

RECEIVED

JUN 02 2009

SETTLEMENT AGREEMENT AND RELEASE

LYNN L. OLNEY P.C.  
ATTORNEY AT LAW

Rev. Donald Armstrong III, Charles C. Brown, Dareleen Schaffer, Jon Wroblewski, Marge Goss, Craig Whitney, Robert C. Balink, Chad Friese, Michael Barber (the architect), Keith Stampher, Jason Huntley, Emily Kline, Rip Hollister, Jack Gloriod, Edwin J. Montgomery, Jr.; Kevin Dibble, Susan Spencer, Alan Crippen II, Grace Church & St. Stephen's, Colorado non-profit corporation allegedly incorporated in 1973, Grace Church & St. Stephen's, an unincorporated nonprofit association, and St. George Anglican Church, a Colorado non-profit corporation (collectively, "CANAs members"),

and

Grace and St. Stephen's Episcopal Church, Grace Church and St. Stephen's, a Colorado Religious Society and Corporation incorporated in 1923, Diocese of Colorado in the Episcopal Church, and The Bishop and Diocese Of Colorado, a Colorado nonprofit corporation, The Episcopal Church, and the Rt. Rev. Robert J. O'Neill (collectively, "Episcopal Church Side")

**HEREBY AGREE** to resolve the issues in El Paso County District Court Case No. 2007CV1971 styled as *Grace Church & St. Stephen's v. The Bishop and Diocese of Colorado, et al.* ("Case") as follows:

1. **Dismissal of Claims.** The parties shall promptly file a stipulated motion to dismiss all remaining claims for damages, costs, or equitable relief in the Case with prejudice, each side to pay their respective costs and attorneys fees.

2. **Finality of Judgment.** The parties shall promptly file a stipulated motion asking to certify the District Court's March 24, 2009 order in the Case is final under Colo. R. Civ. P. 54(b) or otherwise.

3. **Waiver of Appeal.** The CANAs members shall not appeal any orders or judgments from the Case, and they waive any right they have or might have to make any such appeals.

4. **Beneficiaries of Trusts.** The parties hereby stipulate and agree that the beneficiaries for each of the special trusts are Grace and St. Stephen's Episcopal Church and its corporation, Grace Church and St. Stephen's, a Colorado Religious Society and Corporation incorporated in 1923 (collectively, the "Episcopal Parish"). They also agree that all deposits by the special trusts in the registry of the Court shall be delivered to the Episcopal Parish or its legal counsel and agree to file any motion necessary to effectuate the same. The CANAs members hereby waive and release any claim that they or any of them are beneficiaries of any of the special trusts and also waive and release any right to seek reformation or modification of the terms of any such trust under any legal, equitable, or statutory theory. The special trusts shall include the Pikes Peak Community Foundation and all the special trusts that, through their trustees or otherwise, have filed any pleading or motion in the Case.

5. **Disputed Property.** The parties hereby stipulate and agree that no person or entity among the CANA members have any legal, equitable, or other interest in the rectory or any of the disputed property. "Disputed property" shall include all disputed property as identified in the District Court's March 24, 2009 order.

6. **Rectory.** The parties hereby stipulate and agree that Rev. Donald Armstrong has no equitable, legal, or other interest in the rectory located at 3025 Electra Drive North in Colorado Springs and that the Rectory is owned as indicated in the Court's March 24, 2009 order.

7. **Wills & Adams.** The parties stipulate and agree that Derry Adams of Wills & Adams shall turn over to both Greg Walta and Martin Nussbaum a copy of all files and documents she acquired or held as a result of her representation of Grace Church (sometimes known as Grace Church and St. Stephen's, Grace Church & St. Stephens, or Grace and St. Stephen's Episcopal Church) during her representation of the parish or its corporation. "Files and documents" shall include all correspondence, drafts, contracts, memoranda, electronic files, e-mails, and other writings of any kind. The parties agree to execute correspondence or other documents to inform Ms. Adams of this portion of this agreement.

