

WITHDRAWAL AGREEMENT

This Withdrawal Agreement (“Withdrawal Agreement”) is entered into this Tuesday day of April 6, 2021, by and between Duffield UMC (“Local Church”) and Michigan Conference of The United Methodist Church (“Annual Conference”).

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

WHEREAS, Local Church has held a church conference, in compliance with ¶¶ 246.8, and 248, 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 withdraw 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 trustor subordinated to the interests of creditors and other third parties only to the extent authority is given by the *Discipline*.” (¶ 2501.2)

WHEREAS, pursuant to ¶ 2549 of the *Discipline*, the Local Church must follow the delineated process for disposition of property for a closed church. This section provides guidance for both the Local Church and the District Superintendent to orderly close the Local Church and comply with the provisions of the *Discipline*.

WHEREAS, the terms and conditions of Local Church’s withdrawal from The United Methodist Church are hereby memorialized in this binding Withdrawal Agreement.

WHEREAS, Local Church and Annual Conference wish to 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 of Local Church.

WHEREAS, there exists a question about the applicability of *Discipline* ¶2553, but both Local Church and Annual Conference wish to separate according to the terms of this Agreement, following all applicable paragraphs of the *Discipline*, including the provisions of ¶2553 if they apply.

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 voted to withdraw 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 withdrawal vote taken at the church conference. Such documentation must be certified by an authorized officer of Local Church and included as an exhibit to this Withdrawal Agreement. (Exhibit A.)
 - b. *Annual Conference Vote*. This Withdrawal Agreement must be ratified by a simple majority of the members present and voting at a duly-called session of Annual Conference.

Should either of the above not occur, this Withdrawal Agreement becomes 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 Withdrawal. Should Local Church timely comply with all of its obligations as set forth herein, Local Church's withdrawal from The United Methodist Church will be effective on July 1, 2021 ("Withdrawal Date"). Such Withdrawal Date must be subsequent to the Annual Conference's ratification referenced in Section 1 above.
4. Local Church's Obligations. Unless a different date is specified, Local Church must, by no later than the Withdrawal Date, do the following:
 - a. *Payments*. Prior to the Withdrawal Date, Local Church must pay to Annual Conference, in a manner specified by Annual Conference, the following:
 - i. Unless there is a deed restriction (other than the general applicability of the trust clause) limiting the ownership or use of a property to a United Methodist purpose or entity, Local Church must pay 10% of the value of the equity in Local Church's church building and associated land, totaling \$ 12000.00, in exchange for the right to retain its real and personal, tangible and intangible property. Any costs relating to Local Church's valuation and retention of the property will be borne by Local Church. The market value of the real estate (for purposes of determining the equity) will be determined by a mutually agreed upon provider of commercial value assessments or appraisals. This amount is to be clearly

distinguished from any amount reflected in the hazard insurance policy (which is replacement cost less depreciation).

ii. Any unpaid apportionments for the twelve (12) months immediately prior to the Withdrawal Date, as calculated by Annual Conference, totaling \$ 3030;

iii. An additional twelve (12) months of apportionments, as calculated by Annual Conference, totaling \$ ~~1455~~ 1455.00.

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 \$ 36800.00;

v. Any prior year pension and health insurance outstanding balances, as recorded in the permanent records of the Conference Board of Pension & Health Benefits, totaling \$ -0-;

vi. Any unpaid loans or other obligations to other United Methodist entities (i.e. to a District, Foundation, Conference, or other local churches) unless those loans can be assigned to a new legal entity;

vii. Any investment portfolio needs to be addressed as to required modifications;

viii. All endowments, memorial bequests, and donations must be reviewed to ensure compliance with all restrictions particular to United Methodism;

ix. All costs associated with the transfer of any asset.

b. *Other Liabilities.* Local Church must either satisfy all of its debts, loans, and liabilities, or assign or transfer such obligations to its new entity, releasing Local Church and Annual Conference from any further liability. Local Church must provide sufficient documentation of same to Annual Conference.

c. *Intellectual Property.* Local Church must 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 Withdrawal Date, Local Church must cease to use, and also must ensure that any affiliates of Local Church which have been included in the group tax exemption ruling 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 Withdrawal Date.

e. *Records.* Local Church must turn over to Annual Conference all archives, membership rolls, and historical documents, including documents related to funerals, baptisms, and weddings, and all trustee, committee, and council meeting minutes.

f. *Cemeteries and Columbariums.* If Local Church has a cemetery, columbarium, mausoleum, or other place for the disposition of human remains, in addition to following all applicable laws and requirements, Local Church and Annual Conference will enter into an agreement similar to Exhibit B regarding the continued access to, care, and upkeep of it.

5. Organizational Transition. Local Church must take all steps necessary to dissolve any legal entities and to settle, liquidate, or transfer all assets and obligations of such entities, and to establish any new legal entities as needed to effectuate its withdrawal from The United Methodist Church, to the satisfaction of Annual Conference, including obtaining a new EIN from the Internal Revenue Service. Local Church must 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. It is recommended that Local Church establish itself as a corporation. Local Church will have all rights and duties as provided by law to wind up its affairs, including those that might exist after the Withdrawal Date.

6. Property. On the Withdrawal Date, Local Church will have full ownership of the property and assets listed in Exhibit C which will be transferred to Local Church's new entity. The parties will ensure all necessary transfers or other transactions relating to the above properties are completed prior to the Withdrawal Date. Any costs resulting from such transfers or other transactions will be borne by Local Church. Annual Conference will 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. After Local Church has made all payments pursuant to paragraph 4a, handled all liabilities pursuant to paragraph 4b, and complied with all other terms of this Agreement, Annual Conference will sign a quit-claim deed (similar to Exhibit D) releasing the trust clause in all property to the Local Church's new entity effective on the Withdrawal Date. Local Church may then sign a warranty deed conveying the Property to its new entity to properly reflect the title history.

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, agents, 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 Withdrawal Agreement in any court where jurisdiction and venue are proper.

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

9. Continuing as Plan Sponsor. Nothing in this Withdrawal Agreement prevents Local Church, after the Withdrawal 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.

10. Non-Severability. Each of the terms of this Withdrawal Agreement is a material and integral part hereof. Should any provision of this Withdrawal Agreement be held unenforceable or contrary to law, the entire Withdrawal Agreement is null and void.

11. Both Local Church and Annual Conference intend to comply with all applicable provisions of the Discipline. To the extent that ¶2553 requires different action, documentation, or obligations of either party, then both Local Church and Annual Conference agree to comply with such terms.

Signature page continued

Local Church

Duffield United Methodist Church

By: Douglas E. Leary Date: April 6/2021
Name: Douglas E. Leary
Its: Trustee Chair

By: Bill Harris Date: April 6/2021
Name: Bill Harris
Its: Church Council Chair

By: Rulette Jackson-Dover Date: April 6, 2021
Name: Rulette Jackson-Dover
Its: Secretary

Annual Conference

Michigan Conference of The United Methodist Church

By: James W. LeBaron Date: 04.22.21
Name: James W. LeBaron
Its: Conference Trustee Chair

By: John W. Boley Date: 4/22/21
Name: John W. Boley
Its: Clergy Assistant to the Bishop

Exhibit A

(Documentation evidencing the result of the withdrawal vote taken at the church conference, certified by an authorized officer of Local Church.)