the contribution of individual Parishes, parishioners and through the sale of non-core diocesan properties, the financial obligations of the Class Action Settlement were concluded on November 1, 2012. Each parishioner can be proud of the fact that the Diocese honoured all of its obligations, financial and otherwise, that were committed to in the Class Action Settlement Agreement. Obviously, this was not done without a tremendous amount of effort and sacrifice on the part of each and every Parish. The Diocese will now continue with its property disposition process, and through these efforts we are confident that it will repay all of the interim borrowing associated with this settlement.

Our Committee recognizes that there may well be a number of questions that parishioners have regarding the process to date, and more importantly, the process moving forward. I would encourage all to contact any representative of the Financial and Legal Advisory Committee at any time to discuss these matters in more detail. It is our firm commitment to each and every Parish that we continue to undertake this process in the most transparent and open manner possible. To that end, we maintain our commitment to provide a full financial summary of contributions and land sales by Parish.

Plans are being made for a public reconciliation service to be held in the Diocese, and further information will be available on this in the near future.

I would like to again take this opportunity to thank my fellow Committee Members for their steadfast efforts to assist in this process.

Sincerely,

James R. Gogan  
Chair

FLAC Committee Members Include:

Bishop Brian Dunn	Fr. Angus MacDougall
Fr. Paul Abbass	Mr. Frank Gillis, QC
Ms. Irene Lefort	Mr. Gerry MacKenzie F.C.A.
Ms. Mary Oxner	Mr. John Higgins
Mr. James R. Gogan	

- If you would like to contact a member or members of the Financial and Legal Advisory Committee, please contact your Parish priest for contact information.