



Information about *Book of Discipline* Paragraph 2553 and The Florida Annual Conference of The United Methodist Church

- 1) The process for Disaffiliation for any Local Church in The Florida Annual Conference (“Local Church”) will follow ¶ 2553, which was approved at the 2019 General Annual Conference (¶2553 is attached).
- 2) The Florida Annual Conference (“Annual Conference”) is committed to honoring the intent of ¶2553 to allow churches that desire to sever their connectional relationship with the denomination for the reasons specified in ¶2553 to exit the denomination according to the terms specified in ¶2553.
- 3) A Local Church that desires to start the disaffiliation process should notify, by email or letter, its District Superintendent with copies to the Annual Conference Treasurer (Craig Smelser) and the Episcopal Office (Rev. Alex Shanks).
- 4) A Local Church in the Annual Conference that wants to ascertain the amount of its unfunded pension liability should send a letter from its pastor and three lay leaders (church members holding leadership positions) to the Annual Conference Treasurer (Craig Smelser) with copies to its District Superintendent and the Episcopal Office (Rev. Alex Shanks). Between now and September 2022, this unfunded pension liability will be calculated in accordance with ¶2553.4.d and will be based on the September 24, 2021 letter from Wespath Benefits and Investments estimating the unfunded pension liability of the Annual Conference and the 2022 apportionment decile for the Local Church.
- 5) Any disaffiliation has to be approved by the Annual Conference according to Judicial Council Decision 1379 (April 25, 2019) and ¶2529.1.b)(3).
- 6) A final disaffiliation date must be a date following the next annual meeting of the lay and clergy of the Annual Conference (“Annual Conference Session”).
- 7) The Local Church shall conduct at least one informational session where understandings of The United Methodist Church are presented by a representative of the Annual Conference (Episcopal office, District Superintendent, member of the Annual Conference Staff, or designee).
- 8) There are several provisions of ¶2553 that a church needs to consider if they are seeking to disaffiliate under the terms of ¶2553. These include, but are not limited to:
 - a) ¶ 2553.1 gives the basis for the use of the paragraph. The Local Church would need to discern whether they believe they have a basis for disaffiliation based on ¶ 2553.1. (see action item 1)
 - b) ¶ 2553.2-2553.3 requires that a Local Church Conference be conducted in accordance with ¶ 248 and ¶ 246.8 and approved by a 2/3 majority vote of the professing members of the Local Church present at the Local Church Conference. The District Superintendent or his/her designee will preside at the Local Church Conference. The Conference will prepare a disaffiliation resolution to be voted upon at the Local Church Conference. The Conference will also prepare a written ballot with a process for ensuring that those who receive a ballot are professing members of the Local Church. No absentee ballots are allowed. Copies of the proposed resolution and the ballot, along with a summary of the process for ensuring voters must be submitted to the District Superintendent not less than 14 days prior to the Local Church Annual Conference and are subject to the approval of the District Superintendent. A document, certified by an authorized officer of the Local Church, will need to be signed to give evidence of the vote taken along with the minutes of the meeting.
 - c) ¶ 2553.4 – requires the terms and conditions of disaffiliation to be “memorialized in a binding disaffiliation agreement” which shall be prepared by the Board of Trustees of the Annual Conference with advice from other Annual Conference leaders (see ¶ 2553.4 for a complete list).

