

DISTRICT COURT, EL PASO COUNTY, COLORADO
270 South Tejon Street
Colorado Springs, CO 80903
(719) 448-7700

Plaintiff and Counterclaim Defendant:
GRACE CHURCH & ST. STEPHEN'S, a Colorado nonprofit corporation,

Defendant and Counterclaimant:
THE BISHOP AND DIOCESE OF COLORADO, a Colorado nonprofit corporation,

Third Party Counterclaimants:
THE DIOCESE OF COLORADO IN THE EPISCOPAL CHURCH; GRACE AND ST. STEPHEN'S EPISCOPAL CHURCH; and GRACE CHURCH AND ST. STEPHEN'S, a Colorado religious society and corporation

Counterclaim Defendants:
REV. DONALD ARMSTRONG, III; CHARLES C. BROWN; DARELEEN SCHAFFER; JON WROBLEWSKI; MARGE GOSS; CRAIG WHITNEY; ROBERT C. BALINK; CHAD FRIESE; MICHAEL BARBER; KEITH STAMPHER; JASON HUNTLEY; EMILY KLINE; RIP HOLLISTER; JACK GLORIOD; EDWIN J. MONTGOMERY, JR; KEVIN DIBBLE; SUSAN SPENCER; ALAN CRIPPEN II; ST. STEPHEN'S CLASSICAL ACADEMY, a Colorado nonprofit corporation; and GRACE CHURCH & ST. STEPHEN'S, a Colorado unincorporated nonprofit association;

Additional Counterclaim Defendant:
ROBERT J. O'NEILL

Additional Defendant Counterclaimant:
THE EPISCOPAL CHURCH

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Case No. 2007CV1971

DIV. COM-5

**RESPONSE TO EPISCOPAL CHURCH ENTITIES'
SUPPLEMENT TO MAY 2, 2008 ARGUMENT**

The Episcopal Church Entities' "Supplement" continues their specious argument that Grace Church & St. Stephen's, the 1973 nonprofit corporation ("Grace Church"), never adopted bylaws, therefore never complied with certain then-applicable statutory provisions, and therefore somehow must never have done anything in the now over thirty-four years it has existed. This not only flies in the face of the undisputed conduct of the Church's affairs during this entire time, it also cannot be supported by the uncontested record.

1. As discussed in the oral arguments, the nonprofit corporation statute (C.R.S. §7-122-103 – in both the 1973 version and 1998 version) states the Secretary of State's filing of articles of incorporation is conclusive as to the corporation's existence. This irrefutably disposes of the Episcopal Church's argument that the 1973 Articles of Incorporation "really" just reinstated the 1923 Religious Association.

2. The uncontroverted record is that following its June 25, 1973 incorporation, Grace Church adopted bylaws on February 25, 1974 by action of its Vestry (i.e., board of directors) which thus eliminates virtually all of the claimed "deficiencies." The Episcopal Church and their counsel are well aware of this. They attached a copy of the minutes of the February 25, 1974 vestry meeting as "Exhibit AM – 1974 minutes adopting bylaws" to their November 13, 2007 Brief in Support of Motion for Summary Judgment (see "Appendices, Affidavits and Exhibits Attached to This Brief" following page 72 of their Brief). The bylaws themselves were attached as Sub-Exhibit C-5 to the Episcopal Church's May 10, 2007 Motion for Summary Judgment.

3. The record is also uncontroverted that when the Diocese's lawyers, on March 5, 1999, wrote Grace Church asking for a copy of Grace Church's articles and bylaws, Grace Church's lawyer, on March 10, 1999, responded by giving them copies of Grace Church's 1973 Articles and 1974 Bylaws.

4. Also uncontroverted is that when the Colorado Revised Nonprofit Corporation Act became effective on July 1, 1998, any technical deficiencies which may have existed (and we do not believe there were any because the bylaws were timely and properly adopted) were fully cured and irrefutably, since that time, Grace Church has been fully compliant with all applicable statutory requirements.

We believe the Episcopal Church Entities' counsel continuing to raise these arguments in spite of this irrefutable record is not only specious, it should be sanctioned.

Respectfully submitted this 7th day of May, 2008.

J. GREGORY WALTA, P.C.

/s/ J. Gregory Walta
Attorney for Plaintiff
Grace Church & St. Stephen's

CERTIFICATE OF SERVICE

I certify that on May 7, 2008, a true and correct copy of this document was sent via Justice Link to the following:

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