

SUBJECT TO FINAL EDITING

## JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH

### DECISION NO. 1421

[Docket No. 1021-8]

IN RE: Review of a Bishop's Ruling on Questions of Law in the Alabama-West Florida Annual Conference Concerning the Legality of the Actions Taken by the Conference Board of Trustees Regarding the Disaffiliation of a Local Church Without the Required Vote of the Annual Conference pursuant to Judicial Council Decision 1379 and ¶ 2529.1(b)(3) of the *Discipline*.

### DIGEST

The annual conference as the basic body in the Church has the reserved right to make final decisions regarding the disaffiliation of local churches within its boundaries. The Conference Board of Trustees acted unlawfully by closing the sale of the property of Woodlawn United Methodist Church prior to ratification of the disaffiliation agreement by the Alabama-West Florida Annual Conference. The execution, delivery, and filing for record of any deed to property cannot be accomplished prior to such ratification. Where permitted by local laws, the Conference Board of Trustees may enter into a non-disclosure agreement as part of the negotiated settlement under ¶ 2553.4. The bishop's Decision of Law is reversed in part and modified in part.

### STATEMENT OF FACTS

During the 2021 session of the Alabama-West Florida Annual Conference, on June 8, 2021, at 11:56 am, shortly before the Conference Board of Trustees presented their report, a lay member [hereinafter Movant] rose to ask the following Question of Law:

I move for a bishop's decision of law as to the constitutionality of the action of the Annual Conference Board of Trustees with regard to sale of the property known as Woodlawn United Methodist Church to Woodlawn Pcb Church, Inc. and entering into a non-disclosure agreement prior to the ratification of the disaffiliation agreement by the Annual Conference in light of ¶33 of the Constitution of the United Methodist Church, and Judicial Council decision 1379 which states, "under ¶33 of the Constitution, the annual conference as the basic body in the Church has the reserved right to make final decisions regarding the disaffiliation of local churches within its boundaries."

Despite the presiding bishop's request for time to consult with legal counsel, the Movant insisted on the issuance of a ruling the same day. Bishop David W. Graves agreed to Movant's wish and, within an hour, at 1:00 pm, issued the following Decision of Law, which reads in relevant parts:

During the break, I conferred with the conference chancellor and conference leadership. One item that puzzled me was the reference to paragraph 33 of the Constitution which, when read, does not read the way it is stated in the motion. I returned at 1 :00 p.m. to rule that the action of the Annual Conference Board of Trustees with regard to the sale of Woodlawn United Methodist Church was constitutional. This is my rationale for the decision.

The 2019 Alabama-West Florida Annual Conference approved a disaffiliation agreement based on the GCFA template for such agreements. There was little to no discussion on the additions added to that agreement by our annual conference during the 2019 session. Over the last two years, I was informed as our Trustees moved forward with negotiations on all disaffiliations, including the disaffiliation of Woodlawn United Methodist Church. I was also involved in going to Woodlawn UMC for in-person meetings early in the process. The trustees have followed the disaffiliation agreement precisely with all disaffiliating churches. They had followed it precisely in this conference year and to the point of my ruling when there was remaining conference business related to disaffiliation (Report of the Cabinet).

On Wednesday morning of our annual conference this year, Rev. June Jernigan rose to give the report of the cabinet at 10:04 a.m. Her report included all the disaffiliating churches, as it did in 2020. There were no objections to the report. The report of the cabinet passed 438 to 4. To my understanding, this vote by the annual conference on the disaffiliating churches is the final piece of ratification needed to complete the disaffiliation agreement. Our conference chancellor was prepared to discuss in detail the confidentiality agreement with Woodlawn with the elected body. However, no objections were raised.

I believe that I was more than gracious with Mr. Roane. I had 30 days to rule, but I felt my ruling would have been the same in 30 days as it was on Tuesday, June 8. I believe that the Conference Board of Trustees and chancellor of our conference have acted in accordance with what they have been entrusted to do through the disaffiliation agreement. Hence, I find their actions constitutional. I do not believe that the trustees have taken away any of the authority of the annual conference as the basic unit of the church. The annual conference approved the disaffiliation agreement, the trustees carried out the process set by annual conference, and the annual conference ratified the disaffiliation of Woodlawn UMC.