- d) The standard terms of disaffiliation set by GFCA include:
 - i. Recognition of the validity of the trust clause ¶ 2501.1 - that the Local Church holds all property, real and personal, tangible and intangible, in trust for the benefit of The United Methodist Church.
 - ii. Payment of unpaid apportionments for 12 months immediately prior to the disaffiliation as calculated by the Annual Conference.
 - iii. Payment of an additional 12 months of apportionments as calculated by the Annual Conference.
 - iv. Payment of an amount equal to the Local Church's pro rata share of the Annual Conference's unfunded pension obligations, as determined by the Annual Conference. This unfunded pension liability will be calculated in accordance with ¶ 2553.4.d. and will be based on the September 24, 2021 letter from Wespeth Benefits and Investments estimating the unfunded pension liability of the Annual Conference and the 2022 apportionment decile for the church.
 - v. Payment of any unpaid pension invoices from the Annual Conference Board of Pensions.
 - e) Any disaffiliation has to be approved by the Annual Conference according to Judicial Council Decision 1379 (April 25, 2019) and ¶2529.1.b)(3).
- 9) The Board of Trustees of the Florida Annual Conference ("Annual Conference Board") has met to create the Standard Disaffiliation Agreement for Local Churches that use ¶2553. The Annual Conference Board approved an agreement for the three churches that voted to disaffiliate in July of 2021 following the vote of the Annual Conference. Having learned from the process in 2021, the Annual Conference Board are finalizing an updated disaffiliation agreement that will be used for churches that vote to disaffiliate before the next Annual Conference Session in June of 2022. The updated disaffiliation agreement will be available sometime after the November meeting of the Annual Conference Board.
- 10) At a minimum, based on the knowledge of the current disaffiliation agreement, the following is included (in addition to the above):
- i. Pay any unpaid salary and/or benefits due to the appointed clergy of the Local Church.
 - ii. Pay any unpaid pension invoices from the Annual Conference Board of Pensions for the current clergy under appointment.
 - iii. Pay any unpaid outstanding invoices from the Annual Conference.
 - iv. Provide indemnity to the Annual Conference for all future claims made against the Local Church whether those claims result from actions that took place before or after the disaffiliation.
 - v. The disaffiliating Local Church must obtain its own property, casualty, liability, worker's compensation, and other kinds of insurance according to the terms of the disaffiliation agreement.
 - vi. The Local Church must provide sufficient documentation to the Annual Conference proving that the Local Church has either satisfied all its debts, loans, and liabilities or assigned/transferred such obligations to its new entity.
 - vii. The Local Church acknowledges that with the signing of the Disaffiliation Agreement they are releasing any claims upon the Annual Conference and covenants not to sue The United Methodist Church, and releases and discharges The United Methodist Church from any liability for any and all causes of action and claims.
 - viii. The Local Church has confirmed that it has no pending lawsuit, charge, complaint, or other action against The United Methodist Church or any of its officers.
- 11) Following the vote to disaffiliate by the Local Church and its approval by the Annual Conference Session, additional steps will need to be taken including, but not limited to:
- a. The Local Church will agree to cease use of the name "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. The Local Church will agree to cover all costs resulting from any transfers or other transactions necessary to fulfill the Disaffiliation Agreement.

- c. The Local Church will agree to prepare a final statistical report, including financial information.
- d. The Local Church will work with the Archives for the Annual Conference to turn over originals or acceptable copies (whether hard copy or electronic) of church archives, membership rolls, and other historical documents related to funerals, baptisms, weddings, minutes, etc., of the Local Church for archiving with the Annual Conference.
- e. The Local Church will agree to obtain new state and federal tax identification numbers as well as new withholding accounts with the state and federal taxing authorities. The Local Church will need to apply for tax exempt status with the Internal Revenue Service and obtain its own 501(c)(3) status.
- f. The Local Church will also apply for its own tax exemption with the counties in which it owns real property, so it maintains the tax exempt status of its property.

12) The Local Church completes any other requirements of the Disaffiliation Agreement as noted below.

Action Item	Responsible Party	Date to be Completed	Status and Comments
<p>The Local Church has communicated with the District Superintendent that they desire to disaffiliate under ¶ 2553 “for reasons of conscience regarding a change in the requirements and provisions of <i>The Book of Discipline</i> related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Annual Conference, or the actions or inactions of its Annual Conference related to these issues which follow.”</p> <p>In the letter to the district office (with copies to the Annual Conference Treasurer and Assistant to Bishop) the Local Church should answer one or both of these questions:</p> <ol style="list-style-type: none"> 1. What are your specific disagreements or concerns with the change in the requirements and provisions of <i>The Book of Discipline</i> 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? 2. What actions or inactions of your Annual Conference related to the change in the requirements and provisions of <i>The Book of Discipline</i> 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 do you disagree with or have concerns with? 	Local Church		
<p>Information Meeting. The Local Church has conducted at least one informational session where understandings of The United Methodist Church are presented by a representative of the Annual Conference (Bishop, District Superintendent, member of the Annual Conference Staff, or designee). The following Local Church leaders should be present: pastor, lay leader, council chair, finance chair, trustees chair, SPRC chair, and</p>	District Superintendent		

