

# **Disaffiliation of Local Churches Over Issues of Human Sexuality**

¶ 2553 Implementation Process for The Upper New York Conference

## **Introduction:**

The 2019 Special Session of the General Conference of The United Methodist Church adopted legislation establishing the limited right of a local church to petition its annual conference to disaffiliate from the denomination “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.” This limited right is codified as ¶2553 of the 2016 Book of Discipline.

This policy document outlines the terms and conditions by which a local church in the Upper New York Conference can exercise this right. It contains the “standard terms” included in the legislation adopted by General Conference as well as additional terms and conditions established by the Conference Board of Trustees which are not inconsistent with the minimum standards required by ¶2553.

## **Eligibility:**

To exercise the limited right established in ¶2553 of the 2016 Book of Discipline to disaffiliate from The United Methodist Church, a congregation (“Local Church”) must submit to the Conference Board of Trustees an application acknowledging reasons of conscience for disaffiliation under ¶2553 and requesting permission to begin the disaffiliation process.

Once in receipt of the congregation’s application, the Conference Board of Trustees, in consultation with the Bishop and Cabinet, will respond to the congregation within 30 days.

## **Process:**

The decision to disaffiliate from the denomination is solemn and consequential; as such, the process to be followed must be careful, thoughtful, respectful and prayerful. The importance of clear communication, broad involvement, and diligent execution is paramount.

1. Application to Proceed: A Local Church seeking to explore possible disaffiliation from The United Methodist Church must complete a “Local Church Request to Explore Disaffiliation under ¶2553” (see attached) and submit signed copies to a) the chairperson of the Conference Board of Trustees; b) the District Superintendent; and c) the resident Bishop. See pp. 4-5 for submission deadlines. Assuming that the application to proceed has been fully completed and signed by the Local Church representatives, the Conference Board of Trustees will accept the Local Church’s statement of its “reasons of conscience” in its decision to disaffiliate without further inquiry.

- 2.
3. Estimate of Required Payments: Once the Local Church's application to proceed has been approved by the Conference Board of Trustees, the Conference Treasurer will provide the Local Church with an estimate of all known payments to be made by the Local Church prior to disaffiliation under the terms of the disaffiliation agreement (see *Terms of Disaffiliation* section below).
4. Church Conference Vote: Once the Local Church's application to proceed has been approved by the Conference Board of Trustees and the Conference Treasurer has provided the Local Church with an estimate of required payments, and after a genuine process of churchwide discernment, the Local Church may request of its District Superintendent that a called Church Conference (§248) be held to consider the request for disaffiliation.
  - a. Balloting: As per §2553.3, "The church conference shall be conducted in accordance with § 248 and shall be held within one hundred twenty (120) days after the district superintendent calls for the church conference. In addition to the provisions of § 246.8, special attention shall be made to give broad notice to the full professing membership of the local church regarding the time and place of a church conference called for this purpose and to use all means necessary, including electronic communication where possible, to communicate. The decision to disaffiliate from The United Methodist Church must be approved by a two-thirds (2/3) majority vote of the professing members of the local church present at the church conference."
  - b. Resolution to be Considered: "After a genuine process of churchwide discernment, including consideration of the estimated payments necessary to fulfill the financial obligations involved in disaffiliation, the Church Conference of [Local Church Name] requests to disaffiliate from the United Methodist Church and the Upper New York Conference due to reasons of conscience as per §2553. Furthermore, upon adoption of this resolution, the Church Conference of [Local Church Name] directs its board of trustees to negotiate with the Conference Board of Trustees the final terms of disaffiliation."
  - c. Documentation: The Local Church must provide documentation, to the satisfaction of the Conference Board of Trustees on behalf of the 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 the Local Church and shall be included as an exhibit to the agreement to disaffiliate between the Local Church and the Conference Board of Trustees ("Disaffiliation Agreement").
5. Finalization of Disaffiliation Agreement: Upon direction of the Church Conference, the Local Church's board of trustees will work with the Conference Board of Trustees to finalize the terms of disaffiliation (Disaffiliation Agreement).
6. Establishment of New Not-For-Profit Corporation or Religious Corporation: The 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, and to establish a new not-for-profit corporation or religious corporation, and to modify its current organizing documents, as needed to effectuate its disaffiliation from The United Methodist Church to the satisfaction of the Annual Conference. (See 2.c. under *Terms of Disaffiliation* below).

