

Financial and Legal Advisory Committee

November 1, 2010

ATTENTION Father, Pastoral Council Chairs and Parishioners:

Re: Financial and Legal Advisory Committee (FLAC) Update

Please accept this letter as a further report on the efforts of the Financial and Legal Advisory Committee (FLAC) to meet the financial and legal obligations contained under the Settlement Agreement, with class action claimants against the Dioceses of Antigonish (The Diocese) from the date of our August, 2010 report. Over the period from the Committee's last report, the Committee's efforts have been primarily directed at the continuation of the non core real estate disposition process.

To that end, the Committee can report that there now exists a detailed procedure through which every non core asset of the Diocese is reviewed under a multi stage procedure which ultimately results in the property being slated for public sale. The multi step process includes:

1. Real Estate Sub committee Review
 - a. Gathering of market information with respect to property;
 - b. Assessment of market value;
 - c. Consideration of pastoral issues relating to property;
 - d. Recommendation to FLAC on disposition.

2. FLAC review procedure:
 - a. Receipt and review of real estate sub committee recommendation;
 - b. Review of pastoral implications associated with sale (if any);
 - c. Recommendation to Bishop to dispose of property at confirmed sale price;
 - d. Issuance of notice of intended sale letter to affected parishes providing each parish with a two (2) week notice period during which they are requested to provide an indication of their interest and/or intention to purchase the property . Properties are listed for sale at the end of the first week of the notice period.

In addition to the above processes, prior to the legal sale of any property, there exists a number of further review and approvals including those of the Diocesan Finance Council and the College of Consultors.

To date, the Diocese has entered into legal agreements of purchase of sale for properties totalling in excess of Two Million (\$2,000,000.00) Dollars. All of these properties have undergone the extensive review and approval procedures outlined above.

Over these past months, at the request of FLAC, the real estate sub committee has undertaken a thorough investigation of the likely market values of the remaining, and yet unsold, non core properties. Our committee maintains the position that parish halls will be addressed only at the very end of the process. Based upon the information we have received to date, the Committee remains cautiously optimistic that the Diocese will, through this sale process, receive sufficient funds to fully satisfy its legal commitments; both through the Legal Settlement obligations and any opt out lawsuits.

Raising revenues through the sale of non core assets and the gathering of financial assets of the individual parishes are only one part of the equation. Our Committee continues to closely monitor all discretionary costs related to this legal process.

All funds that the Committee receives, from both Parish remittances and property sales, are directed to a segregated bank account which is used only for the legal settlement payments and expenses. This is the account which has received all parish pooling funds and will be in receipt of real estate sales as they continue to occur throughout this process. Only those expenses directly related to the implementation of the Legal Settlement Agreement and/or any opt out lawsuits, will be charged against this account.

In accordance with the Legal Settlement Agreement, the Diocese will be coordinating the transfer of the first instalment of the Settlement to Class Counsel. This transfer will be in the amount of Three Million Six Hundred Thousand (\$3,600,000.00) Dollars. Our Committee can confirm that the Diocese will be in a position to fully satisfy this initial obligation.

On behalf of this Committee, I would like to express our collective appreciation to all those members of the Diocese who have been cooperative and understanding throughout the real estate disposition process (and indeed the earlier cash pooling process). This process is not without its many challenges; however the cooperation our Committee has received has made this task significantly easier to navigate.

Yours very truly,

James R. Gogan

Chair

FLAC Committee Members Include:

Bishop Brian Dunn	Father Paul Abbass
Father Angus MacDougall	Father William MacPherson
Mr. Frank Gillis, QC	Ms. Irene Lefort
Mr. John Higgins	Mr. Gerry Mackenzie
Mr. James R. Gogan	Ms. Mary Oxner

- 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.