<p>lay member to Annual Conference. An additional purpose of the meeting is to share information in this document and review ¶ 2553. The benefits and challenges of disaffiliation will also be reviewed. The purpose is to lay a foundation for a respectful and authentic process.</p>			
<p>The District Superintendent communicates with the Local Church regarding the church’s eligibility to disaffiliate under ¶ 2553, which will not be unduly withheld, and arranges a meeting, if necessary, with the church leaders to discuss the church’s questions about this if necessary. At this meeting, the local church will receive this checklist and full Disaffiliation Agreement. If for some unforeseen reason, the church is not eligible to disaffiliate under ¶ 2553, this process concludes.</p>	<p>District Superintendent</p>		
<p>The Annual Conference Treasurer through the District Superintendent communicates with the Local Church the potential amount the Local Church would owe upon disaffiliation (12 – 24 months of apportionments (depending on what is paid versus unpaid), pension withdrawal liability amount, ongoing insurance potential costs, debt to the Annual Conference, etc.). Local Church should include district office in all communications.</p>	<p>Annual Conference Treasurer and District Superintendent</p>		
<p>The Local Church is asked to provide the following documents, if applicable, to the District Superintendent, Annual Conference Treasurer and Assistant to the Bishop:</p> <ul style="list-style-type: none"> ▪ the last statement of all bank accounts, latest financial statement, and balance sheet – Disaffiliation Agreement Exhibits E & F ▪ documentation of debt, if any – Exhibits E & F ▪ information and balances on endowments and restricted gifts– Exhibits E & F ▪ copies of all deeds and key contracts – Exhibits A & E ▪ copies of leases and loan documents – Exhibits E & F ▪ documentation of grants received from the Annual Conference or district in the past ten years, if any – Exhibits E & F ▪ information on cemetery or columbarium, if any – Exhibits A & E ▪ information on Boy Scouts of America Charter Organization, if any – Exhibits E & G ▪ names of the church’s Secretary and Chair and Vice Chair of its Board of Trustees – from Sunbiz, Florida Division of Corporations for signatures ▪ the name of any successor church to which its property will be 	<p>Local Church</p>		

<p>transferred after disaffiliation – Joinder Agreement</p> <ul style="list-style-type: none"> ▪ list of real and personal property and legal descriptions for the real property – Exhibits A & E ▪ list of Insurance Policies and renewal dates (if any not provided by Ministry Protection Department of the Annual Conference) – Exhibits E & G ▪ Fictitious or other names for the Local Church – Documentation – Exhibit H 			
<p>Ministry Protection provides the schedule of insured properties of the church from the property and casualty insurance provided to the church. Local Church contacts Ministry Protection Office for information.</p>	Ministry Protection		
<p>The Pastor provides in writing his/her intentions as to whether he/she will remain with The United Methodist Church, retire, or surrender credentials to continue to lead the disaffiliated church. This discussion is important, not only for the Local Church, but the Annual Conference needs to know how to plan for the next appointment year and make timely reports to the Board of Pensions.</p>	Pastor(s)		
<p>The Local Church sends the District Superintendent a letter requesting a Church Conference for the purpose of disaffiliation, indicating a disaffiliation date which must be a date following the next Annual Conference. The local Church Conference should not be scheduled until the Local Church documents are provided and there is total understanding of the impact of disaffiliation. The Superintendent must schedule the local Church Conference within 120 days after the district superintendent calls for the local Church Conference.</p>	Local Church		
<p>The Annual Conference Treasurer prepares a document for the Local Church to review prior to the local Church Conference. The document includes the pension and apportionment obligations as well as any other fees they would be responsible for.</p>	Annual Conference Treasurer		
<p>The Conference prepares a disaffiliation agreement to be voted upon at the local Church Conference along with a written ballot with a process for ensuring that those who receive a ballot are professing members of the Local Church.</p>	Conference and Local Church		

