

## DISAFFILIATION AGREEMENT PURSUANT TO ¶ 2553

This Disaffiliation Agreement Pursuant to ¶ 2553 (“Disaffiliation Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ (“Local Church”) and The North Georgia Conference of the United Methodist Church, Inc. (“Annual Conference”), acting by and through The Trustees of the North Georgia Conference of the United Methodist Church, Inc. (“Trustees”).

WHEREAS, Local Church is a United Methodist church in good standing within the boundaries of Annual Conference, and for the purposes of this Agreement “in good standing” means that the Local Church is compliant with the provisions of *The Book of Discipline of the United Methodist Church* (“Discipline”) applicable to local churches.

WHEREAS, Local Church has held a church conference, in compliance with ¶¶ 246.8, 248, and 2553.2-.3 of *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.

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 property, and improvements therein, and its

personal 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. *Good Standing*. The Local Church represents and warrants to the Annual Conference that the Local Church is in good standing, as defined in the premises.
- b. *Standards for Conduct of Church Conference Vote*. The Local Church represents and affirms that it has transmitted all records to the appropriate Annual Conference agencies regarding its leadership and membership, that it has, prior to the church conference vote, taken all reasonable measures to notify the members of the Local Church of the impending vote, that it has provided copies to the Annual Conference of all informational documents regarding the effects of disaffiliation that have been distributed to the members, and that it has not held any informal or unpublicized meetings of the membership of the Local Church for purposes of discussing or voting on disaffiliation without the knowledge and consent of the applicable District Superintendent.
- c. *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 the reasons set forth in Paragraph 2553 of the *Book of Discipline*. 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.
- d. *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).

**Should any of the above not occur or be found to be inaccurate, this Disaffiliation Agreement shall immediately become null and void.**

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 its obligations as set forth herein, Local Church's disaffiliation from The United Methodist Church will be effective at month-end on November 30, 2023 ("Disaffiliation Date") after the Annual Conference's ratification referenced in Section 1 above at the called Annual Conference on November 18, 2023.

4. Local Church's Obligations. Unless a different date is specified, Local Church shall, no later than thirty days (December 30, 2023) after the Disaffiliation Date, do the following:

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

i. In consideration of the payments specified and upon confirmation by the applicable District Superintendent that all other obligations of the Local Church have been satisfied, Local Church shall have the right to retain its real property, and improvements therein and its personal property without charge. Any costs to transfer title or otherwise relating to Local Church's retention of its property will be borne by Local Church.

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, totaling \_\_\_\_\_.

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, totaling \_\_\_\_\_ .

- v. Any other payments that are related to conference-provided benefits that are direct billed to the Local Church for benefits provided prior to the effective date of disaffiliation. The parties will consult with the Conference Benefits Office to determine if there is an amount owed for direct billed benefits, and the parties further agree to true-up any such obligations within 30 days after the effective date of disaffiliation.
  - vi. An amount equal to any grants or other direct contributions that have been paid by the Annual Conference or any of its church support agencies to or on behalf of the Local Church to support any aspect of the Local Church's mission, ministry, or building programs within the four-year period immediately preceding the Disaffiliation Date; and
- b. *Other Liabilities.* Local Church shall either satisfy all its other 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. Other liabilities include any unpaid salary and benefits due to clergy appointed to the church through the disaffiliation effective date and also includes prepayment through the end of the calendar year of church exit for all clergy salary, housing allowance and benefits for those North Georgia clergy who are under appointment to the church and elect to remain United Methodist after the church votes to disaffiliate.
- 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. The Local Church will make provisions for the transfer to the Annual Conference or its designee all paraments, hymnals, and worship elements, and the costs of such transfer shall be borne by the Local Church.

- 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. The Local Church shall have the responsibility of engaging appropriate tax professionals if the Local Church decides to pursue its own tax exemption ruling, but nothing herein will require the Local Church to do so.
  - e. *Records and Cemeteries.* The Local Church shall cooperate with the Annual Conference and its staff in securing the records of the Local Church, including church archives, membership rolls, and historical documents related to funerals, baptisms, weddings, minutes, etc., with the Pitts Theology Library at Emory University and will comply with all policies and procedures of Pitts Theology Library in the storage and archiving of such records. If the Local Church has a cemetery or columbarium, the Local Church shall be responsible for and shall provide its plan for maintenance after disaffiliation and continued access for anyone with loved ones buried there.
  - f. *Covenant as the one universal church.* Annual Conference and Local Church covenant and agree that they are all part of the one universal church in service to Christ, and throughout the disaffiliation process and for the future they will honor the mission and ministry of all Christians. As part of this covenant, Annual Conference and Local Church agree that for a period of two (2) years following the Disaffiliation Date, both parties will refrain from making any disparaging or defamatory comments or remarks whatsoever about the other or any of the other's ministers, members, or employees, whether oral or in writing, that could reasonably be expected to adversely affect the reputation of the other.
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, subject to the approval by the Annual Conference but without any obligation of the Annual Conference to assist with the preparation thereof. 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 completion of all requirements set forth above, Local Church will have full ownership of the property and assets of the Local Church, except for those specifically required to be transferred to the Annual Conference under this Agreement or for those subject to the rights of persons or entities who are not parties to this Agreement. The Local Church shall ensure all necessary transfers or other transactions relating to the above properties are completed within thirty days of 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 Annual Conference's interest – both for itself and on behalf of The United Methodist Church – in the property of Local Church transferred hereunder. All documents required for transfer from the Local Church to any successor entity shall be prepared by the Local Church at its sole expense, subject to approval by the applicable District Superintendent, and upon confirmation by the applicable District Superintendent that all obligations of the Local Church set forth in this Agreement have been satisfied, the District Superintendent will consent to and approve the release of the trust clause.

7. Release of Claims. 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. Independent Legal Advice. The Local Church is required to retain their own legal counsel and other advisors as necessary to facilitate the transactions contemplated herein. The Annual Conference, its Board of Trustees, its officers, directors, and employees, do not and will not offer any legal, accounting, tax, or other advice to the Local Church. All expenses associated with advice and counsel necessary to facilitate these transactions is the sole responsibility of the Local Church.

9. Time Limit. Should the Local Church fail to satisfy all its obligations set forth herein by 30 days after disaffiliation date, this Disaffiliation Agreement shall be null and void.

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.

IN WITNESS WHEREOF, the Local Church and the Annual Conference, through authorized officers, have adopted this Disaffiliation Agreement on the date first above written.

LOCAL CHURCH:

ANNUAL CONFERENCE:

\_\_\_\_\_  
(Print local church name)

BY: \_\_\_\_\_

BY: \_\_\_\_\_  
Julie Childs

ITS: \_\_\_\_\_

ITS: Chair, Board of Trustees

Contact person within Local Church to receive signed agreement:

Name: \_\_\_\_\_

Email: \_\_\_\_\_