The record submitted shows that the disaffiliation resolution for Woodlawn United Methodist Church was not included in the Trustees report but was part of the Cabinet Report, which was presented the *following* day, on June 9, and approved by a vote of 438 to 4.

### **Jurisdiction**

The Judicial Council has jurisdiction pursuant to ¶ 2609.6 of *The Book of Discipline 2016* [hereinafter *Discipline*].

### **Analysis and Rationale**

The two questions presented in this case are whether (1) the sale of the property known as Woodlawn United Methodist Church to Woodlawn PCB Church, Inc. prior to ratification by the annual conference was lawful and (2) the Conference Board of Trustees was authorized to enter into a non-disclosure agreement [hereinafter NDA] with the disaffiliating local church as part of the negotiated settlement.

As to the **first question**, the information provided is sketchy in terms of timeline. While the official minutes imply that the sale of the property took place, they do not say *when* it was executed. The Disaffiliation Resolution for Woodlawn United Methodist Church states that “the church has met the financial requirements for disaffiliation.” *2021 Annual Conference Minutes*, June 9, 2021, p. 26. The following paragraph from the Chancellor’s Report indicates that the transaction was completed sometime *before* ratification by the annual conference:

Because the Annual Conference had previously approved the form disaffiliation agreement and since the AWFC did not change the required provisions but added additional protection for the Conference, and also received payment for church property, it was believed that any ratification required by the Annual Conference would be largely perfunctory in that the Conference would be better protected with the agreement entered into with Woodlawn than it would have been if we had relied only upon the original agreement. Again, the parties had been in negotiations for a year and Woodlawn wanted a resolution before the end of 2020. Accordingly, the property was deeded to the church and the church was told the disaffiliation would have to be voted on at annual conference.

*Report of the Chancellor on the Woodlawn United Methodist Church Disaffiliation*, p. 2 [emphases added].

We construe this statement to mean that the property was deeded (i.e., transferred), and consideration paid before the annual conference voted to approve the disaffiliation of Woodlawn United Methodist Church because “it was believed that any ratification required by the Annual Conference would be largely perfunctory...” In other words, the members of the annual conference were presented with a *fait accompli* and expected to rubber-stamp it.

Further, Exhibit 5 of Movant’s Opening Brief is a public record, entitled “Special Warranty Deed,” that was executed on January 11, 2021 by Woodlawn United Methodist Church in favor of Woodlawn PCB Church Inc. for the parcel of land on which said church is located.

In JCD 1379, this Judicial Council ruled that “the disaffiliation agreement [must] be ratified by a simple majority of the members of the annual conference present and voting.” This means that the sale of the church property cannot be completed until *after* that vote if the annual conference is to have more than a “perfunctory” role in the ratification process. Viewed in totality, the Disaffiliation Resolution, Chancellor’s Report, and Exhibit 5 show that the Conference Board of Trustees closed the real estate deal before it was presented to the Alabama-West Florida Annual Conference for ratification, thereby violating ¶ 2529.1(b)(3) and our holding in JCD 1379.

The bishop’s ruling of law that the sale of the Woodlawn UMC church property was constitutional was incorrect as a matter of Church law in that the execution and delivery of the deed and the payment of and receipt of the consideration therefore was accomplished well before the ratification of the disaffiliation agreement on June 9, 2021. However, as a matter of Florida property law, the train has left the station, and we lack any jurisdiction to entertain challenges to the validity of the deed.

Further, we note that the bishop did not answer **the second question** regarding the use of NDAs. In passing the Modified Taylor Disaffiliation Plan (Petition 90066) in 2019, the General Conference specified that “the terms and conditions for that disaffiliation shall be established by the board of trustees of the applicable annual conference, with the advice of the cabinet, the annual conference treasurer, the annual conference benefits officer, the director of connectional ministries, and the annual conference chancellor.” ¶ 2553.4 [emphasis added]. In JCD 1420, we construed this legislative statement as “express[ing] the intent of General Conference to delegate

to the Conference Board of Trustees the exclusive authority in establishing the terms and conditions of a local church's departure from The United Methodist Church." Nothing in ¶ 2553 or elsewhere in *The Discipline* would prohibit the Board of Trustees from adding an NDA to such terms and conditions.

