

DISAFFILIATION AGREEMENT PURSUANT TO ¶ 2553

This Disaffiliation Agreement Pursuant to ¶ 2553 (“Disaffiliation Agreement”) is entered into this ____ day of _____, 20__, by and between the *[name of local church]* (“Local Church”) and **The Iowa Annual Conference of the United Methodist Church** (“Annual Conference”).

WHEREAS, Local Church is a United Methodist church within the boundaries of Annual Conference;

WHEREAS, Local Church has held a church conference, in compliance with ¶¶ 246.8, 248, and 2553.2-.3 of *The Book of Discipline of The United Methodist Church* (“*Discipline*”), at which at least two-thirds (2/3) of the professing members present at the church conference of Local Church voted to disaffiliate from The United Methodist Church “for reasons of conscience regarding a change in the requirements and provisions of the *Book of Discipline* related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow.”

WHEREAS, pursuant to ¶ 2501.1 of the *Discipline*, Local Church holds its real and personal, tangible and intangible property “in trust for The United Methodist Church and subject to the provisions of its *Discipline*.”

WHEREAS, property subject to ¶ 2501.1 “can be released from the trust, transferred free of trust or subordinated to the interests of creditors and other third parties only to the extent authority is given by the *Discipline*.” (¶ 2501.2)

WHEREAS, ¶ 2553 provides a specific circumstance in which property subject to ¶ 2501.1 can be released from the trust imposed by that paragraph.

WHEREAS, ¶ 2553.4 requires the terms and conditions of Local Church’s disaffiliation from The United Methodist Church to be “memorialized in a binding Disaffiliation Agreement.”

WHEREAS, Local Church and Annual Conference wish to (1) resolve all matters between

them, and Local Church wishes to acquire from Annual Conference all of Annual Conference's interest, on behalf of The United Methodist Church, in the real and personal, tangible and intangible property held by Local Church and (2) comply with the requirements of ¶ 2553 and Judicial Council *Decision* 1379.

NOW, THEREFORE, in consideration of the foregoing and all the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Local Church and Annual Conference agree as follows:

1. Conditions Precedent. Local Church and Annual Conference acknowledge and agree:

- a. *Church Conference Vote.* At least two-thirds (2/3) of the professing members present at a church conference of Local Church must vote to disaffiliate from The United Methodist Church “for reasons of conscience regarding a change in the requirements and provisions of the *Book of Discipline* related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow.” Local Church must provide documentation, to the satisfaction of Annual Conference, which evidences the result of the disaffiliation vote taken at the church conference in the form attached hereto as Exhibit A. Such documentation must be certified by an authorized officer of Local Church and shall be included as an exhibit to this Disaffiliation Agreement.
- b. *Annual Conference Vote.* This Disaffiliation Agreement must be “ratified by a simple majority of the members . . . present and voting” at a duly-called session of Annual Conference, as required by Judicial Council *Decision* 1379 and ¶ 2529.1b(3).
- c. *Obligations of Local Church.*
 - i. All obligations of Local Church set forth in Paragraph 4 hereof are conditions

precedent to all obligations of Annual Conference hereunder. Should either of the above not occur, this Disaffiliation Agreement shall immediately become null and void.

- ii. Time Limits - The vote by a Local Church to disaffiliate under this Disaffiliation Agreement shall be made no later than October 1 of the year in which the Local Church intends to seek Annual Conference consent to disaffiliate. If the decision is not made by October 1, the Local Church may not request to disaffiliate until the next year's session of Annual Conference. The latest date by which a local church can elect to disaffiliate under this policy is October 1, 2023.

2. Applicability of ¶ 2501. Local Church acknowledges and agrees that pursuant to ¶ 2501 of the *Discipline*, Local Church holds all property, real and personal, tangible and intangible, in trust for the benefit of The United Methodist Church.

3. Date of Disaffiliation. Should Local Church timely comply with all of its obligations as set forth herein, Local Church's disaffiliation from The United Methodist Church will be effective on November 30, 2023 ("Disaffiliation Date").^a Such Disaffiliation Date must be subsequent to the Annual Conference's ratification referenced in Section 1 above.

