

DISAFFILIATION AGREEMENT

This Disaffiliation Agreement (“Disaffiliation Agreement”) is entered into this _____ day of December, 2022, by and between ALDERSGATE UNITED METHODIST CHURCH, Marion, Illinois (“Local Church”) and THE BOARD OF TRUSTEES OF THE ILLINOIS GREAT RIVERS CONFERENCE OF THE UNITED METHODIST CHURCH acting as agent for THE ILLINOIS GREAT RIVERS CONFERENCE OF THE UNITED METHODIST CHURCH (“Annual Conference”).

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

WHEREAS, pursuant to ¶ 2501.1 of the *Book of Discipline of the United Methodist Church* (“*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 of the *Discipline* “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 of the *Discipline* provides a specific circumstance in which property subject to ¶ 2501.1 can be released from the trust imposed by that paragraph;

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

WHEREAS, On or before November 30, 2022, Local Church advised the Annual Conference that Local Church desires to disaffiliate from the United Methodist Church pursuant to ¶ 2553 of the *Discipline* and furnished to Annual Conference the Local Church’s membership roster and other information needed by Annual Conference to process Local Church’s request for disaffiliation;

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 (“Denominational Rights”), and (2) comply with the requirements of ¶ 2553 of the *Discipline* 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. The obligations of the parties under this Agreement are subject to the satisfaction of each of the following conditions precedent before the effective date

of Local Church's disaffiliation from The United Methodist Church that is specified in Section 3 below (the "Disaffiliation Date").

a. Church Conference Vote. At least two-thirds (2/3) of the professing members present at a church conference of Local Church ("Church Conference") 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 relate 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 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 ("Annual Conference Session"), as required by Judicial Council Decision 1379 and ¶2529.1b(3) of the *Discipline*.

Should either of the above not occur, 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 of its obligations as set forth herein, Local Church's disaffiliation from The United Methodist Church will be effective upon the adjournment of the Annual Conference Session, identified above.

4. Local Church's Obligations. Local Church shall do the following in order to disaffiliate from the United Methodist Church:

a. Payments. Local Church shall pay to the Annual Conference on or before March 6, 2023, the sum of Three Hundred Thirty-Six Thousand Four Hundred Twenty-Four Dollars (\$336,424.00), which sum shall be in exchange for (i) the Denominational Rights, (ii) in payment of Local Church's unpaid apportionments for the current year and one additional year and (iii) 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 and most recently reported to the Annual Conference as of the Commitment Date. The payment identified herein shall be delivered by Local Church to the Annual Conference's Chancellor. The Annual Conference's Chancellor, who is a licensed Illinois attorney, and a member of the Sorling, Northrup law firm shall deposit said payment into the Chancellor's law firm's client trust account, hold said payment there until the adjournment of the Annual Conference Session, and shall distribute said payment to the

Annual Conference if this Disaffiliation Agreement is ratified by the Annual Conference or to the Local Church if this Disaffiliation Agreement is not ratified by the Annual Conference. The payment made to the Chancellor shall be by certified check, made payable to the Sorling Northrup Client Trust Account, and delivered to the attention of John A. Kauerauf, Chancellor, 1 North Old State Capitol Plaza, Suite 200, Springfield, IL 62701.

b. *Historical Records.* On or before the Disaffiliation Date, Local Church shall deliver to the Annual Conference Archivist, a copy of the Local Church's historical records which reflect the Local Church's Methodist religious tradition and ministry. These records consist of the Local Church's baptism records, membership records, marriage records, death records, and any official histories of the Local Church.

c. *Intellectual Property.* Upon the Disaffiliation Date, 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.* Upon the Disaffiliation Date, Local Church 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 will be removed from the group tax exemption ruling as of the Disaffiliation Date.

e. *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 separation from The United Methodist Church, to the satisfaction of Annual Conference within ten (10) days following the Disaffiliation Date. 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 4(e).

