

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

The Diocese of Buffalo, N.Y.,

Debtor.

Case No. 20-[10322]

Chapter 11

**APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING
THE EMPLOYMENT AND RETENTION OF STRETTO AS
ADMINISTRATIVE ADVISOR NUNC PRO TUNC TO THE PETITION DATE**

The Diocese of Buffalo, N.Y. (the “Diocese”), by and through its undersigned counsel, hereby files this application (the “Application”) for entry of an order, in substantially the form attached hereto as *Exhibit A*, pursuant to sections 327(a) and 328(a) of Title 11 of the United States Code (the “Bankruptcy Code”) authorizing the Diocese to employ and retain Stretto¹ as the Diocese’s chapter 11 administrative advisor (“Administrative Advisor”), effective *nunc pro tunc* to the Petition Date (as defined below), in accordance with the terms and conditions set forth in that certain Engagement Agreement between the Diocese and Stretto (the “Engagement Agreement”), a copy of which is attached as *Exhibit 1* to the *Declaration of Travis Vandell in Support of the Diocese’s Application for Entry of an Order Authorizing the Employment and Retention of Stretto as Administrative Advisor Nunc Pro Tunc to the Petition Date* the (the “Vandell Declaration”), a true and complete copy of which is annexed hereto as *Exhibit B* and which is incorporated herein by reference. In support of this Application, the Diocese relies on the Vandell Declaration and respectfully represents as follows:

¹ Stretto is the trade name of Bankruptcy Management Solutions, Inc. and its subsidiaries.

BACKGROUND

1. On February 28, 2020 (the “Petition Date”), the Diocese filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (11 U.S.C. § 101 *et seq.*, the “Bankruptcy Code”) with the United States Bankruptcy Court for the Western District of New York (the “Court”), commencing the Diocese’s chapter 11 case (this “Chapter 11 Case”). The Diocese continues to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for a trustee or examiner has been made in this Chapter 11 Case, and as of the date of this filing, no official committees have been appointed or designated.

2. Information regarding the Diocese’s history, business operations and structure, and the events leading up to this Chapter 11 Case is set forth in the *Affidavit of Rev. Peter J. Karalus Regarding Structure and Pre-Filing History of The Diocese of Buffalo and in Support of the Chapter 11 Petition and First Day Pleadings* and the *Affidavit of Charles Mendolera Regarding the Diocese’s Assets and Operations and in Support of the Chapter 11 Petition and First Day Pleadings*, each of which was filed on the Petition Date and is incorporated herein by reference.

3. Contemporaneously herewith, the Diocese is filing its *Application for Appointment of Stretto as Claims and Noticing Agent Nunc Pro Tunc to the Petition Date* (the “Section 156(c) Application”).

JURISDICTION

4. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

5. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The statutory bases for the relief requested herein are sections 105(a), 327(a), 328(a), 363(b), and 507(a) of the Bankruptcy Code and Rules 2014(a), 2016, 6003, and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

RELIEF REQUESTED

7. By this Application, the Diocese seeks entry of an order authorizing the Diocese to employ and retain Stretto as its Administrative Advisor in this Chapter 11 Case, effective as of the Petition Date, on the terms and conditions set forth in this Application and in the Vandell Declaration.

BASIS FOR REQUESTED RELIEF

8. Stretto is comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. Stretto’s professionals have experience in noticing, claims administration, solicitation, balloting and facilitating other administrative aspects of chapter 11 cases and experience in matters of this size and complexity. Stretto’s professionals have acted as debtor’s counsel or official claims and noticing agent in many large bankruptcy cases in this district and in other districts nationwide. *See, e.g., In re The Diocese of Rochester*, Case No. 19-20905 (PRW) (Bankr. W.D.N.Y. Jan. 8, 2020); *In re Barneys New York, Inc.*, Case No. 19-36300 (CGM) (Bankr. S.D.N.Y. Sept. 19, 2019); *In re Z Gallerie, LLC*, Case No. 19-10488 (LSS) (Bankr. D. Del. Apr. 9, 2019); *In re Burkhalter Rigging, Inc.*, Case No. 19-30495 (MI) (Bankr. S.D. Tex. Feb. 6, 2019); *In re Angel Medical Sys., Inc.*, Case No. 18-12903 (KG) (Bankr. D. Del. Jan. 23, 2019); *In re Oklahoma ProCure Mgmt, LLC* Case No. 18-12622 (MFW) (Bankr. D. Del. Dec. 27, 2018); *In re Sancillo Pharmaceuticals Co., Inc.*, Case No. 18-11333 (CSS) (Bankr. D. Del. June 7, 2018); *In re BICOM NY, LLC*, Case No. 17-11906 (MEW) (Bankr. S.D.N.Y. July 20, 2017).