8. **Release of CANA Members.** The Episcopal Church Side, separately and jointly, hereby release all claims they have or might have against the CANA members, or any of them, whether such claims are known or unknown. This release, however, shall not modify any right that the Episcopal Church Side, separately or jointly, may have to restitution arising from any criminal proceeding.

9. **Release of Episcopal Church Side.** The CANA members, separately and jointly, hereby release all claims they have or might have against the Episcopal Church Side, The Rt. Rev. Robert J. O'Neill, or any of them, whether such claims are known or unknown.

10. **Third Party Financial Obligations.** The parties stipulate and agree that St. George's Anglican Church shall be solely and exclusively responsible for payment for all goods and services requested by the CANA members or any of them for the use or benefit of the CANA parish that occupied the disputed property so long as any such charges were incurred on or from March 26, 2007 through April 3, 2009 and were for the normal and ordinary operation and maintenance costs, regardless whether they or any of them incurred such obligations in the name of Grace Church & St. Stephen's, Grace Church, Grace and St. Stephen's, or St. George's Anglican Church, or any other similar formulation. Notwithstanding the foregoing, the Episcopal Parish shall be responsible for charges incurred by Whitney Plumbing and Heating for boilers in an amount of approximately \$26,000; St. George's Anglican Church shall be responsible for charges incurred by Joan Norris, a gardener, for work during the period referenced above; and the Episcopal Parish shall be responsible for charges incurred by Joan Norris, a gardener, for work before or after the period referenced above.

11. **State Bank of Bartley Loan.** The Episcopal Parish hereby affirms that the loan and mortgage held by the State Bank of Bartley are valid and an obligation of the Episcopal Parish. The CANA members, collectively or individually, release any and all claims they have or might have directly or indirectly related to any payments they or any of them made on this loan.

12. **Additional Documentation.** The parties agree, individually, corporately, or through their counsel, to file all necessary pleadings, motions, and briefs in order to fully effectuate this agreement.

13. **Attorney Signature.** When the attorneys sign below, they certify that they have read this agreement and that it fairly states the agreement among the parties. For any party who is unable to sign on June 2, 2009 because of his or her absence from the settlement conference, they represent that their signature below constitutes the signature of any such person agreeing to the terms of this agreement.

14. **Entire Agreement.** This writing shall constitute the entire agreement among the parties. It may only be modified by a writing either signed by each of them or signed by their respective counsel.

15. **Specific Enforcement.** The parties agree that if any disputes arise under this agreement, Justice Bill Neighbors shall serve as an arbitrator to enforce this agreement and may award attorneys fees against any party if he determines that any such party breached this agreement.


Done this second day of June 2009.

**CANA MEMBERS**

GRACE CHURCH & ST. STEPHEN'S  
a Colorado nonprofit corporation  
(alleged 1973 incorporation)

By: 

Rev. Donald Armstrong, Rector

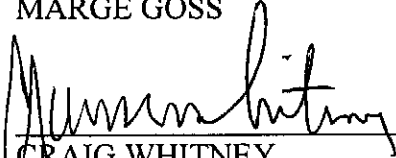
  
REV. DONALD ARMSTRONG III

  
CHARLES C. BROWN

  
DARELEEN SCHÄFFER

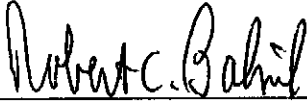
\_\_\_\_\_  
JON WROBLEWSKI

MARGE GOSS



---

CRAIG WHITNEY



---

ROBERT C. BALINK

CHAD FRIESE



---

MICHAEL BARBER (architect)

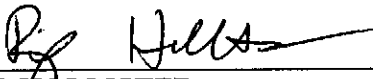
KEITH STAMPHER

JASON HUNTLEY



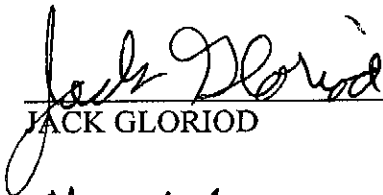
---

EMILY KLINE



---

RIP HOLLISTER



---

JACK GLORIOD



---


EDWIN J. MONTGOMERY, JR.