7. Payments Received: All payments stipulated in the finalized disaffiliation agreement must be received by the conference treasurer seven (7) days prior to the vote of the Annual Conference.
8. Annual Conference Vote: After the Local Church has voted to disaffiliate and has negotiated the Disaffiliation Agreement with the Conference Board of Trustees, the disaffiliation shall 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 ¶ 2529.1\_b\_ (3).
9. Petitioning the Court: The Conference Board of Trustees will petition the New York State Supreme Court and/or the Attorney General to authorize the transfer of the Local Church’s real and personal property to the new not-for-profit or religious corporation. Property cannot be transferred until NYS approval has been received.
10. Property Transfer: The real and personal property of the Local Church will be transferred to the new not-for-profit or religious corporation once approval has been received and all remaining fees and obligations have been settled. The effective date of the property transfer constitutes the effective date of disaffiliation.

### **Terms of Disaffiliation:**

The Local Church acknowledges and agrees that pursuant to ¶ 2501 of the *Discipline*, the Local Church holds all property, real and personal, tangible and intangible, in trust for the benefit of The United Methodist Church. This arrangement is known as the “Trust Clause,” and represents both legal, historical, and ethical bonds between an annual conference and its member churches. Disaffiliation severs these bonds and, therefore, requires diligent and deliberate actions on the part of the Annual Conference and the Local Church.

To complete the disaffiliation process, a Local Church must complete all required steps in the application process, receive all necessary approvals (i.e., actions taken by the Church Conference, the Conference Board of Trustees, the Annual Conference, and New York State authorities), and must have fulfilled the following obligations set forth in the Disaffiliation Agreement:

1. Financial Obligations:
  - a. Apportionments: Any unpaid apportionments for the twelve (12) months immediately prior to the Disaffiliation Date, as calculated by the Annual Conference; AND an additional twelve (12) months of apportionments, as calculated by the Annual Conference. The amount of a Local Church’s required apportionment payment will be shared with the Local Church by the Conference Treasurer prior to the execution of the Disaffiliation Agreement;

- b. Pension Obligations: An amount equal to the Local Church's pro rata share, as determined by the Annual Conference, of the 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. The amount of a Local Church's pro rata share will be shared with the Local Church by the Conference Treasurer prior to the execution of the Disaffiliation Agreement.
- c. Other Conference Obligations (§ 2553.4a): The Local Church must settle the following additional conference obligations:
  - i. Property/liability insurance arrearages.
  - ii. Health insurance arrearages.
  - iii. Comprehensive Protection Program (CPP) arrearages.
  - iv. Pension arrearages.
  - v. Salary and benefits –The Local Church must pay its appointed clergy's compensation and benefits through the end of the appointment year immediately following the effective date of disaffiliation if the appointed clergy remains in the United Methodist Church and is unable to be appointed elsewhere.
  - vi. Conference held loan funds paid in full.
  - vii. Other Conference related debts.
- d. Other Financial Liabilities: The Local Church shall either satisfy all its debts, loans, and liabilities, or assign or transfer such obligations to its new entity. The Local Church must provide sufficient documentation of same to the Annual Conference.
- e. Transfer Costs: Any costs resulting from such transfers or other transactions, including, but not limited to, all closing costs, and, specifically including the cost of any application for New York State Supreme Court or Attorney General approval of such transfer and all attorneys' fees associated with such transfer, shall be borne by the Local Church. The Annual Conference shall fully cooperate with the Local Church, as needed and applicable, to ensure that such transfers and other transactions convey all the 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 the Local Church, subject to, with respect to real property, approval of the New York State Supreme Court or New York State Attorney General. Real property shall be transferred via Quit Claim Deed from the Annual Conference.

- f. Property Payment: No financial consideration with respect to the transfer of real and personal property to the Local Church shall be required as part of the disaffiliation agreement.
2. Legal Obligations:
- a. Intellectual Property: The Local Church shall cease all use of “United Methodist,” the Cross & Flame insignia, and any other intellectual property of the denomination and the Annual Conference, including the removal of all signage containing the same.
  - b. Group Tax Exemption Ruling: As of the Disaffiliation Date, the Local Church shall cease to use, and also shall ensure that any affiliates of the Local Church which have been included in the group tax exemption ruling shall cease to use, any and all documentation stating the 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. The 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.
  - c. Dissolution of Legal Entities: The 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, and to establish a new not-for-profit corporation or religious corporation, and to modify its current organizing documents, as needed to effectuate its disaffiliation from The United Methodist Church to the satisfaction of the Annual Conference.
  - d. Indemnification: The Local Church shall indemnify, defend, and hold harmless the 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 the Local Church’s failure to take all necessary steps as required by the Disaffiliation Agreement.
3. Other terms and conditions (§ 2553.4):
- a. Records: The Local Church shall then turn over to the Annual Conference copies of church archives, membership rolls, historical documents related to funerals, baptisms, weddings, minutes, etc.
  - b. Cemetery/Columbarium: If the Local Church has a cemetery or columbarium, it will be required to take the property as part of the agreement; this will also include provisions related to continued maintenance after disaffiliation, and continued access for families and loved ones of United Methodists buried there.
  - c. Continuing as Plan Sponsor: Nothing in the Disaffiliation Agreement shall prevent the 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 the Local Church has not expressly resolved that it no longer shares common religious bonds with The United Methodist Church.

