

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re: Chapter 11  
THE DIOCESE OF ST. CLOUD, a Minnesota Case No. 20-60337  
religious corporation,  
Debtor.

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**DECLARATION OF BISHOP DONALD J. KETTLER  
IN SUPPORT OF CHAPTER 11 PETITION AND FIRST DAY MOTIONS**

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I, Bishop Donald J. Kettler, declare, under penalty of perjury of the laws of the United States, as follows:

**A. MY BACKGROUND AND KNOWLEDGE.**

I am currently the Bishop of The Diocese of St. Cloud. I was appointed as the Bishop on September 20, 2013 and installed on November 7, 2013. I am a member, a director, and the *ex officio* president of the civil entity, the diocesan corporation that is the debtor in this reorganization case.

I make this declaration based upon: (a) my personal knowledge; (b) the books and records of the debtor; (c) well-known and publicly available historical information; and (d) information obtained from persons within the debtor to whom I, as Bishop, have delegated certain responsibilities or to whom certain responsibilities are delegated pursuant to Canon law (ecclesiastical law of the Roman Catholic Church). I am submitting this declaration in support of (i) the Chapter 11 petition for the diocesan civil corporation organized under Minnesota law, which the Board of Directors authorized to be filed, and (ii) the motions that were filed on or

about the petition date and which the debtor has requested be heard as soon as the court's calendar permits.

With respect to my educational background, I graduated from the Crosier Seminary, Onamia, Minnesota, and I have two college degrees from St. John's University, Collegeville, Minnesota. I am also a Canon lawyer, having received my licentiate in Canon law in 1983 from The Catholic University of America in Washington, D.C.

I have served in various places and capacities since I was ordained a priest in 1970 in St. Joseph Cathedral, Sioux Falls, South Dakota. I served as an associate pastor in Aberdeen and Sioux Falls until 1979, when I began coordinating work for the diocesan offices of Sioux Falls. After earning my Canon law degree, I was named judicial vicar of Sioux Falls in 1983 and resumed my work coordinating its diocesan offices from 1984 to 1987. I served in various capacities in the Sioux Falls diocese until 2002 when Pope John Paul II appointed me as the fourth Bishop of the Diocese of Fairbanks, Alaska, where I, among other things, oversaw the successful 2010 Chapter 11 reorganization of the Fairbanks diocese. I served as the Bishop of Fairbanks until 2013, when I was appointed to my current position as Bishop of this diocese.

**B. THE HISTORY AND STRUCTURE OF THE DIOCESE.**

In 1889, the Roman Catholic Church established the canonical Diocese of Saint Cloud, which is comprised of all people who are Latin Rite Catholics within the territorial boundaries of the Diocese. The canonical entity carries out the mission and ministry of the Roman Catholic Church. As Bishop, I carry out my canonical duties in accordance with the Code of Canon Law.

On January 13, 1900, the civil corporation, The Diocese of St. Cloud, was formed as a Minnesota religious corporation. The purpose of the civil corporation was to take charge of, and manage, all secular affairs and property of the debtor and to promote the spiritual, educational,

eleemosynary, missionary, and other interests of the Roman Catholic Church in the Diocese's geographic territory. It is this civil Minnesota religious corporation which is the debtor in this case. The debtor holds and manages all the Diocese's temporal assets, including real property, personal property, and investments for the purpose and benefit of the Diocese's ecclesiastical obligations. The debtor's Articles of Incorporation, as amended, are recorded in Book A, page 48, of the Religious Corporations register, maintained by the Minnesota Secretary of State. The debtor's principal offices are located in St. Cloud, Minnesota.

The debtor has three (3) *ex officio* members—(1) the Bishop; (2) the Vicar General; and (3) the Chancellor. In addition, two (2) members are appointed by the *ex officio* members every two years. The members comprise the Board of Directors of the civil corporation. The current Board of Directors are (1) myself, (2) Rev. Robert Rolfes (the Vicar General of the Diocese), (3) Jane Marrin (the Chancellor of the Diocese), (4) Rev. Leroy Scheierl, and (5) Rev. Donald Wagner. The officers of the civil corporation are: (a) the Bishop, as the *ex officio* President of the debtor, Chairman of the Board of Directors, and the Chief Executive Officer; (b) Vicar General, as the *ex officio* Vice President of the debtor; and (c) the Secretary and Treasurer of the debtor, who are elected annually. The majority of the directors has the power to transact all business of the debtor. The Board of Directors has authorized me, or my designee, to take all actions necessary to effectuate this reorganization.

The Diocese's geographic territory encompasses 12,251 square miles in 16 counties in central Minnesota. These counties include Stearns, Sherburne, Benton, Morrison, Mille Lacs, Kanabec, Isanti, Pope, Stevens, Traverse, Grant, Douglas, Wilkin, Ottertail, Todd, and Wadena. There are approximately 133,000 registered Catholics within the geographic territory of the Diocese. There are 131 parishes within the geographic territory of the Diocese, all of which are

separate and independent entities. There are also other separate and independent entities that operate within the territory of the Diocese that support the mission and ministry of the Catholic Church within the Diocese, including schools that provide a Catholic education for students.