SERVICES TO BE PROVIDED

9. Pursuant to the Engagement Agreement, the Diocese seeks to retain Stretto to provide, among other things, the following bankruptcy solicitation and administration services, if and to the extent requested:

- a. Assist with, among other things, legal noticing, claims management and reconciliation, plan solicitation, balloting, disbursements, and tabulation of votes, and prepare any related reports, as required in support of confirmation of a chapter 11 plan, and in connection with such services, process requests for documents from parties in interest, including, if applicable, brokerage firms, bank back-offices and institutional holders;
- b. Prepare an official ballot certification and, if necessary, testify in support of the ballot tabulation results;
- c. Assist with the preparation of any amendments to the Dioceses' schedules of assets and liabilities and statements of financial affairs and gather data in conjunction therewith;
- d. Provide a confidential data room, if requested;
- e. Manage and coordinate any distributions pursuant to a chapter 11 plan;
- f. Provide such other processing, solicitation, balloting and other administrative services described in the Engagement Agreement, but not included in the Section 156(c) Application, as may be requested from time to time by the Diocese, the Court or the Office of the Clerk of the United States Bankruptcy Court for the Western District of New York; and
- g. Perform any other duty or task that falls within the normal responsibilities of an Administrative Advisor at the direction of the Diocese.

10. Stretto's appointment as Administrative Advisor will provide the Diocese with experienced professionals and services that are essential to successful chapter 11 cases. Stretto will coordinate with the Diocese's other retained professionals in these cases to avoid any unnecessary duplication of services. Accordingly, the relief requested in this application is in the best interests of the Diocese's estate and all parties in interest.

PROFESSIONAL COMPENSATION

11. The fees Stretto will charge in connection with providing services to the Diocese are set forth in the Engagement Agreement. The Diocese respectfully submits that Stretto's rates are competitive and comparable to the rates its competitors charge for similar services. Indeed, the Diocese conducted a review and competitive comparison of other firms and reviewed the rates of other firms before selecting Stretto as Administrative Advisor. The Diocese believes Stretto's rates are more than reasonable given the quality of Stretto's services and its professionals' bankruptcy expertise. Additionally, Stretto will seek reimbursement from the Diocese for reasonable expenses in accordance with the terms of the Engagement Agreement.

12. Stretto intends to apply to the Court for allowance of compensation and reimbursement of expenses incurred after the Petition Date in connection with the services it provides as Administrative Advisor pursuant to the Engagement Agreement. Stretto will comply with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and any orders entered in this Chapter 11 Case regarding professional compensation and reimbursement of expenses.

13. Additionally, under the terms of the Engagement Agreement, the Diocese has agreed to indemnify, defend and hold harmless Stretto and its members, directors, officers, employees, representatives, affiliates, consultants, subcontractors, and agents under certain circumstances specified in the Engagement Agreement, except in circumstances resulting solely from Stretto's gross negligence, willful misconduct, or as otherwise provided in the Engagement Agreement. The Diocese believes that such an indemnification obligation is customary, reasonable and necessary to retain the services of an Administrative Advisor in this Chapter 11 Case.

STRETTO'S DISINTERESTEDNESS

14. Stretto has conducted a conflicts analysis to determine whether it has any relationships with the creditors and parties in interest provided by the Diocese, and, to the best of the Diocese's knowledge, information, and belief, and except as disclosed in the Vandell Declaration, Stretto is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and does not hold or represent any interest materially adverse to the Diocese's estate in connection with any matter on which it would be employed.

15. Stretto believes that it does not have any relationships with creditors or parties in interest that would present a disqualifying conflict of interest. Stretto will supplement its disclosure to the Court if any facts or circumstances are discovered that would require such additional disclosure.

BASIS FOR REQUESTED RELIEF

16. Section 327(a) of the Bankruptcy Code provides that a debtor, subject to Court approval:

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor]'s duties under this title.

11 U.S.C. § 327(a).

17. Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, and proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other

party in interest, their respective attorneys and accountants, the U.S. Trustee, or any person employed in the office of the U.S. Trustee.

Fed. R. Bankr. P. 2014.

18. In light of the size and complexity of this Chapter 11 Case, the Diocese respectfully submits that retaining and employing Stretto pursuant to the terms of the Engagement Agreement is necessary and in the best interests of the Diocese's estate and all parties in interest to this Chapter 11 Case. The Diocese also believes that the terms and conditions of the Engagement Agreement are reasonable in light of the anticipated high volume of creditors and other parties-in-interest that will be involved in this Chapter 11 Case.

19. Contemporaneously herewith, the Diocese is filing the Section 156(c) Application seeking an order appointing Stretto as claims and noticing agent pursuant to section 156(c) of title 28 of the United States Code and section 105(a) of the Bankruptcy Code. The Diocese believes that administration of this Chapter 11 Case may require Stretto to perform duties outside of the scope requested in the Section 156(c) Application. Accordingly, to help manage administrative tasks with respect to the many creditors and other parties in interest that are expected to be involved in the Diocese's Chapter 11 Case, and the complexity of the case, the Diocese respectfully requests the Court enter an order appointing Stretto as its Administrative Advisor pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016.