- d. Audited Financial Statement or Sworn Statement of Assets and Liabilities: The Local Church shall provide the Conference Board of Trustees with an audited financial statement or a sworn statement of assets and liabilities that indicates the current assets and liabilities of the Local Church. This will assist the Local Church and the Conference Board of Trustees in ensuring the Disaffiliation Agreement will cover all necessary financial matters and issues for the transition.
4. Schedule and Deadlines for Completion of Steps: To give congregations sufficient time to ensure clear communication, broad involvement, and diligent execution of the disaffiliation process, the Conference Board of Trustees will consider applications in three groups:
    - a. Group #1:
      - i. Application to Proceed: window closed at this time.
      - ii. Church Conference Vote: completed or in process.
      - iii. Finalization of Disaffiliation Agreement: to be completed by May 1, 2022.
      - iv. Annual Conference Vote: during June 2-4, 2022 annual conference session.
    - b. Group # 2:
      - i. Application to Proceed: submitted by July 1<sup>st</sup>.
      - ii. Church Conference Vote: completed no later than August 1, 2022.
      - iii. Finalization of Disaffiliation Agreement: completed no later than September 1, 2022.
      - iv. Annual Conference Vote: during special session of annual conference to be held in October 2022.
    - c. Group #3:
      - i. Application to Proceed: submitted by March 1, 2023.
      - ii. Church Conference Vote: completed no later than April 1, 2023.
      - iii. Finalization of Disaffiliation Agreement: completed no later than May 1, 2023.
      - iv. Annual Conference Vote: during regular June 2023 annual conference session.
  5. Other Considerations:
    - a. Should the Local Church fail to satisfy all its obligations within the time period prescribed in the Disaffiliation Agreement, the Disaffiliation Agreement shall be null and void.
    - b. Under ¶ 2553, all disaffiliations by local churches under this section must be completed no later than December 31, 2023.



## LOCAL CHURCH REQUEST TO EXPLORE DISAFFILIATION UNDER ¶2553

### \*APPLICATION\*

According to ¶2553 of the 2016 Book of Discipline, the Local Church has a limited right to petition its annual conference to disaffiliate from the denomination “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.”

The first step in discerning whether God is leading your congregation to disaffiliate is for local church leaders to thoroughly and prayerfully review the attached document, “Disaffiliation of Local Churches Over Issues of Human Sexuality.” Questions for clarification and understanding can be directed to your District Superintendent or the chairperson of the Conference Board of Trustees.

If after reviewing the eligibility requirements and local church obligations, a local church wishes to explore the possibility of disaffiliation, it should complete and submit a request to explore disaffiliation. Submitted applications will be reviewed by the Conference Board of Trustees, in consultation with the Bishop and Cabinet, to determine eligibility and appropriate next steps.

NOTE: please consult “Schedule and Deadlines for Completion of Steps” section on pp. 6-7 of the policy for the schedule of submission deadlines.

I. LOCAL CHURCH REASONS FOR DISAFFILIATION: ¶2553 identifies disagreement with "change[s] in the requirements or provisions of the Book of Discipline" or "actions or inactions of [the] annual conference" 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" as grounds for seeking disaffiliation from the United Methodist Church for reasons of conscience. By signing this application, church leaders are acknowledging reasons of conscience for disaffiliation and requesting permission to begin the disaffiliation process on behalf of their local church. Assuming that the application to proceed has been fully completed and signed by the Local Church representatives, the Conference Board of Trustees will accept the Local Church’s statement of its “reasons of conscience” in its decision to disaffiliate without further inquiry.

II. CONTACT INFORMATION:

Official Church Name:

Mailing Address:

GCFA number:

Pastor:

Lay Leader:

Local Church Board of Trustees, chairperson:

Church Council/Administrative Board, chairperson:

Staff-Parish Relations Committee, chairperson:

III. REQUIRED SIGNATURES:

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Lay Leader

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Pastor

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Local Church Board of Trustees, chairperson

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Church Council/Administrative Board, chairperson

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Staff-Parish Relations Committee, chairperson

IV. COPIES SUBMITTED TO:

\_\_\_ chairperson of Conference Board of Trustees

\_\_\_ the District Superintendent

\_\_\_ the resident Bishop