<p>The local Church Conference is held. The Disaffiliation Resolution must be approved by 2/3 professing members in attendance. If disaffiliation is approved, the matter is turned over to the Conference Board, Annual Conference Treasurer and Assistant to the Bishop. If disaffiliation is not approved, the process concludes. <i><u>The ballot and voting results must be signed and certified by an officer of the church (Church Conference Secretary, Senior Pastor, etc.) and sent to the District Superintendent</u></i> (abstentions do not count as a vote)</p>	Local Church		
<p>The District Superintendent sends the Disaffiliation Resolution and vote count to the Annual Conference Trustees through the Annual Conference Treasurer and Assistant to Bishop with a copy to the chancellor.</p>	District Superintendent		
<p>The Annual Conference team turns the information over to the Conference Board Disaffiliation Sub-Committee and works with that group and the Local Church to prepare a Disaffiliation Agreement and an Annual Conference Petition prior to April 15, 2022 if it to be included on the agenda of the current year Annual Conference Session. Petitions for disaffiliation cannot be accepted after that deadline without approval by the episcopal office.</p>	Annual Conference Chancellor and Sub-Committee		
<p>The Annual Conference Session regular meeting in June of 2022 votes upon the disaffiliation according to Judicial Council Decision 1379 (April 25, 2019) and ¶2529.1.b)(3).The required simple majority vote is certified by the Annual Conference secretary.</p>	Annual Conference Treasurer and District Superintendent		
<p>The Local Church prepares a final statistical report.</p>	Local Church		
<p>The Local Church will work with the Archives for the Annual Conference to turn over originals or acceptable copies (whether hard copy or electronic) of church archives, membership rolls, and other historical documents related to funerals, baptisms, weddings, minutes, etc., of the Local Church for archiving with the Annual Conference. Judi New, Conference Archivist, Judith.m.new@gmail.com</p>	Local Church		

<p>The Local Church completes any requirements of the Disaffiliation Agreement. BOD ¶ 2553.4 requires the terms and conditions of disaffiliation to be “memorialized in a binding disaffiliation agreement” which shall be established by the Conference Board with advice from other Annual Conference leaders (see ¶ 2553.4 for a complete list)</p> <p>The standard terms of disaffiliation set by GFCA include:</p> <ul style="list-style-type: none"> ▪ Recognition of the validity of the trust clause ¶ 2501.1 - that the Local Church holds all property, real and personal, tangible and intangible, in trust for the benefit of The United Methodist Church. ▪ Unpaid apportionments for 12 months immediately prior to the disaffiliation as calculated by the Annual Conference. ▪ An additional 12 months of apportionments as calculated by the Annual Conference. ▪ An amount equal to the Local Church’s pro rata share of the Annual Conference’s unfunded pension obligations, as determined by the Annual Conference. This unfunded pension liability will be calculated in accordance with ¶ 2553.4.d. and will be based on the September 24, 2021 letter from Wespeth Benefits and Investments estimating the unfunded pension liability of the Annual Conference and the 2022 apportionment decile for the church. ▪ Any unpaid pension invoices from the Florida Annual Conference Board of Pensions. 	Local Church		
<p>Under the terms of ¶ 2553.4, Conference Board has met to create the Standard Disaffiliation Agreement for Local Churches that use ¶2553. The Conference Board has consulted with the appropriate Annual Conference leadership (cabinet, treasurer, benefits officer, chancellor, etc.). Having learned from the process in 2021, the Conference Board updated a disaffiliation agreement that will be used for churches who vote to disaffiliate before the next meeting of the Annual Conference Session in June of 2022. At a minimum, based on the current disaffiliation agreement, the following is included (in addition to the above):</p> <ul style="list-style-type: none"> ▪ Pay any unpaid salary and/or benefits due to the appointed clergy of the Local Church. ▪ Pay any unpaid pension invoices from the Annual Conference Board of Pensions for the current clergy under appointment. ▪ Pay any unpaid outstanding invoices from our Ministry Protection Insurance. ▪ Provide indemnity to the Annual Conference for all future claims made against 	Local Church		