4. Local Church's Obligations. Unless a different date is specified, Local Church shall, by no later than the Disaffiliation Date, do the following:

a. *Payments.* Prior to the Disaffiliation Date, Local Church shall pay to Annual Conference, in a manner specified by Annual Conference, the following:

- i. Any unpaid apportionments for the 12 months prior to the Date of Disaffiliation, as calculated by Annual Conference, totaling _____;
- ii. An additional twelve (12) months of apportionments, equal to the amount for the prior year, as calculated by Annual Conference totaling _____ ;

- iii. An amount equal to Local Church's pro rata share, as determined by Annual Conference, of Annual Conference's unfunded pension obligations, based on the Annual Conference's aggregate funding obligations as determined by the General Board of Pension and Health Benefits (Wespath) using market factors similar to a commercial annuity provider, totaling _____ ;
 - iv. Any unpaid loans or other obligations to other United Methodist related entities such as the Iowa United Methodist Foundation unless those loans can be assigned to a new legal entity and any investment portfolio needs to be addressed as to required modifications; and,
 - v. All costs associated with the transfer of any asset.
- b. Other Liabilities.* Local Church shall either satisfy all of its debts, loans, and liabilities, or assign or transfer such obligations to its new entity releasing Local Church and Annual Conference from any further liability. Local Church must provide sufficient documentation of same to Annual Conference.
- c. Intellectual Property and Related Matters.* Local Church shall cease all use of "United Methodist," the Cross & Flame insignia, and any other intellectual property of the denomination and Annual Conference, including the removal of all signage containing the same.
- d. Group Tax Exemption Ruling.* As of the Disaffiliation Date, Local Church shall cease to use, and also shall ensure that any affiliates of Local Church which have been included in the group tax exemption ruling shall cease to use, any and all documentation stating that Local Church is included in the denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church.

Local Church and any of its affiliates which have been included in the group tax exemption ruling will be removed as of the Disaffiliation Date.

e. Local Church Records. Before the Disaffiliation Date, Local Church shall deliver to Annual Conference copies of all Local Church archives, membership rolls, historical documents related to funerals, baptisms, weddings, minutes, etc.

f. Cemeteries and Columbaria. If Local Church has a cemetery or columbarium, Local Church shall continue to maintain the same after the Disaffiliation Date as required by the applicable provisions of the Iowa Code and, in particular, shall continue to provide access for families and loved ones of those interned therein.

5. Organizational Transition/Indemnity Insurance. Local Church shall take all steps necessary to close and/or dissolve any legal entities and to settle, liquidate, or transfer all assets and obligations of such entities, or to establish any new legal entities, or to modify its current organizing documents, as needed to effectuate its disaffiliation from The United Methodist Church, to the satisfaction of Annual Conference. Local Church shall indemnify, defend, and hold harmless Annual Conference and its officers, directors, agents, and employees from any claim, liability, damage or costs (including reasonable attorney fees) resulting from, or in any way connected to, a) any claim, action, or cause of action for damages to persons or property resulting from Local Church's failure to take all necessary steps as required by this Section 5 or b) in any way connected with the property referred to in this document or in any way connected with Local Church (its former or current agents, employees, officers, directors, pastor or any other person associated with Local Church). Further, and independent of its indemnity obligation, Local Church shall for a period of three years after the Disaffiliation Date maintain standard commercial liability insurance, errors and omission insurance, and employment liability insurance with limits of liability not less than \$1,000,000 which a) lists Annual Conference and its officers, directors, agents, and employees as additional insureds with coverage to the same

extent and on the same basis as Local Church and b) which makes such insurance primary to any other available or collectible insurance which may be available to Annual Conference and its officers, directors, agents, and employees.