Currently, 63 full-time priests and 50 permanent deacons serve in the Diocese. Overall, men and women from 11 different religious communities serve within the Diocese. The Diocese employs approximately 64 people, and a significant number of additional people offer their services as volunteers to the Diocese.

**C. THE OPERATIONS AND WORK OF THE DIOCESE.**

The Diocese, through the office of the Bishop, provides administrative and other support and spiritual guidance to pastors, parishes, volunteers, and other faithful within its geographic territory. The Diocese also assists the faithful in carrying out the mission of the Roman Catholic Church through pastoral care and socially beneficial programs such as:

- Programs to promote, encourage, and support priest and deacon formation and support;
- Programs to provide and promote opportunities for leadership and educational opportunities for parishes and staff within the geographic area of the diocese; and
- Production and publication of a monthly magazine and other religious communications within the geographic area of the diocese.

To carry out its mission, the Diocese receives funding from various sources. For example, as provided under Canon law, each parish is assessed an amount which it is to remit to the Diocese to support its operations and ministry and to compensate the Diocese for its administrative support. Given the financial circumstances of the parishes and the parishioners who financially support their parishes, these assessments are not substantial and are not sufficient to support all of the operating costs of the Diocese.

Throughout the year, the Diocese also receives donations from various sources and through the Bishop's Appeal, which is the Diocese's annual fundraising. These donations are restricted by the donor for a specific purpose and can only be used for that purpose. The Diocese holds those donations in trust to be used only as the donor has directed. In addition, the Diocese applies for, and from time to time receives, grants from Catholic Charities USA. These grants are generally applied for and awarded for a specific purpose; they are not for the general unrestricted use of the Diocese. None of these funds will be used to pay creditors in this case.

The Diocese, as custodian, also collects funds for specific Catholic programs, such as support of missions. These collections are generally done on a national or international basis by parishes and dioceses throughout the world. People or entities that donate funds do so specifically for the particular cause or program. The funds are remitted to the Diocese, which holds the funds for only a short period of time, as custodian, and then remits them to the entity for whose benefit the funds have been given.

**D. THE REASONS FOR FILING AND STATUS.**

Unfortunately, the Diocese has not been immune from the sex abuse scandal that has affected so many entities within the Catholic Church. The currently unresolved claims against the Diocese were, for the most part, filed in response to the 2013 Minnesota Child Victims Act which, I understand, allowed for the filing of claims for a three-year period after passage of the act. That window (time to file a claim) expired in May 2016. As of the filing of this case, there were 73 unresolved claims, 71 of which were filed in response to the Act's window and alleged abuse that occurred decades ago. Of those unresolved claims, 4 were in active litigation in the state court, but I understand those cases were put on hold as a result of the COVID-19 pandemic.

After extensive negotiations, the Diocese and the survivors have agreed on a framework to resolve all clergy sexual abuse claims against the Diocese, area parishes, and certain associated entities which will be consummated through a consensual plan of reorganization that will provide \$22.5 million (with some minor limitations) to be paid to a trust for compensation to survivors. Asset contributions from the Diocese and parishes, along with insurance coverage settlements, will make up the funds used to compensate survivors and fund other costs associated with the filing of this case. I understand that the specifics of the framework and the sources of funding will be more fully discussed in the disclosure statement that will accompany a consensual plan of reorganization. The collective goal of the Diocese and the survivors' counsel is to move this reorganization case forward expeditiously within the rules and laws of the bankruptcy process.

I am very pleased that we were able to reach an agreement on a framework for a consensual plan of reorganization. I have been through the bankruptcy process once before as the Bishop of Fairbanks, and I am pleased that this framework will preserve the funds for survivors rather than using those funds for expenses in the reorganization case and will result in the survivors receiving monetary compensation more quickly than other diocesan cases with which I am familiar. In addition, the Diocese remains committed to preventing sexual abuse, holding accountable those clergy who are credibly accused of abuse, and helping survivors find healing. The Diocese has published a list of clergy (last updated in June 2020), who were assigned to serve within the diocese and who have been identified as likely to have abused minors. The list includes the parishes where each of those clergy served within the diocese. It also includes religious community clergy members who served in parishes in the diocese and the names of several men of a religious community from outside the diocese (Third Order Regular of

Saint Francis) who served in schools within the diocese. Religious orders of men with communities in the diocese maintain similar clergy lists.

**E. SUPPORT OF FIRST DAY MOTIONS.**

I am aware of each of the first day motions which are being filed in support of this case. I am not a civil lawyer and do not, in this Declaration, make any statements regarding the legal effect of the first day motions. I also understand that Joe Spaniol, the finance officer of the debtor, has verified each of the motions. However, with respect to the factual statements and allegations that I understand form of the basis of the motions, I testify that they are correct to the best of my knowledge, information, and belief.

If called to testify in this matter, I would testify as set forth above under penalty of perjury of the laws of the United States.

DATED this 5<sup>th</sup> day of JUNE, 2020.

Donald J. Kettler  
The Most Reverend Donald J. Kettler