

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF VERMONT**

In re:

Roman Catholic Diocese of Burlington,  
Vermont,

Debtor.

Case No.: 24-10205-HZC  
Chapter 11 Case



**INTERIM ORDER (I) AUTHORIZING PAYMENT OF ACCRUED AND  
OUTSTANDING PREPETITION EMPLOYEE COMPENSATION, BENEFITS, AND  
RELATED AMOUNTS AND (II) AUTHORIZING MAINTENANCE OF EXISTING  
PAYROLL SERVICES**

This matter came before the Court on the Emergency and Supplemental Motion for an Interim and Final Order (I) Authorizing Payment of Accrued and Outstanding Prepetition Employee Compensation, Benefits, and Related Amounts and (II) Authorizing Maintenance of Existing Payroll Services (doc. # 54) (the “Supplemental Motion”) filed by the Roman Catholic Diocese of Burlington, Vermont (the “Diocese”), the Affidavit of Bishop John J. McDermott (doc. # 13), and the statements of counsel and evidence adduced with respect to the Supplemental Motion at a hearing before the Court (the “Hearing”). The Court finds that (i) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) due and proper notice of the Supplemental Motion was provided pursuant to Local Rule 9013-3; (v) notice of the Supplemental Motion and the Hearing was sufficient under the circumstances; and (vi) there is good cause to waive the 14-day stay imposed by Bankruptcy Rule 6004(h) to the extent it is applicable. After due consideration, the Court finds that the relief, on an interim basis, as requested in the Supplemental Motion is in the best interests of the Diocese, its estate, and its

creditors and is necessary to prevent immediate and irreparable harm to the Diocese and its estate.

Therefore, for good cause shown, **IT IS HEREBY ORDERED THAT:**

1. The Supplemental Motion is **GRANTED** on an interim basis as set forth in this Order.

2. The final hearing (the “Final Hearing”) to consider entry of the Final Order on the Supplemental Motion is scheduled for November 26, 2024 at 10:30 a.m. (prevailing Eastern time) before this Court at the following location: Federal Building, 11 Elmwood Avenue, Room 200, Burlington, VT 05401.

3. The payment of Prepetition Employ Obligations, as defined and described in the Supplemental Motion, by Rice Memorial High School, the Catholic Center at the University of Vermont, the Mount St. Joseph Academy, the Christ the King School – Rutland, and the Good Shepherd School (the “Additional Payroll Entities”) after September 30, 2024 (the “Petition Date”), is approved.

4. To the extent the Additional Payroll Entities paid the appropriate recipients the payroll taxes and deductions deducted from Prepetition Employ Obligations after the Petition Date, such payments are also approved.

5. Through the Final Hearing, the Additional Payroll Entities are authorized to and shall pay the appropriate recipients any unpaid payroll taxes and deductions that were deducted prepetition or will be deducted on account of prepetition obligations, on a final basis.

6. Through the Final Hearing, the Additional Payroll Entities are authorized to and shall (a) continue administering the Benefit Plans, as defined and described in the Supplemental Motion, in the ordinary course of business; (b) continue making all payments on account of such benefits; (c) continue to pay any claims and administrative fees related thereto; and (d) pay any

and all such amounts to the extent they remain unpaid on the Petition Date subject to the limit set forth in Section 507(a)(4) of the Bankruptcy Code.

7. The Additional Payroll Entities are authorized to and shall pay all prepetition amounts due under the Reimbursement Programs in the ordinary course of business through the Final Hearing subject to a per person cap of \$700.00.

8. The Additional Payroll Entities are authorized to and shall honor its PTO policies in the ordinary course of business, and to honor and pay, in its sole discretion, all prepetition amounts related thereto subject to the statutory cap set forth in Section 507(a)(4) of the Bankruptcy Code.

9. All applicable banks and other financial institutions are authorized, when requested by the Additional Payroll Entities, to receive, process, honor, and pay all checks, drafts, wires, check transfer requests or automated clearing house transfers evidencing amounts paid by the Additional Payroll Entities pursuant to the Supplemental Motion whether presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments. The banks and other financial institutions are authorized to rely on the Additional Payroll Entities' designation of any check or funds transfer as approved by this Order. Any bank or financial institution that honors a prepetition check or other item drawn on any account that is the subject of this Order: (a) at the direction of the Additional Payroll Entities; (b) in a good-faith belief that the Court has authorized such prepetition check or item to be honored; or (c) as a result of an innocent mistake made despite the above-described protective measures, shall not be liable to the Additional Payroll Entities, the Diocese, or the Diocese's estate on account of such prepetition check or other item being honored postpetition.

10. At least seven (7) business days prior to the Final Hearing, the Diocese shall notify the United States Trustee regarding any outstanding checks relating to the categories described above in paragraphs 3, 6 and 7 and shall notify the United States Trustee if any such checks cleared postpetition.

11. Notwithstanding the payments authorized by this Order, all payments made to or on behalf of the Additional Payroll Entities' employees shall not, in the aggregate per employee, exceed the limit set forth in Section 507(a)(4) and (a)(5) of the Bankruptcy Code.

12. The Diocese and the Additional Payroll Entities are hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Order.

13. This Order does not make, and shall not be deemed to make, a determination regarding whether or to what extent the Investment Accounts are property of the Diocese's bankruptcy estate.

14. The requirements of Bankruptcy Rule 6004(a) and (h) are waived; this Order shall be immediately effective and enforceable upon its entry.


15. At least ten (10) business days prior to the Final Hearing, the Diocese shall provide the United States Trustee a list of all prepetition amounts remitted pursuant to this Order.

16. On or before November 1, 2024, the Diocese shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the "Final Hearing Notice"), together with copies of this Interim Order, on: (a) the parties having been given notice of the Interim Hearing; (b) any party which has filed prior to such date a request for notices with this Court; and (c) the 20 largest unsecured creditors in this chapter 11 case or counsel for the official committee of unsecured creditors (the "Committee"), if one has been appointed. The Final

Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final Order shall file written objections with the Clerk of Court no later than November 19, 2024, which objections shall be served to be received on or before such date by: (a) proposed counsel to the Diocese, Fredrikson & Byron, P.A., Attn: James L. Ballie, Steven R. Kinsella, Samuel M. Andre, Katherine A. Nixon, 60 South Sixth Street, Suite 1500, Minneapolis, MN 55402-4400; proposed co-counsel to the Diocese, Obuchowski Law Office, Attn: Raymond J. Obuchowski, 1542 Route 107, PO Box 60, Bethel, VT 05032; (c) the Office of the United States Trustee, Attn: Lisa M. Penpraze, lisa.penpraze@usdoj.gov; and (d) counsel for the Committee, if one has been appointed.

17. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Order.

October 29, 2024  
Burlington, Vermont

  
\_\_\_\_\_  
Honorable Heather Z. Cooper  
United States Bankruptcy Judge