

VIRGINIA:

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

**In re Multi-Circuit Episcopal Church  
Litigation:**

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**Case Nos.:** CL 2007-248724,  
CL 2007-1235,  
CL 2007-1236,  
CL 2007-1238,  
CL 2007-1625,  
CL 2007-5250,  
CL 2007-5682,  
CL 2007-5683, and  
CL 2007-5902

**STATEMENT OF THE DIOCESE OF VIRGINIA  
AND THE EPISCOPAL CHURCH  
REGARDING FINAL ORDER  
AND MOTION FOR ENTRY OF AN ORDER COMPELLING  
PRODUCTION OF EXHIBIT I IN ALTERNATIVE FORMS**

The Episcopal Diocese of Virginia (Diocese) and The Episcopal Church (TEC) respectfully submit the following statement regarding the terms of a Final Order in the captioned actions, as directed by the Court in its January 10, 2012, Letter Opinion and in an email from Court Clerk Claire C. Scerra sent on February 9, 2012. The Diocese’s and TEC’s proposed Final Order is submitted with this letter. Page and line references in this Statement are to the Diocese’s and TEC’s proposed Final Order.

The following portions of the proposed Final Order are contested:

In the introductory clauses of Sections C, D, E, and H of the Final Order, the Diocese and TEC ask that the applicable deadlines for action be set at March 30, 2012. The CANA Congregations ask that they be allowed to delay the required actions until April 30, 2012.

The CANA Congregations advocate and the Diocese and TEC object to the following addition to the end of the first paragraph of Section C: “The Diocese shall assume the obligations as of the applicable Ownership Determination Date on all such indebtedness shown on Exhibit A or otherwise indemnify the CANA Congregations for such obligations.”

In the introductory clauses of the second through fifth paragraphs of Section C, the Diocese and TEC ask that the applicable deadlines for action be set at March 16, 2012. The CANA Congregations ask that they be allowed to delay the required actions until April 16, 2012.

In Section D at page 5, lines 7, 16-17, in the second paragraph of Section E at page 6, lines 19 and 20, and at page 7 line 1, the CANA Congregations object to inclusion of the phrase “or their unincorporated predecessors or any one or more of them.”

In Section D at page 5, lines 14 and 16, and in Section E at page 6, lines 27 and page 7, line 1, the CANA Congregations object to inclusion of the phrases “and the defendant trustees” or “the defendant trustees and.”

The parties are at odds with respect to several of the terms of Section E:

- The Diocese and TEC ask the Court to enter money judgments against each of the CANA Congregations. The CANA Congregations object to that request.
- The deadline for required actions is in dispute as noted above.
- The Diocese and TEC advocate and the CANA Congregations object to inclusion of the phrases “valued as of the applicable Ownership Determination Date” and “as of the applicable Ownership Determination Date.”
- The Diocese and TEC advocate and the CANA Congregations object to inclusion of the phrase “together with sufficient sums to pay interest at the rate of 6 percent per annum on the principal amounts for two years from the date of the judgment subject to reconciliation at the conclusion of such appeals.”
- The CANA Congregations advocate and the Diocese and TEC object to inclusion of the following: “net of those liabilities incurred as of the Ownership Determination Date but paid thereafter including, but not limited to, payroll, payroll deductions, taxes, withholding, pension contributions, pre-paid tuition, fees and funds belonging to third parties, restricted funds,

designated funds, and other liabilities, all of which are identified on Exhibit I attached hereto. Investment accounts owned by the congregations and held by the Diocese shall remain with Diocese. All other investment accounts shall be valued by reconciling any post applicable Ownership Determination Date external withdrawals and external deposits, allowing all external deductions which comply with the restrictions imposed on designated and restricted investment funds all of which are reflected on Exhibit I attached hereto.”

In Section H, the Diocese and TEC advocate a provision which bars the CANA Congregations from holding themselves out to the public by names that include the terms “The Falls Church,” “Truro,” “St. Stephen’s,” “St. Paul’s,” “St. Margaret’s,” “Apostles,” and “Epiphany.” The CANA Congregations object and advocate a provision which allows the CANA Congregations to hold themselves out to the public by any names that do not use the terms “Episcopal” or “Episcopalian.”

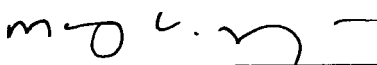
The CANA Congregations are responsible for preparation of Exhibit I (Description of Liquid Personal Property) and have acknowledged that they have that responsibility. They have not provided an Exhibit I to counsel for the Diocese and TEC. We therefore have done the best that we can, using available information, to assemble the necessary information and to prepare an Exhibit I. It is incomplete and may be inaccurate as to The Falls Church, and it is entirely devoid of relevant information with respect to Truro; but it is the best that we can do under the circumstances. Its content also may be altered by the Court’s decision on the CANA Congregations’ partial motion for reconsideration. We respectfully submit that the Court should enter an Order forthwith, compelling the CANA Congregations to provide to the Court and all counsel an Exhibit I, in as many forms as may be required to deal with all pending contingencies, no later than 12:00 noon on February 28, 2012. A proposed Order is submitted herewith.

The CANA Congregations also are responsible for preparation of Exhibit L (Description of After-Acquired CANA Congregational Property) and have acknowledged that they have that responsibility. They have not provided an Exhibit L to counsel for the Diocese and TEC, and we do not have sufficient information to prepare even a reasonable facsimile of that Exhibit. We respectfully submit that if the CANA Congregations do not provide an Exhibit L to the Court and all counsel an Exhibit I, in as many alternative forms as may be required to deal with all pending contingencies, no later than 12:00 noon on February 28, 2012, then the Court should enter a Final Order which does not include an Exhibit L.