NOTICE

20. Notice of this Application will be given to (i) the Office of the United States Trustee for the Western District of New York, (ii) the Diocese's twenty (20) largest unsecured creditors as set forth in the list filed with the Diocese's petition, (iii) all required governmental

agencies and (iv) the Diocese's banks. In light of the nature of the relief requested herein, the Diocese submits that no further notice is required.

NO PRIOR REQUEST

21. No prior request for the relief sought in this application has been made to this or any other court.

WHEREFORE, the Diocese respectfully requests entry of an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other relief as is just and proper.

Dated: February 28, 2020
Buffalo, New York

/s/ Charles Mendolera
Charles Mendolera
Executive Director of Financial Administration

Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:)
The Diocese of Buffalo, N.Y.,) Case No. 20-[10322]
Debtor.) Chapter 11

**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION
OF STRETTO AS ADMINISTRATIVE ADVISOR FOR THE
DIOCESE NUNC PRO TUNC TO THE PETITION DATE**

Upon the application [Docket No. ___] (the “Application”)¹ of The Diocese of Buffalo, N.Y. (the “Diocese”), for entry of an order pursuant to section 327(a) of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing and approving the employment and retention of Stretto (“Stretto”) as Administrative Advisor for the Diocese in the above-captioned Chapter 11 Case *nunc pro tunc* to the Petition Date pursuant to the terms and conditions of that certain engagement agreement between Stretto and the Dioceses, effective as of [February __, 2020] (the “Engagement Agreement”), and upon consideration of the *Declaration of Travis Vandell in Support of the Diocese’s Application for Entry of an Order Authorizing the Employment and Retention of Stretto as Administrative Advisor Nunc Pro Tunc to the Petition Date* (the “Vandell Declaration”); and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the Court having found that the Application is a core proceeding pursuant to 28 U.S.C. § 157(b); and venue of the Application being proper pursuant to 28 U.S.C. §§ 1408 and 1409, and the relief requested herein being in the best interests of the Diocese, its estate, creditors and other parties-in-interest, and proper and adequate

¹ Capitalized terms used but not defined herein have the meanings given to such terms in the Application.

notice of the Application having been given; and it appearing that no other further notice is necessary, and the Court having determined that, based on the representations in the Application, Stretto neither holds nor represents an interest adverse to the Diocese or its estate and is a “disinterested person” as defined in Bankruptcy Code section 101(14) (as modified by Bankruptcy Code section 1107(b)) and as required by Bankruptcy Code section 327(a), and good and sufficient cause existing for the granting of the relief requested in the Application; now, therefore, IT IS HEREBY ORDERED THAT:

1. The Application is granted as set forth herein.
2. The Diocese is authorized to employ and retain Stretto as its Administrative Advisor *nunc pro tunc* to the Petition Date in accordance with the terms and conditions set forth in the Application and the Engagement Agreement, as modified herein.
3. The terms of the Application and the Engagement Agreement are approved except as limited, modified, replaced, or rendered inapplicable to this Chapter 11 Case by this Order.
4. To the extent any of the Application, the declarations in support thereof, or the Engagement Agreement are inconsistent with this Order, the terms of this Order shall govern.
5. This Court shall have exclusive jurisdiction over any and all matters arising under or in connection with Stretto’s engagement by the Diocese, including the indemnification provisions outlined in the Engagement Agreement, as modified herein.
6. Stretto is authorized to provide the following bankruptcy administrative services (the “Administrative Services”) in its role as Administrative Advisor:
 - a. Assist with, among other things, legal noticing, claims management and reconciliation, plan solicitation, balloting, disbursements, and tabulation of votes, and prepare any related reports, as required in support of confirmation of a chapter 11 plan, and in connection with such services, process requests for documents from parties in interest, including, if applicable, brokerage firms, bank back-offices and institutional holders, to

the extent that the aforementioned services are not included in the Section 156(c) Application;

- b. Prepare an official ballot certification and, if necessary, testify in support of the ballot tabulation results;
- c. Assist with the preparation of any amendments to the Diocese's schedules of assets and liabilities and statements of financial affairs and gather data in conjunction therewith;
- d. Provide a confidential data room, if requested;
- e. Manage and coordinate any distributions pursuant to a chapter 11 plan;
- f. Provide such other processing, solicitation, balloting and other administrative services described in the Engagement Agreement, but not included in the Section 156(c) Application, as may be requested from time to time by the Diocese, the Court or the Office of the Clerk of the United States Bankruptcy Court for the Western District of New York; and
- g. Perform any other duty or task that falls within the normal responsibilities of an Administrative Advisor at the direction of the Diocese.

7. To the extent that the Diocese requests Stretto to perform any services other than those detailed in the Engagement Agreement, this Order, or the order granting the Section 156(c) Application (the "Section 156(c) Order"), the Diocese shall, by application, seek further order of approval by the Court for a supplement to the retention and any related modifications to the Engagement Agreement and such application shall set forth, in addition to the additional services to be performed, the additional fees sought to be paid.