The Movant cited JCD 1379 in support of his assertion that the Board of Trustees acted unlawfully. In that decision, however, we also stressed that "the terms and conditions...of the agreement between the annual conference and the exiting local church be established by the conference board of trustees in accordance with applicable church law and civil laws." JCD 1379 [emphasis added]. See also JCD 315. *The Discipline* enshrines the principle whereby "[a]ll provisions of the *Discipline* relating to property...are conditioned upon their being in conformity with the local laws, and in the event of conflict therewith the local laws shall prevail." ¶ 2506.1. Where local laws allow NDAs to be included in negotiated settlements, Church law must conform to such command. However, the specific question of whether NDAs *are* permitted under the laws of the state of Alabama is outside the purview of the Judicial Council. The bishop's decision is modified by addition of this second part.

### **Ruling**

The annual conference as the basic body in the Church has the reserved right to make final decisions regarding the disaffiliation of local churches within its boundaries. The Conference Board of Trustees acted unlawfully by closing the sale of the property of Woodlawn United Methodist Church prior to ratification of the disaffiliation agreement by the Alabama-West Florida Annual Conference. The execution, delivery, and filing for record of any deed to property cannot be accomplished prior to such ratification. Where permitted by local laws, the Conference Board of Trustees may enter into a non-disclosure agreement as part of the negotiated settlement under ¶ 2553.4. The bishop's Decision of Law is reversed in part and modified in part.

February 7, 2022

## Separate Opinion

I write separately because although I concur with the majority on the first question, my analysis differs somewhat. In these matters of ¶ 2553 disaffiliation the primary action sought by the local church is the ability to sever its relationship to The United Methodist Church while preserving its ownership of its church facilities and real property, albeit subject to the terms and conditions defined by the 2019 Special Session of the General Conference and construed by subsequent Judicial Council Decisions.

As such, the more relevant legal instrument that bears most directly in this matter and is of greater import (than the deed from Woodlawn U.M.C. Inc. to Woodlawn PCB Church, Inc.) is the *Quitclaim Deed & Release of Trust Clause*, from the Alabama-West Florida Annual Conference of The United Methodist Church to the Woodlawn PCB Church, Inc., executed on behalf of the Annual Conference by the Chairperson of the Conference Board of Trustees on **January 4, 2021**.

It was five days thereafter, on **January 11, 2021**, that representatives of the Woodlawn congregation executed a *Special Warranty Deed* conveying its title as a United Methodist Church to that of a non-denominational church (Woodlawn UMC, Inc., to Woodlawn PCB Church, Inc.).

In this matter, it is the conduct and actions of some members of the Annual Conference's leadership that is at issue. Specifically, it was the January 4, 2021, execution of the *Quitclaim Deed & Release of Trust Clause* that was improper given that the disaffiliation of the Woodlawn United Methodist Church had not been authorized by action of the members of the Annual Conference meeting in session. The authority to determine a congregation's change in relationship to the Annual Conference rests exclusively with the voting members of the Annual Conference and that authority may not be delegated by, nor usurped from, the Annual Conference. See, e.g., Decisions 78, 79, 380, 400, 584, 590.

Similarly, the Annual Conference must have access to all information concerning a congregation's proposed disaffiliation,. The annual conference cannot make a fully informed decision or authorization without full disclosure and without an opportunity to make inquiries

and have their questions satisfactorily addressed. Furthermore, our polity values a spirit of openness and accountability [¶ 722]. In those rare instances wherein a matter requires, as a matter of law, that some aspect of a matter be confidential, then the remedy is to discuss that limited portion in an executive session of the Annual Conference (laity and clergy) otherwise the Conference lacks the ability to make a well-informed and reasoned decision and also impedes the safeguarding role of the Annual Conference within our system of checks and balances the Annual Conference ensures that each body is acting within the confines of its role and authority. Paragraph 722 sets forth in pertinent part:

Great restraint should be used in closing meetings; closed sessions should be used as seldom as possible. Subjects that may be considered in closed session are limited to real estate matters; negotiations, when general knowledge could be harmful to the negotiation process; personnel matters;12 issues related to the accreditation or approval of institutions; discussions relating to pending or potential litigation or collective bargaining; communications with attorneys or accountants; deployment of security personnel or devices; and negotiations involving confidential third-party information. ...

A report on the results of a closed session shall be made immediately upon its conclusion or as soon thereafter as is practicable. [¶ 722 *Discipline*]

Beth Capen  
February 7, 2022