<p>the Local Church whether those claims result from actions that took place before or after the disaffiliation.</p> <ul style="list-style-type: none"> ▪ The disaffiliating Local Church must obtain its own property, casualty, liability, worker’s compensation, and other kinds of insurance according to the terms of the disaffiliation agreement. ▪ The disaffiliating Local Church must obtain insurance coverages according to the terms of the disaffiliation agreement (see page 5) which includes three full calendar years of coverage with specific limits and retroactive dates and endorsements, including commercial general liability, pastoral professional liability, sexual abuse and molestation liability, and names the Conference as additionally insured. (see disaffiliation agreement for specific kinds of insurance that qualifies) ▪ The Local Church has provided sufficient documentation to the Annual Conference proving that the Local Church has either satisfied all its debts, loans, and liabilities or assigned/transferred such obligations to its new entity. ▪ The Local Church is aware that with the signing of the Disaffiliation Agreement it is releasing any claims upon the Annual Conference and covenants not to sue The United Methodist Church, and releases and discharges The United Methodist church from any liability for any and all causes of action and claims. ▪ The Local Church has confirmed that it has no pending lawsuit, charge, complaint, or other action against The United Methodist Church or any of its officers. 			
<p>** See Disaffiliation Agreement for insurance information which should be forwarded to insurance broker who has experience obtaining similar policies. Due by date of disaffiliation.</p>			
<p>A Charge Conference must be held for property and debt transfers. This is a separate charge conference just to deal with property and debt transfers.</p>	Local Church		
<p>The Local Church changes the name on banking accounts, insurance, etc., and files new deeds with the Clerk of the Circuit Court in the county in which the Local Church is located. The Local Church will remove the Cross and Flame logo and the mention of The United Methodist Church from signage, websites, domain names, stationery, any other intellectual property of the denomination and/or the Annual Conference including the removal of all signage containing the same. This change is effective on the date of</p>	Local Church		

disaffiliation.			
The Local Church obtains new state and federal tax identification numbers as well as new withholding accounts with the state and federal taxing authorities. The Local Church will need to apply for tax exempt status with the Internal Revenue Service, to obtain its own 501(c) (3) status.	Local Church		
The Local Church will apply for its own tax exemption with the counties in which it owns real property so it maintains the tax exempt status of its property.	Local Church		
The Local Church will take all necessary steps 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 the disaffiliation, to the satisfaction of the Annual Conference.			

Attachments Needed:

- 1) ¶ 2553
- 2) Standard Disaffiliation Agreement with exhibits (updated)
- 3) Sample notices and resolutions for the ¶2553 church Annual Conference (to be created by the Conference) (sample ballots also attached)
- 4) Sample petition (resolutions) for Annual Conference approval (which should authorize changes and amendments to the Disaffiliation Agreement with the approval of the Board of Trustees) (2021 version attached – to be revised)
- 5) List of specified insurance brokers and policy forms (GenStar) that are acceptable to the Annual Conference to satisfy the insurance requirements of the Disaffiliation Agreement
- 6) Sample forms for dissolution as a Florida not for profit corporation (to be created by Bob Rasmussen)

Mutual understandings:

- 1) The Local Church understands that failure to satisfy all of the obligations set forth in the Disaffiliation Agreement shall render the agreement null and void.
- 2) An understanding that pending disaffiliation, the church will continue to operate in the usual and ordinary course consistent with its past practices and not do anything materially different, like:
 - a) change its name
 - b) start a school or preschool
 - c) become a BSA charter organization
 - d) Or undertake any other activity that increases insurance risk or complicates the disaffiliation process

The objective would be to “preserve the status quo” pending disaffiliation and include any information that is appropriate regarding the church’s continued connection to the Annual Conference pending disaffiliation (apportionments and ministry matters)

Timeline to disaffiliate at Annual Conference June, 2022:

November 4, 2021 – Annual Conference Board of Trustees meet to finalize standard disaffiliation agreement, timeline and checklist

November 5, 2021 – Cabinet reviews the disaffiliation agreement, timeline and checklist and in consultation with the Annual Conference Treasurer, Benefits Officer and the Annual Conference Chancellor, it is approved.

Late Fall 2021 through February of 2022 – Local Churches consider disaffiliation process and check list

March and April of 2022 – Where applicable, church Annual Conferences are scheduled and votes take place

April 15, 2022 – Petitions are prepared for inclusion in the annual Conference agenda (this deadline can be extended by the episcopal office)

May 2022 – Church finalizes all documentations related to the disaffiliation agreement

June 2022 – Annual Conference votes to approve disaffiliations according to ¶ 2553

July 1, 2022 – Disaffiliation Date