8. Except as set forth in the Section 156(c) Order or any order of this Court establishing interim compensation procedures for the Diocese's professionals, Stretto shall be compensated for its services as Administrative Advisor in accordance with and will file interim and final fee applications for allowance of its compensation and expenses and shall be subject to Bankruptcy Code sections 330 and 331, as the case may be, and the applicable Bankruptcy Rules, local rules and orders of the Court.

9. The indemnification provisions and limitation of liability provisions in the Engagement Letter are hereby modified and restated to give effect to the following:

All requests of Stretto for payment of indemnity pursuant to the Engagement Letter shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought, provided, however, that in no event shall Stretto be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.

In the event that Stretto seeks reimbursement from the Diocese for reasonable attorneys' fees in connection with a request by Stretto for payment of indemnity pursuant to the Engagement Letter, as modified by this Order, the invoices and supporting time records from such attorneys shall be included in Stretto's own application (both interim and final) and such invoices and time records shall be subject to the approval of the Court under the standards of Bankruptcy Code sections 330 and 331 without regard to whether such attorney has been retained under Bankruptcy Code section 327 and without regard to whether such attorneys' services satisfy Bankruptcy Code section 330(a)(3)(C).

Stretto shall not be entitled to reimbursement by the Diocese for any fees, disbursements and other charges of Stretto's counsel other than those incurred in connection with a request of Stretto for payment of indemnity, retention of Stretto and preparation of fee applications.

In no event shall Stretto be entitled to indemnification, contribution, exoneration, reimbursement of attorneys' fees or expenses, limitation on liability or allocation or apportionment of damages if the Diocese asserts a claim, to the extent the Court determines by final order that such claim for indemnity arose out of Stretto's own bad-faith, self-dealing, breach of fiduciary duty, gross negligence, or willful misconduct.

10. The limitation of liability section in paragraph 10 of the Engagement Agreement is deemed to be of no force or effect with respect to the services to be provided pursuant to this Order.

11. Prior to implementing any increases in Stretto's rates for any individual providing services in these cases, excluding annual "step increases" historically awarded by Stretto in the ordinary course to employees due to advancing seniority and promotion, Stretto shall file a supplemental affidavit with the Court and provide ten business days' notice to the Diocese, the

United States Trustee and counsel to any official committees. The supplemental affidavit shall explain the basis for the requested rate increases in accordance with Bankruptcy Code section 330(a)(3)(F) and state whether the Diocese has consented to the rate increase. All parties in interest retain all rights to object to any rate increase on all grounds including, but not limited to, the reasonableness standard provided for in Bankruptcy Code section 330.

12. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

Dated: _____, 2020
Buffalo, New York

Hon. Carl L. Bucki
United States Bankruptcy Judge

Exhibit B

Vandell Declaration

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

The Diocese of Buffalo, N.Y.,

Debtor.

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) Case No. 20-[10322]
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) Chapter 11
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**DECLARATION OF TRAVIS VANDELL IN SUPPORT OF
THE DIOCESE'S APPLICATION FOR ENTRY OF AN ORDER
AUTHORIZING THE EMPLOYMENT AND RETENTION OF STRETTO AS
ADMINISTRATIVE ADVISOR *NUNC PRO TUNC* TO THE PETITION DATE**

I, Travis Vandell, under penalty of perjury, declare as follows:

1. I am a Managing Director of Stretto ("Stretto"),¹ a chapter 11 administrative services firm that specializes in the administration of large bankruptcy cases. Stretto's corporate offices are located at 410 Exchange, Ste. 100, Irvine, CA 92602. I am duly authorized to make this declaration on behalf of Stretto. Except as otherwise noted, I have personal knowledge of the matters set forth herein, and if called and sworn as a witness, I could and would testify competently thereto.

2. This Declaration is made in support of the *Application for Entry of an Order Authorizing the Employment and Retention of Stretto as Administrative Advisor Nunc Pro Tunc to the Petition Date* (the "Application"),² which was filed contemporaneously herewith by The Diocese of Buffalo, N.Y (the "Diocese").

3. Stretto is comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. Stretto's professionals have experience in noticing, claims administration, solicitation, balloting and

¹ Stretto is the trade name of Bankruptcy Management Solutions, Inc. and its subsidiaries.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Application.

facilitating other administrative aspects of chapter 11 cases and experience in matters of this size and complexity. Stretto's professionals have acted as debtor's counsel or official claims and noticing agent in many large bankruptcy cases in this District and in other districts nationwide. Stretto's active cases include: *In re The Diocese of Rochester*, Case No. 19-20905 (PRW) (Bankr. W.D.N.Y. Jan. 8, 2020); *In re Barneys New York, Inc.*, Case No. 19-36300 (CGM) (Bankr. S.D.N.Y. Sept. 19, 2019); *In re Z Gallerie, LLC*, Case No. 19-10488 (LSS) (Bankr. D. Del. Apr. 9, 2019); *In re Burkhalter Rigging, Inc.*, Case No. 19-30495 (MI) (Bankr. S.D. Tex. Feb. 6, 2019); *In re Angel Medical Sys., Inc.*, Case No. 18-12903 (KG) (Bankr. D. Del. Jan. 23, 2019); *In re Oklahoma ProCure Mgmt, LLC* Case No. 18-12622 (MFW) (Bankr. D. Del. Dec. 27, 2018); *In re Sancillo Pharmaceuticals Co., Inc.*, Case No. 18-11333 (CSS) (Bankr D. Del. June 7, 2018); *In re BICOM NY, LLC*, Case No. 17-11906 (MEW) (Bankr. S.D.N.Y. July 20, 2017).