6. Property. On the Disaffiliation Date, if all conditions precedent have been met, Local Church will have full ownership of the property and assets listed in Exhibit B attached hereto and as required by applicable law. The parties shall ensure all necessary transfers or other transactions relating to the above properties are completed prior to the Disaffiliation Date. Any costs resulting from such transfers or other transactions shall be borne by Local Church. Annual Conference shall fully cooperate with Local Church, as needed and applicable, to ensure that such transfers and other transactions convey all of Annual Conference's interest – both for itself and on behalf of The United Methodist Church – in the real and personal, tangible and intangible property of Local Church. Local Church requests that title to all property be conveyed and transferred to Local Church.

7. Release of Claims. Except as otherwise set forth in this Disaffiliation Agreement, including without limitation Section 5 and Section 12 hereof, upon the completion of all of their respective obligations herein, Annual Conference and Local Church, for themselves and their agents, representatives, members, trustees, employees, successors, attorneys, and assigns, hereby fully and forever covenant not to sue each other, and release and discharge each other, and their current and former trustees, officers, representatives, employees, and assigns, in both their official and individual capacities, from any liability for any and all causes of action and claims, including any statutory or common law cause of action, tort or contractual claims, any claims for attorneys' fees, expenses and all other damages, whether known or unknown, foreseen or unforeseen, which Annual Conference or Local Church ever had, now has, hereafter may have or claim to have against any of the above-named entities or persons in any way arising out of their relationship with each other. The

parties further represent they have no pending lawsuit, charge, complaint, or other action against each other. Notwithstanding the foregoing releases and covenants not to sue, the parties may take action to enforce this Disaffiliation Agreement in any court where jurisdiction and venue are proper.

8. Time Limit. Should the Local Church fail to satisfy all of its obligations set forth herein by November 30, 2023, this Disaffiliation Agreement shall be null and void.

9. Continuing as Plan Sponsor. Nothing in this Disaffiliation Agreement shall prevent Local Church, after the Disaffiliation Date, from continuing to sponsor benefit plans from the General Board of Pension and Health Benefits, to the extent permitted by federal law, and provided that Local Church has not expressly resolved that it no longer shares common religious bonds with The United Methodist Church.

10. Non-Severability. Each of the terms of this Disaffiliation Agreement is a material and integral part hereof. Should any provision of this Disaffiliation Agreement be held unenforceable or contrary to law, the entire Disaffiliation Agreement shall be deemed null and void.

11. Time. Time is of the essence of every provision of this Disaffiliation Agreement.

12. Survival. Unless otherwise specifically stated herein, all obligations of the parties of this Disaffiliation Agreement shall survive the transfer of the Local Church property to the Local Church pursuant to Section 6 hereof and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assign.

THIS SPACE LEFT INENTIONALLY BLANK

(Signatures on next page)

LOCAL CHURCH

[name of Local Church]

By: _____ Date:

Print Name: _____

Its: Trustee Chair

By: _____ Date:

Print Name: _____

Its: Church Council Chair

By: _____ Date:

Print Name: _____

Its: Secretary

ANNUAL CONFERENCE

The Iowa Annual Conference of the United Methodist Church

By: _____ Date:

Print Name: _____

Its: Conference Trustee President

By: _____ Date:

Print Name: _____

Its: Officer of the Conference

Exhibit A

Certification of Local Church (stating reasons requesting disaffiliation under ¶ 2553)

The [name of Local Church] certifies that at least two-thirds (2/3) of its professing members present at a church conference of the membership on _____ have voted to disaffiliate from the United Methodist Church for the reasons(s) checked and explained below:

a. For reasons of conscience regarding a change in the requirements and provisions of the Book of Discipline related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference. We understand that the Traditional Plan was adopted.

b. The following actions or inactions of its annual conference related to these issues which follow:

Actions Explained:

In-Actions Explained:

Certified that the above answers are true and correct for the professing members who voted to disaffiliate from the United Methodist Church.

By: _____

Print Name: _____

Title: Trustee Chair

Attest:

By: _____

Print Name: _____

Title: Trustee Secretary

Exhibit B

Local Church Real and Personal Property