Respectfully submitted,

Dated: February 24, 2012

THE PROTESTANT EPISCOPAL CHURCH  
IN THE DIOCESE OF VIRGINIA

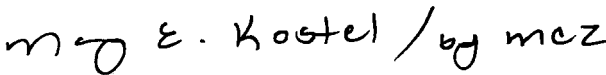
By:   
Of Counsel

Bradfute W. Davenport, Jr. (VSB # 12848)  
George A. Somerville (VSB # 22419)  
Brian D. Fowler (VSB # 44070)  
Troutman Sanders LLP  
Post Office Box 1122  
Richmond, Virginia 23218-1122  
Telephone: (804) 697-1200  
Facsimile: (804) 697-1339

Mary C. Zinsner (VSB # 31397)  
Troutman Sanders LLP  
1660 International Drive  
Suite 600  
McLean, Virginia 22102  
Telephone: (703) 734-4334  
Facsimile: (703) 734-4340

*Counsel for the Protestant Episcopal Church in the Diocese of Virginia*

THE EPISCOPAL CHURCH

By:  / by meZ  
Of Counsel

David Booth Beers (*pro hac vice*)  
Goodwin Procter LLP  
901 New York Avenue, N.W.  
Washington, D.C. 20001  
Telephone: (202) 346-4000  
Facsimile: (202) 346-4444

Mary E. Kostel (VSB # 36944)  
Special Counsel  
The Episcopal Church  
c/o Goodwin Procter LLP  
901 New York Ave., N.W.  
Washington, D.C. 20001  
Telephone: (202) 346-4184  
Facsimile: (202) 346-4444

*Counsel for The Episcopal Church*

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing document were sent by electronic mail to all counsel, including those named below, on this 8th day of February, 2012, pursuant to the Stipulated Amended Pretrial Scheduling Order and post-trial briefing/procedures Order:

Gordon A. Coffee (gcoffee@winston.com)  
Gene C. Schaerr (gschaerr@winston.com)  
Steffen N. Johnson (sjohnson@winston.com)  
Andrew C. Nichols (anichols@winston.com)  
Winston & Strawn LLP  
1700 K Street, N.W.  
Washington, D.C. 20006  
*Counsel for Truro Church, Church of the Epiphany, Church of the Apostles,  
The Church at The Falls – The Falls Church, and associated individuals*

George O. Peterson (gpeter@petersonsaylor.com)  
Tania M. L. Saylor (tsaylor@petersonsaylor.com)  
Michael Marr (mmarr@petersonsaylor.com)  
Peterson Saylor, PLC  
4163 Chain Bridge Road  
Fairfax, Virginia 22030  
*Counsel for Truro Church and certain associated individuals*

Mary A. McReynolds (marymcreynolds@mac.com)  
Mary A. McReynolds, P.C.  
1250 Connecticut Avenue, N.W., Second Floor  
Washington, D.C. 20036-1830  
*Counsel for St. Margaret's Church, St. Paul's Church, Church of the Epiphany,  
Church of the Apostles, St. Stephen's Church, and associated individuals*

E. Andrew Burcher (eaburcher@pw.thelandlawyers.com)  
Walsh, Colucci, Lubeley, Emrich & Walsh, P.C.  
4310 Prince William Parkway, Suite 300  
Prince William, Virginia 22192  
*Counsel for St. Margaret's Church and St. Paul's Church*

R. Hunter Manson (manson@kaballero.com)  
PO Box 539  
876 Main Street  
Reedville, Virginia 22539  
*Counsel for St. Stephen's Church and associated individuals*

Scott J. Ward (sjw@gg-law.com)  
Timothy R. Obitts (tro@gg-law.com)  
Gammon & Grange, P.C.  
8280 Greensboro Drive, Seventh Floor  
McLean, Virginia 22102

James A. Johnson (jjohnson@semmes.com)  
Paul N. Farquharson (pfarquharson@semmes.com)  
Scott H. Phillips (sPhillips@semmes.com)  
Tyler O. Prout (tprout@semmes.com)  
Semmes Bowen & Semmes, P.C.  
25 South Charles Street, Suite 1400  
Baltimore, Maryland 21201

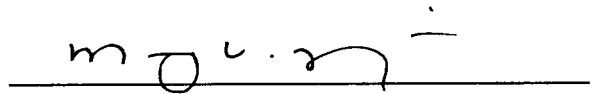
*Counsel for The Church at The Falls – The Falls Church and certain associated individuals*

Thomas C. Palmer, Jr. (tpalmer@thebrautfirm.com)  
Braut Palmer Grove White & Steinhilber LLP  
3554 Chain Bridge Road, Suite 400  
Fairfax, Virginia 22030

*Counsel for certain trustees of The Church at The Falls – The Falls Church (Episcopal)*

E. Duncan Getchell (DGetchell@oag.state.va.us)  
Office of the Attorney General  
900 East Main Street  
Richmond, Virginia 23219

*Counsel for the Commonwealth of Virginia ex rel. Kenneth T. Cuccinelli, in his official capacity as Attorney General*

A handwritten signature in black ink, appearing to read "m. c. c.", is written above a solid horizontal line.