4. As Administrative Advisor, Stretto will perform the bankruptcy administration services specified in the Application and the Engagement Agreement, as modified by any order granting the Application. In performing such services, Stretto will charge the Dioceses the rates set forth in the Engagement Agreement, which is attached as *Exhibit 1* hereto.

5. Stretto is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, in that Stretto and its professional personnel:

- a. are not creditors, equity security holders, or insiders of the Diocese;
- b. are not and were not, within two years before the date of the filing of this case, directors, officers, or employees of the Diocese; and
- c. do not have an interest materially adverse to the interest of the Diocese's estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Diocese.

6. I caused to be submitted for review by our conflicts system the names of all known potential parties-in-interest (the “Potential Parties in Interest”) in this Chapter 11 Case. The list of Potential Parties in Interest was provided by the Diocese and included, among other parties, the Diocese, its trustees, members, officers and directors, lenders, creditors and vendors, and other parties in interest. The results of the conflict check were compiled and reviewed by Stretto professionals under my supervision. At this time, and as set forth in further detail herein, Stretto is not aware of any relationship that would present a disqualifying conflict of interest. Should Stretto discover any new relevant facts or relationships bearing on the matters described herein during the period of its retention, Stretto will use reasonable efforts to file promptly a supplemental declaration.

7. To the best of my knowledge and based solely upon information provided to me by the Diocese, and except as provided herein, neither Stretto, nor any of its professionals, has any materially adverse connection to the Diocese, its creditors or other relevant parties. Stretto may have relationships with certain of the Diocese’s creditors as vendors or in connection with cases in which Stretto serves or has served as Claims and Noticing Agent and/or Administrative Advisor for another chapter 11 debtor. However, to the best of my knowledge, such relationships are materially unrelated to this Chapter 11 Case.

8. Stretto has and will continue to represent clients in matters unrelated to this Chapter 11 Case. In addition, Stretto has and will continue to have relationships in the ordinary course of its business with certain vendors, professionals, and other parties in interest that may be involved in this Chapter 11 Case. There is also a possibility that Stretto will provide professional services to entities or persons that may be creditors or parties in interest in this

Chapter 11 Case, though such services would not directly relate to, or have any direct connection with, this Chapter 11 Case or the Diocese.

9. Stretto and its personnel in their individual capacities regularly utilize the services of law firms, investment banking and advisory firms, accounting firms, and financial advisors. Such firms engaged by Stretto or its personnel may appear in chapter 11 cases representing the Diocese or parties in interest. All engagements where such firms represent Stretto or its personnel in their individual capacities are unrelated to this Chapter 11 Case.

10. Certain of Stretto's professionals were partners of or formerly employed by firms that are providing or may provide professional services to parties in interest in this case. Except as may be disclosed herein, these professionals did not work on any matters involving the Diocese while employed by their previous firms. Moreover, these professionals were not employed by their previous firms when the Chapter 11 Case was filed.

11. In April 2017, Stretto was acquired by the Trident VI Funds managed by private equity firm Stone Point Capital LLC ("Stone Point"). Stone Point is a financial services-focused private equity firm based in Greenwich, Connecticut. The firm has raised and managed seven private equity funds – the Trident Funds – with aggregate committed capital of approximately \$19 billion. Stone Point targets investments in the global financial services industry, including investments in companies that provide outsourced services to financial institutions, banks and depository institutions, asset management firms, insurance and reinsurance companies, insurance distribution and other insurance-related businesses, specialty lending and other credit opportunities, mortgage services companies and employee benefits and healthcare companies.

12. The following disclosure is made out of an abundance of caution in an effort to comply with the Bankruptcy Code and Bankruptcy Rules. However, neither the Trident VI

Funds nor Stone Point have been identified on the parties in interest list in this Chapter 11 Case as of the date hereof.

13. Stretto has searched the names of the Diocese and the Potential Parties in Interest provided by the Diocese against Stone Point, its funds, and their respective investments as set forth in the list most recently provided to Stretto by Stone Point's internal compliance department. Based solely on the foregoing search, Stretto has determined, to the best of its knowledge, that there are no material connections that require disclosure. To the extent Stretto learns of any material connections between Stone Point's funds or investments included in the above-described conflicts search and the Diocese, Stretto will promptly file a supplemental disclosure. Stretto may have had, may currently have, or may in the future have business relationships unrelated to the Diocese with one or more Stone Point entities including, among others, portfolio companies of Stone Point.

