

DISAFFILIATION AGREEMENT PURSUANT TO ¶ 2553

This Disaffiliation Agreement Pursuant to ¶ 2553 of the Book of Discipline of the United Methodist Church (“Disaffiliation Agreement”) is entered into effective this _____ day of _____, 202_, the Disaffiliation Date, , by and between _____

“Local Church”) and the Alabama-West Florida Conference (“Annual Conference”).

WHEREAS, Local Church is a former 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. 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 Approval: This Disaffiliation Agreement has been ratified by a majority of the members present and voting at a duly call session of the Annual Conference.
 - c. Should either of the above not occur, this Disaffiliation Agreement shall immediately become null and void.
 - d. The Conference Trustees have approved a separate document entitled Procedures and Processes for Churches Disaffiliating under para. 2553 of the *Book of Discipline*, which is incorporated herein by reference. That document and/or any approved amendments thereto will be provided to Local Churches and the process and procedure to disaffiliate stated therein will be required of churches wishing to disaffiliate. Nothing in that document shall be construed to alter or amend the remaining provisions of this Disaffiliation Agreement.

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 the date shown above which shall be the date of ratification of this Disaffiliation Agreement ("Disaffiliation Date"). The delegates of Local Church shall not be entitled to vote upon any matters coming before the Annual Conference after ratification of the Disaffiliation Agreement.

4. Local Church's Obligations. Within sixty days of the Disaffiliation Date, or such shorter time necessary for Local church to satisfy all its obligations hereunder (the "Closing Date"), Local Church shall do the following:

a. Payments. Local Church shall pay to Annual Conference, in a manner specified by Annual Conference, _____ for:

- i. Local church shall pay _____ in exchange for the right to retain its real and personal, tangible and intangible property, subject to the terms herein, and the execution of the Bill of Sale and Quit Claim Deeds, required on behalf of the Annual Conference or Local church shall have the right to retain its in its real and personal tangible and intangible property without charge (in which case a zero will be shown in the blank provided above).
- ii. Any unpaid apportionments for the twelve (12) months immediately prior to the Disaffiliation Date, as calculated by Annual Conference, totaling _____.
- iii. An additional twelve (12) months of apportionments, as calculated by Annual Conference in the amount of _____.
- iv. 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 using market factors similar to a commercial annuity provider, in the amount of _____

- v. An amount equal to the Local Church's pro rata share as determined by Annual Conference, of Annual Conference's unfunded Post Retirement Medical (PRM) obligations as calculated by a third party actuary, valuation date of January 1, 2023, in the amount of _____.
- 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. Local Church must provide sufficient documentation of same to Annual Conference.
- c. *Intellectual Property.* 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, with the exception of finalizing year-end financial documents and reporting related to Local Church. Local Church and any of its affiliates which have been included in the group tax exemption ruling will be removed without notice as of the Disaffiliation Date. Local Church or its successors shall be solely responsible for obtaining its own IRS ruling regarding tax exempt status.
5. Organizational Transition. 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 liability or costs (including reasonable attorney fees) resulting from 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.

6. Property. Upon satisfaction of the requirements of Sections 1, 4 and 6 hereof, Local Church will have full ownership and assume full responsibility for the property and assets of Local Church, which shall include any parsonage, cemetery and real property granted to Local Church. The parties shall ensure all necessary transfers or other transactions relating to the above properties are completed on or before the Closing 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.

7. Release of Claims. Upon the completion of all of their respective obligations herein, Annual Conference and Local Church, for themselves and each of their respective agents, representatives, members, trustees, employees, successors, attorneys, and assigns, hereby fully and forever covenant not to sue each other, and release, discharge and hold harmless each other, and their current and former trustees, officers, representatives, insurers, 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 related to or arising out of their relationship with each other or activities at the Local Church. 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. Indemnification by Local Church. As additional consideration for the execution of this Disaffiliation Agreement and the Release of Claims and transfer of property contemplated herein, the Local Church hereby agrees to release, acquit, defend, hold harmless and indemnify the Annual Conference from any and all claims, demands, costs, expenses, lawsuits or other claims of whatever nature arising out of or related to acts or omissions involving the Local Church and/or its officers, trustees, and representatives, including those directly or indirectly related to any Boy

Scout of America activities that may have been sponsored by the Local Church. This section shall be binding on the Local Church, its successors and assigns.

9. Time Limit. Should the Local Church fail to satisfy all of its obligations set forth herein by the times prescribed in this agreement, this Disaffiliation Agreement shall be null and void and the Disaffiliation contemplated herein shall be set aside.

10. 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.

11. 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.

12. Entire Agreement. This Disaffiliation Agreement and the deeds, bills of sale and other documents executed in connection herewith shall represent the entire agreement and full understanding of the parties hereto.

13. Counterpart Execution. This Disaffiliation Agreement and all other documents referenced herein may be executed in counterparts and a signature provided by email, fax or other electronic means shall be as binding as an original signature.

Witnesses:

_____ **CHURCH**

BY: _____

Title: _____

APPROVED BY:
ATTORNEY FOR
CHURCH: {IF APPLICABLE}

ALABAMA-WEST FLORIDA CONFERENCE

BY: _____

Title: _____

APPROVED BY:
CHANCELLOR OR ASSOCIATE CHANCELLOR FOR
ALABAMA-WEST FLORIDA CONFERENCE:

NAME

TITLE