5. Pastoral Compensation. Local Church agrees to continue payment of the annual compensation due any pastor appointed to Local Church by the Bishop of the Annual Conference and serving Local Church immediately prior to the Disaffiliation Date ("Local Church Pastor") until the earliest to occur of the following: (a) Local Church Pastor's surrender of Local Church Pastor's United Methodist credentials, (b) the onset of the Local Church Pastor's appointment to a different Local Church, or (c) the end of the appointment year which contains the Disaffiliation Date. Local Church agrees that the Local Church Pastor is the intended third-party beneficiary of this compensation commitment and shall have legal standing to enforce this compensation commitment.

6. Property. On the Disaffiliation Date, Local Church will have full ownership of the property and assets listed in the Property Addendum Schedule attached hereto. The parties shall ensure all necessary transfers or other transactions relating to the above properties are completed within ten (10) business days following 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. The Annual Conference shall provide Local Church with a Quit Claim Deed and Bill of Sale and Blanket Assignment in the form attached hereto as **Exhibit A** and **Exhibit B** as evidence of the Annual Conference's transfer of any ownership interest in said property and assets.

7. Gifts, Legacies, Devises, Annuities, or Other Benefits Accruing Subsequent to the Disaffiliation Date. Any gift, legacy, devise, annuity or other benefit (collectively the "Gift") payable to the Local Church received subsequent to the Disaffiliation Date shall be distributed (A) to the Local Church (or Local Church's successor) or the Annual Conference, as the maker of the Gift shall so direct, or if the maker of the Gift shall be deceased or incapacitated (B) as the maker's executor, guardian or power of attorney shall so direct, or in the absence of any person with recognized decision-making capacity concerning the maker of the Gift, or the Gift itself, (C) as the Circuit Court, Williamson County, Illinois, shall so direct.

8. Membership Transfer. In order to ensure that all members of the Local Church who desire to remain United Methodist Church members shall have continuous church membership, all members of the Local Church shall as of the Disaffiliation Date be transferred to the membership of _____ United Methodist Church, _____, Illinois pursuant to ¶ 229 of the Discipline, unless said members shall then or thereafter withdraw their membership or direct that their membership be transferred to another church.

9. Public Statement. The parties hereto agree that the public statement attached hereto as **Exhibit C** is accurate and shall constitute the parties sole publicly disseminated statement as to disaffiliation of the Local Church and the distribution of its assets.

10. Release of Claims. Except as otherwise set forth in this Disaffiliation Agreement, 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.

11. Time Limit. Should the Local Church fail to satisfy all of its obligations set forth herein by December 31, 2023, this Disaffiliation Agreement shall be null and void.

12. 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.

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

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

Executed by the undersigned upon the date first above written.

Aldersgate United Methodist Church

The Illinois Great Rivers Conference of the United Methodist Church

By: Harold B. Curley 12/24/22

By: Tomna Percival
President, Board of Trustees

By: Tyler Buus

Attest: Michael L. Potts
Treasurer

Christina Fletcher

~~Tasha McQueen~~

Amy DeKuyf

12/24/22

Sheila Rutenbacher

Robert J. Meier

PROPERTY ADDENDUM SCHEDULE

Real Property

The real estate and all improvements thereupon commonly known as 1201 North Fair Street, Marion, Illinois, and 1007 East Patton Drive, Marion, Illinois ("the Real Property").

ALL PARCELS ASSOCIATED WITH 1201 N FAIR STREET.