14. To the best of my knowledge, neither Stretto nor any of its partners or employees hold or represent any interest materially adverse to the Diocese's estate with respect to any matter upon which Stretto is to be engaged. Based on the foregoing, I believe that Stretto is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge and belief.

Executed on February 28, 2020

/s/ Travis K. Vandell

Travis K. Vandell
Managing Director

Exhibit 1

Engagement Agreement

Engagement Agreement

This Engagement Agreement (this “Agreement”) is entered into as of February 19, 2020 between Bankruptcy Management Solutions, Inc. d/b/a Stretto (“Stretto”) and Diocese of Buffalo (together with its affiliates and subsidiaries, the “Company”).¹

In consideration of the promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Services

- (a) Stretto agrees to provide the Company with consulting services regarding legal noticing, claims management and reconciliation, plan solicitation, balloting, disbursements, preparation of schedules of assets and liabilities and statements of financial affairs, communications, confidential online workspaces or data rooms (publication to which shall not violate the confidentiality provisions of this Agreement) and any other services agreed upon by the parties or otherwise required by applicable law, governmental regulations or court rules or orders (all such services collectively, the “Services”).
- (b) The Company acknowledges and agrees that Stretto will often take direction from the Company’s representatives, employees, agents and/or professionals (collectively, the “Company Parties”) with respect to providing Services hereunder. The parties agree that Stretto may rely upon, and the Company agrees to be bound by, any requests, advice or information provided by the Company Parties to the same extent as if such requests, advice or information were provided by the Company.
- (c) The Company agrees and understands that Stretto shall not provide the Company or any other party with legal advice.

2. Rates, Expenses and Payment

- (a) Stretto will provide the Services on an as-needed basis and upon request or agreement of the Company, in each case in accordance with Stretto’s Rate Structure. The Company agrees to pay for reasonable out of pocket expenses incurred by Stretto in connection with providing Services hereunder.
- (b) The Rate Structure sets forth individual unit pricing for each of the Services. The Company may request separate Services or all of the Services.
- (c) Stretto will bill the Company no less frequently than monthly. All invoices shall be due and payable upon receipt. Where an expense or group of expenses to be incurred is expected to exceed \$10,000 (e.g., publication notice), Stretto may require advance or direct payment from the Company before the performance of Services hereunder. If any amount is unpaid as of 30 days after delivery of an invoice, the Company agrees to pay a late charge equal to 1.5% of the total amount unpaid every 30 days.
- (d) In the case of a dispute with respect to an invoice amount, the Company shall provide a detailed written notice of such dispute to Stretto within 10 days of receipt of the invoice.
- (e) The undisputed portion of the invoice will remain due and payable immediately upon receipt thereof. Late charges shall not accrue on any amounts disputed in good faith.

¹ The Company shall include, to the extent applicable, the Company, as debtor and debtor in possession in any chapter 11 case, together with any affiliated debtors and debtors in possession whose chapter 11 cases are jointly administered with the Company’s chapter 11 case.

- (f) The Company shall pay any fees and expenses for Services relating to, arising out of or resulting from any error or omission made by the Company or the Company Parties.
- (g) The Company shall pay or reimburse any taxes that are applicable to Services performed hereunder or that are measured by payments made hereunder and are required to be collected by Stretto or paid by Stretto to a taxing authority.
- (h) Upon execution of this Agreement, the Company shall pay Stretto an advance of \$15,000. Stretto may use such advance against unpaid fees and expenses hereunder. Stretto may use the advance against all prepetition fees and expenses. Company shall upon Stretto's request, which request may take the form of an invoice, replenish the advance to the original advance amount. Stretto may also, at its option hold such advance to apply against unpaid fees and expenses hereunder.
- (i) Stretto reserves the right to make reasonable increases to the Rate Structure on an annual basis effective on the first business day of each year. If such annual increases represent an increase greater than 10% from the previous year's levels, Stretto shall provide 30 days' notice to the Company of such increases.
- (j) Payments to Stretto under the terms of this Agreement for services rendered, may be remitted by Client using either (or both) of the following methods:

Wire Transmission

Bank Name – Pacific Western Bank
Bank Address – 110 West A Street, Suite 100, San Diego, CA 92101
ABA – 122238200
Account Number – 1000681781
Account Name – Bankruptcy Management Solutions, Inc.

Check

Stretto
c/o Controller, Chris Mok
410 Exchange, Suite 100
Irvine, CA 92602

3. Retention in Bankruptcy Case

- (a) If the Company commences a case pursuant to title 11 of the United States Code (the "Bankruptcy Code"), the Company promptly shall file applications with the Bankruptcy Court to retain Stretto (i) as claims and noticing agent pursuant to 28 U.S.C. § 156(c) and (ii) as administrative advisor pursuant to section 327(a) of the Bankruptcy Code for all Services that fall outside the scope of 28 U.S.C. § 156(c). The form and substance of such applications and any order approving them shall be reasonably acceptable to Stretto.
- (b) If any Company chapter 11 case converts to a case under chapter 7 of the Bankruptcy Code, Stretto will continue to be paid for Services pursuant to 28 U.S.C. § 156(c) and the terms hereunder.