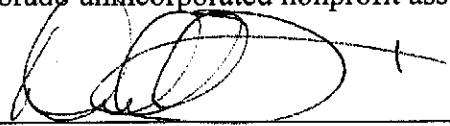
---

KEVIN DIBBLE

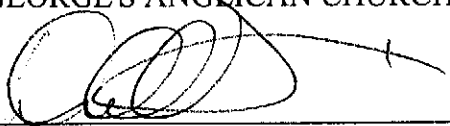
  
SUSAN SPENCER

  
ALAN CRIPPEN II

GRACE CHURCH & ST. STEPHEN'S  
a Colorado unincorporated nonprofit association.


By:   
Rev. Donald Armstrong, Rector

ST. GEORGE'S ANGLICAN CHURCH

By:   
Rev. Donald Armstrong, Rector

**EPISCOPAL CHURCH SIDE**

THE BISHOP AND DIOCESE OF COLORADO, a  
Colorado nonprofit corporation

By: +   
The Rt. Rev. Robert J. O'Neill, Bishop

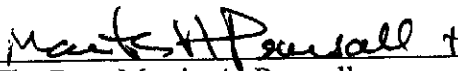
THE EPISCOPAL CHURCH

By: \_\_\_\_\_

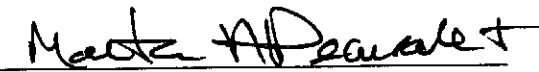
THE DIOCESE OF COLORADO IN THE EPISCOPAL  
CHURCH

By: +   
The Rt. Rev. Robert J. O'Neill

GRACE AND ST. STEPHEN'S EPISCOPAL CHURCH

By:  +  
The Rev. Martin A. Pearsall  
Priest-in-Residence

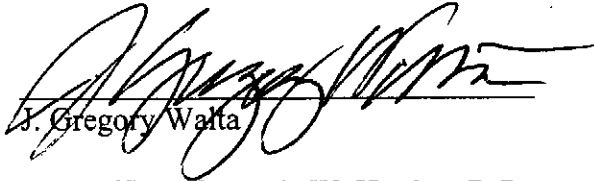
GRACE CHURCH AND ST. STEPHEN'S  
a Colorado religious society and corporation  
(1973 incorporation)

By:  +  
The Rev. Martin Pearsall  
Priest-in-Residence

+   
THE RT. REV. ROBERT J. O'NEILL, individually

AS TO FORM

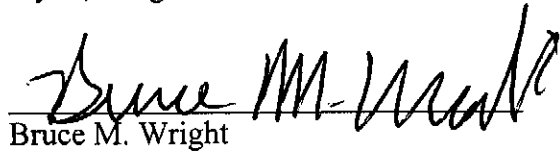
J. Gregory Walta, P.C.

  
\_\_\_\_\_  
J. Gregory Walta

Law Office of Dennis W. Hartley, P.C.

  
\_\_\_\_\_  
Dennis W. Hartley

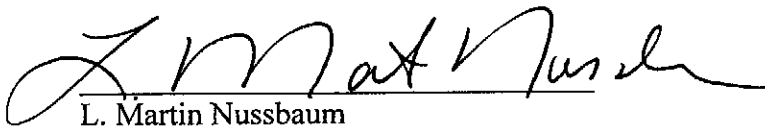
Flynn, Wright & Fredman LLC

  
\_\_\_\_\_  
Bruce M. Wright

Goodwin Procter LLP

\_\_\_\_\_  
Adam M. Chud

Rothgerber Johnson & Lyons LLP

  
\_\_\_\_\_  
L. Martin Nussbaum