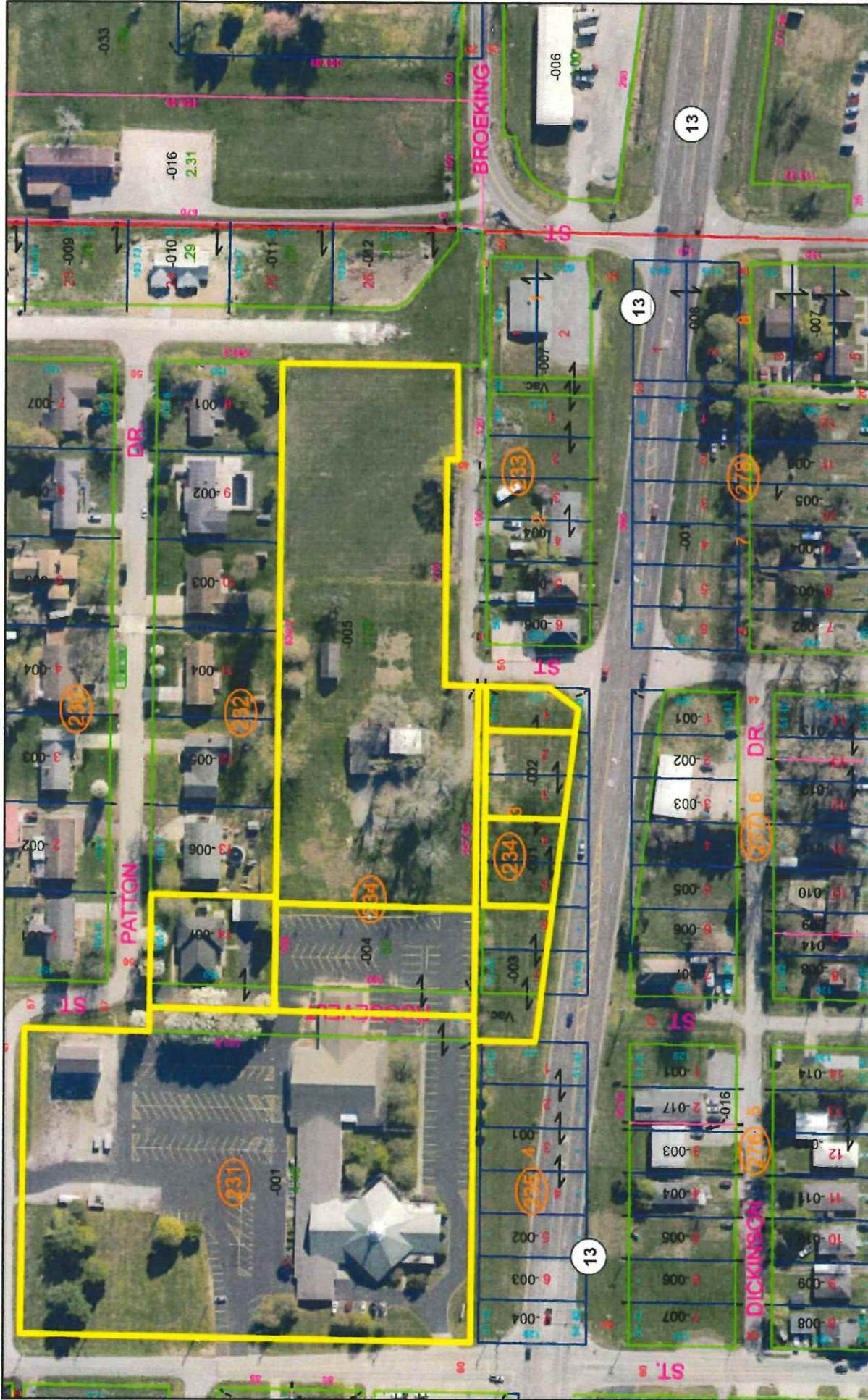
Tangible Personal Property

All items of tangible personal property located on or within the Real Property upon the Disaffiliation Date.

Cash Accounts

All funds on deposit in Local Church's accounts at any financial institution, after payment to Annual Conference of the sums identified in Section 4 of the Disaffiliation Agreement.

Williamson County Parcels



12/28/2022

Search Results

Search Results

NOTE: THE BUILDING ON PATTON IS THE PARSONAGE.

NOTE: THE BUILDINGS IN THE LARGE RECTANGLE TO THE EAST NO LONGER EXIST.