4. Confidentiality

- (a) The Company and Stretto agree to keep confidential all non-public records, systems, procedures, software and other information received from the other party in connection with the Services provided hereunder; provided, however, that if any such information was publicly available, already in the receiving party's possession or known to it, independently developed by the receiving party, lawfully obtained by the receiving party from a third party

or required to be disclosed by law, then the receiving party shall bear no responsibility for publicly disclosing such information.

- (b) If either party reasonably believes that it is required to disclose any confidential information pursuant to an order from a governmental authority, (i) such party shall provide written notice to the other party promptly after receiving such order, to allow the other party sufficient time, if possible, to seek any remedy available under applicable law to prevent disclosure of the information; and (ii) such party will limit such disclosure to the extent the such party's counsel in good faith determines such disclosure can be limited.

5. Property Rights

Stretto reserves to itself and its agents all property rights in and to all materials, concepts, creations, inventions, works of authorship, improvements, designs, innovations, ideas, discoveries, know-how, techniques, programs, systems, specifications, applications, processes, routines, manuals, documentation and any other information or property (collectively, "Property") furnished by Stretto for itself or for use by the Company hereunder. The foregoing definition of Property shall include any and all data, from any source, downloaded, stored and maintained by Stretto's technology infrastructure. Fees and expenses paid by the Company do not vest in the Company any rights in such Property. Such Property is only being made available for the Company's use during and in connection with the Services provided by Stretto hereunder.

6. Bank Accounts

At the request of the Company or the Company Parties, Stretto shall be authorized to establish accounts with financial institutions in the name of and as agent for the Company to facilitate distributions pursuant to a chapter 11 plan or other transaction. To the extent that certain financial products are provided to the Company pursuant to Stretto's agreement with financial institutions, Stretto may receive compensation from such institutions for the services Stretto provides pursuant to such agreement.

7. Term and Termination

- (a) This Agreement shall remain in effect until terminated by either party: (i) on 30 days' prior written notice to other party; or (ii) immediately upon written notice for Cause (as defined herein). "Cause" means (i) gross negligence or willful misconduct of Stretto that causes material harm to the Company's restructuring under chapter 11 of the Bankruptcy Code, (ii) the failure of the Company to pay Stretto invoices for more than 60 days from the date of invoice or (iii) the accrual of invoices or unpaid Services in excess of the advance held by Stretto where Stretto reasonably believes it likely will not be paid.
- (b) If this Agreement is terminated after Stretto is retained pursuant to Bankruptcy Court order, the Company promptly shall seek entry of a Bankruptcy Court order discharging Stretto of its duties under such retention, which order shall be in form and substance reasonably acceptable to Stretto.
- (c) If this Agreement is terminated, the Company shall remain liable for all amounts then accrued and/or due and owing to Stretto hereunder.
- (d) If this Agreement is terminated, Stretto shall coordinate with the Company and, to the extent applicable, the clerk of the Bankruptcy Court, to maintain an orderly transfer of record keeping functions, and Stretto shall provide the necessary staff, services and assistance required for such an orderly transfer. The Company agrees to pay for such Services pursuant to the Rate Structure.

8. No Representations or Warranties

Stretto makes no representations or warranties, express or implied, regarding the services and products sold or licensed to the Company hereunder or otherwise with respect to this Agreement, including, without limitation, any express or implied warranty of merchantability, fitness or adequacy for a particular purpose or use, quality, productiveness or capacity. Notwithstanding the foregoing, if the above disclaimer is not enforceable under applicable law, such disclaimer will be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

9. Indemnification

- (a) To the fullest extent permitted by applicable law, the Company shall indemnify and hold harmless Stretto and its members, directors, officers, employees, representatives, affiliates, consultants, subcontractors and agents (collectively, the "Indemnified Parties") from and against any and all losses, claims, damages, judgments, liabilities and expenses, whether direct or indirect (including, without limitation, counsel fees and expenses) (collectively, "Losses") resulting from, arising out of or related to Stretto's performance hereunder. Without limiting the generality of the foregoing, Losses include any liabilities resulting from claims by any third parties against any Indemnified Party.
- (b) Stretto and the Company shall notify each other in writing promptly upon the assertion, threat or commencement of any claim, action, investigation or proceeding that either party becomes aware of with respect to the Services provided hereunder.
- (c) The Company's indemnification of Stretto hereunder shall exclude Losses resulting from Stretto's gross negligence or willful misconduct.
- (d) The Company's indemnification obligations hereunder shall survive the termination of this Agreement.

