

Asset fight has Florence church in a fix

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FLORENCE - Dozens of members of St. Mary's Our Lady of the Dunes Catholic Church may soon start filing claims against the Archdiocese of Portland - but not because of allegations of sexual abuse.

Instead, members say they want back the \$750,000 they've contributed for a major church building project. The money, placed in an archdiocesan loan investment program, was "frozen" by a judge after the archdiocese filed for bankruptcy last summer.

With legal claims of more than \$500 million alleging sex abuse by priests and other employees, the archdiocese became the first in the country to seek bankruptcy protection. The decision has produced a serious fiscal quandary for many of its 124 parishes - perhaps none more so than Our Lady of the Dunes, where a septic tank in the church parking lot serves as silent witness to a capital campaign in limbo.

Church leaders were ready to install the tank, and about to accept bids on construction of their new church, when the archdiocese filed for bankruptcy in July. By the end of that month, all five general contractors interested in the project had pulled out, said Ken Janowski, the church's fund-raising chairman.

Parishioners are growing increasingly exasperated with the slow legal proceedings, Janowski said. "We're not a bunch of lawyers," he said. "All we understand is that we gave money for a specific purpose, and now that money may not go to build a church."

At the crux of the bankruptcy case is whether the archdiocese legally owns the assets of individual parishes - Catholic leaders says no, while legal claimants say yes. The stakes are high because the archdiocese's worth could grow by tenfold or more - up to perhaps \$500 million - if parish assets are included. The assets in Lane County alone exceed \$41 million, including Marist High School with a market value of nearly \$14.8 million.

The archdiocese has declared that anyone with a legal claim against it must file the claim by April 29 - in anticipation of a U.S. Bankruptcy Court hearing in Portland in early May. Janowski said that's exactly what members at Our Lady of the Dunes may do.

In a new filing Monday, the archdiocese listed 10 "test case" properties that will be reviewed by the court - including Our Lady of the Dunes. Archdiocese spokesman Bud Bunce said he couldn't specify why the 10 properties - nine parishes and a school - were selected. "All I can really say is we believe the stories of those parishes will be good examples for the court to consider," he said.

The 10 properties also include St. Michael Parish in Oakridge and its mission church, St. Henry in Dexter. Many of the pending sex-abuse cases made allegations against the late Rev. Maurice Grammond, who once served the Oakridge parish. Bunce said he does not believe that history played a role in the decision to list St. Michael among the parishes whose history and records will be reviewed by the court.

In Florence, Janowski said he doesn't know whether Our Lady of the Dunes' inclusion on the list is a good or bad development. "We have a specific objective within our parish, and it doesn't overlap with what these guys are doing," he said.

Other parishes share the Florence congregation's fiscal uncertainty. Across the archdiocese - which covers all of Western Oregon - capital campaigns, long-term savings and land sale proceeds totaling \$3.7 million were placed in the now-frozen loan investment fund, Bunce said.

Parishes that began building projects before the bankruptcy filing have been able to proceed, Bunce said. "It's the parishes like Florence that had not actually gotten started yet that have had to come to a screeching halt for awhile," he said.

The Florence church, located just off Highway 101 in the south end of town, has about 450 families as members but can seat only about 240. The church often has so many visitors, especially during the summer, that worshipers spill out into an adjacent annex, hallway and kitchen, Janowski said.

The congregation kicked off a \$2.2 million campaign drive in April 2002, and since then has won pledges of \$1.9 million. About \$1 million has actually been collected - the \$750,000 now frozen in court proceedings, and a subsequent \$250,000 that the congregation decided to place with a local bank.

The ambitious project envisions a new church building, plus a remodel of the existing building into a meeting hall, new paved parking lots and a new septic drainage system. The paving was completed and the drainage system dug when the archdiocese filed for bankruptcy, Janowski said.

Because no contractor has been willing to sign on, the church could see its building permit expire this April. A new permit would most likely mean a new review and redesign of the project because of building code changes that went into effect this year, Janowski said.

"Every time we've turned around, there's been something worse looming on the horizon," he said.

The congregation already has spent about \$300,000 of its own money to pay for permits, architectural fees, initial contractor work and the like, Janowski said.

The church has filed its own motion with the bankruptcy court seeking release of its frozen funds, and last weekend more than 300 members signed a petition appointing a single parishioner as their advocate to the court, he said.

Janowski said church members are trying to look out for themselves. The archdiocese, he said, "has not taken a really active role in unfreezing our money, because this is peanuts compared to the big picture they're worried about."

Janowski, the parish's designated spokesman and also its choir director, said members are solidly in support of the parish and larger church, and aren't giving up on the capital campaign. A large thermometer sign outside the church shows the congregation at about 90 percent of its fund-raising goal.

At least one member of the Florence parish has filed a sex abuse claim against the archdiocese. The member did not return a phone call seeking comment Monday, and a church administrator said the member's case has been settled. The man filed his lawsuit in 2002, seeking \$4 million in damages for abuse he alleged happened when he was a teenager living in Corvallis.

Janowski said members are mostly frustrated by the legal delays. "It seems patently clear to everybody here, who made checks to the 'St. Mary's Building Fund,' where that money should go," he said.

Janowski said the congregation hasn't crossed the bridge of what to do if its capital campaign money ends up going to sex-abuse claimants.

"That puts us way back at the beginning, and we'd have to rethink this whole thing," he said. "Maybe sitting in the kitchen is the only alternative."

#### 'TEST CASE' PARISHES

The Archdiocese of Portland lists nine parishes and one school to be scrutinized by bankruptcy court

- St. Mary's Our Lady of the Dunes Parish, Florence
- St. Michael Parish, Oakridge, and its mission church, St. Henry in Dexter
- Regis High School, Stayton
- Immaculate Conception Parish, Stayton
- Holy Redeemer, Portland
- St. Birgitta Parish, Portland
- St. John Fisher Parish, Portland
- St. Philip Benizi Parish, Redland
- Queen of Peace Parish, Salem
- St. Elizabeth Ann Seton Parish, Aloha