10. Limitations of Liability

Except as expressly provided herein, Stretto's liability to the Company for any Losses, unless due to Stretto's gross negligence or willful misconduct, shall be limited to the total amount paid by the Company to Stretto for the portion of the particular work that gave rise to the alleged Loss. In no event shall Stretto be liable for any indirect, special or consequential damages (such as loss of anticipated profits or other economic loss) in connection with or arising out of the Services provided hereunder.

11. Company Data

- (a) The Company is responsible for, and Stretto does not verify, the accuracy of the programs, data and other information it or any Company Party submits for processing to Stretto and for the output of such information, including, without limitation, with respect to preparation of statements of financial affairs and schedules of assets and liabilities (collectively, "SOFAs and Schedules"). Stretto bears no responsibility for the accuracy and content of SOFAs and Schedules, and the Company is deemed hereunder to have approved and reviewed all SOFAs and Schedules filed on its behalf.
- (b) The Company agrees, represents and warrants to Stretto that before delivery of any information to Stretto: (i) the Company has full authority to deliver such information to Stretto; and (ii) Stretto is authorized to use such information to perform Services hereunder and as otherwise set forth in this Agreement.
- (c) Any data, storage media, programs or other materials furnished to Stretto by the Company may be retained by Stretto until the Services provided hereunder are paid in full. The Company shall remain liable for all fees and expenses incurred by Stretto under this

Agreement as a result of data, storage media or other materials maintained, stored or disposed of by Stretto. Any such disposal shall be in a manner requested by or acceptable to the Company; provided that if the Company has not utilized Stretto's Services for a period of 90 days or more, Stretto may dispose of any such materials in a manner to be determined in Stretto's sole reasonable discretion, and be reimbursed by the Company for the expense of such disposition, after giving the Company 30 days' notice. The Company agrees to initiate and maintain backup files that would allow the Company to regenerate or duplicate all programs, data or information provided by the Company to Stretto.

- (d) Notwithstanding the foregoing, if Stretto is retained pursuant to Bankruptcy Court order, disposal of any Company data, storage media or other materials shall comply with any applicable court orders and rules or clerk's office instructions.

12. Non-Solicitation

The Company agrees that neither it nor any of its subsidiaries or affiliates shall directly or indirectly solicit for employment, employ or otherwise retain as employees, consultants or otherwise, any employees of Stretto during the term of this Agreement and for a period of 12 months after termination thereof unless Stretto provides prior written consent to such solicitation or retention.

13. Force Majeure

Whenever performance by Stretto of any of its obligations hereunder is materially prevented or impacted by reason of any act of God, government requirement, strike, lock-out or other industrial or transportation disturbance, fire, flood, epidemic, lack of materials, law, regulation or ordinance, act of terrorism, war or war condition, or by reason of any other matter beyond Stretto's reasonable control, then such performance shall be excused.

14. Choice of Law

The validity, enforceability and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California.

15. Arbitration

Any dispute arising out of or relating to this Agreement or the breach thereof shall be finally resolved by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. There shall be three arbitrators named in accordance with such rules. The arbitration shall be conducted in the English language in Irvine, California in accordance with the United States Arbitration Act. Notwithstanding the foregoing, upon commencement of any chapter 11 case(s) by the Company, any disputes related to this Agreement shall be decided by the bankruptcy court assigned to such chapter 11 case(s).

16. Integration: Severability; Modifications: Assignment

- (a) Each party acknowledges that it has read this Agreement, understands it and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings, agreements and communications between the parties relating to the subject matter hereof.
- (b) If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

- (c) This Agreement may be modified only by a writing duly executed by an authorized representative of the Company and an officer of Stretto.
- (d) This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other; provided, however, that Stretto may assign this Agreement to a wholly-owned subsidiary or affiliate without the Company's consent.

17. Effectiveness of Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which shall constitute one and the same agreement. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, which delivery may be made by exchange of copies of the signature page by fax or email.

18. Notices

All notices and requests in connection with this Agreement shall be sufficiently given or made if given or made in writing via hand delivery, overnight courier, U.S. Mail (postage prepaid) or email, and addressed as follows:

If to Stretto:	Stretto 410 Exchange, Ste. 100 Irvine, CA 92602 Attn: Sheryl Betance Tel: 714.716.1872 Email: sheryl.betance@stretto.com
If to the Company:	<u>The Diocese of Buffalo, N.Y.</u> <u>795 Main Street</u> <u>Buffalo, NY 14203</u> Attn: Charles Mendolera, Executive Director of Financial Administration
With a copy to:	<u>Bond, Schoeneck & King, PLLC</u> <u>One Lincoln Center</u> <u>Syracuse, NY 13202</u> Attn: Stephen A. Donato

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

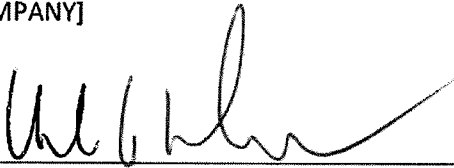
Stretto



By: Travis Vandell

Title: Managing Director

[COMPANY]



By: Charles Mendolera

Title: Executive Director of Financial Administration