

AGREEMENT TO SEPARATE
This agreement is only valid until December 31, 2024

This Agreement to Separate (the “Agreement”), dated as of the last date set forth below, is entered into and executed by and between _____, a Texas nonprofit corporation or unincorporated association (the “Local Church”), _____, a Texas nonprofit corporation (the “New Entity”), and THE BOARD OF TRUSTEES OF THE RIO TEXAS CONFERENCE OF THE UNITED METHODIST CHURCH, who are the duly authorized trustees and agents of the Rio Texas Conference of The United Methodist Church (the “Rio Texas Conference”). The Local Church, the New Entity, and the Rio Texas Conference may be referred to herein individually as “Party” and collectively as the “Parties.”

WHEREAS, the Local Church is currently a United Methodist church within the boundaries of the Rio Texas Conference; and

WHEREAS, The Local Church has held a church conference, in compliance with ¶¶ 246.8 and 248 of *The Book of Discipline of The United Methodist Church* (the “*Discipline*”), at which at least two thirds (2/3) of the professing members present and voting at the church conference voted that they cannot function as a United Methodist Church due to their firmly held beliefs; and

WHEREAS, Pursuant to ¶ 2501.1 of the *Discipline*, the Local Church holds its real and personal, tangible and intangible property (collectively, the “Church Property”) in trust for The United Methodist Church and subject to the provisions of the *Discipline*; and

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); and

WHEREAS, Pursuant to ¶ 2549.1a of the *Discipline*, the district superintendent has determined that the Local Church “no longer serves the purpose for which it was organized or incorporated” and recommended (or will recommend) the closure of the Local Church in light of the Local Church’s vote; and

WHEREAS, Pursuant to ¶ 2549.2b of the *Discipline*, the Rio Texas Conference has declared (or will declare) the Local Church closed; and

WHEREAS, The Local Church and the Rio Texas Conference wish to resolve all matters between them; and

WHEREAS, The New Entity wishes to acquire from the Rio Texas Conference all of the Rio Texas Conference’s interest, on behalf of The United Methodist Church, in the Church Property; and

WHEREAS, Pursuant to ¶ 2549.2c of the *Discipline*, the Board of Trustees of the Rio Texas Conference has determined (or will determine) to transfer to the New Entity all ownership interest held by the Rio Texas Conference in the Church Property.

NOW, THEREFORE, In consideration of the foregoing and the mutual promises, covenants, and such other valuable consideration as set forth herein, the receipt and sufficiency of

which is hereby acknowledged, the Parties agree as follows.

1. Conditions Precedent. The Parties acknowledge and agree:

a. *Church Conference Vote*. If the church council of the Local Church determines that it is in the best interest of the church to allow the congregation to pursue separation under the terms of this Agreement, the council shall request that the district superintendent call a church conference for this purpose. Prior to the date of the church conference, the church council must designate a period of at least 30 days of prayer and reflection for the congregation, which will include at least two informational meetings open to all members of the church. Prior to the date of the Church Conference the Annual Conference Trustees shall notify the Local Church of the payment amounts required under Par 4(a). At least two-thirds (2/3) of the professing members present and voting at a church conference of the Local Church must vote that they can no longer carry forth the mission of the church as a United Methodist Church, and must vote to authorize any two trustees of the Local Church to enter into this Agreement on their behalf and to carry out any actions or complete any legal documents necessary to carry out the terms of this Agreement to Separate under ¶ 2549. The Local Church must provide documentation, on a form provided by the Rio Texas Conference, which evidences the result of the vote taken at the church conference. Such documentation must be certified by the District Superintendent or their designee and an authorized officer of the Local Church and shall be included as an exhibit to this Agreement.

b. *Annual Conference Vote*. The relevant terms of this Agreement must be “ratified by a simple majority of the members . . . present and voting” at a duly-called session of the Rio Texas Conference.

c. The vote by the Local Church shall occur no later than March 1 if the church is to be considered at the regular session of the Annual Conference. If the vote is not taken by March 1, the Local Church may request to close and separate pursuant to the mechanism Contemplated by this Agreement at a later called session of Annual Conference before December 31, 2024.

2. Applicability of ¶ 2501. The Local Church acknowledges and agrees that, pursuant to ¶ 2501 of the *Discipline*, the Local Church currently holds the Church Property in trust for the benefit of The United Methodist Church.

3. Date of Closure. Should the Local Church timely comply with all of its obligations as set forth herein, the Local Church’s closure shall become effective on June 30, 20__ (the “Closure Date”). The Closure Date must be subsequent to the ratification required by Paragraph 1(b) of this Agreement.

4. Local Church’s Obligations. At least 60 days before the annual conference session, the Local Church shall do all of the following.

a. *Payments*. The Local Church shall pay to the Rio Texas Conference, in a manner specified by the Rio Texas Conference, the sums listed below.

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 person or entity, the Local Church shall pay all costs and

expenses required to transfer the real property of the Local Church to the New Entity totaling _____ and ___/100 Dollars.

- ii. Any unpaid apportionments for the year prior to closure, as calculated by the Rio Texas Conference, totaling _____ and ___/100 Dollars (\$ _____) and unpaid apportionments for the year of closure prior to the vote of the local church to close.
- iii. An additional twelve (12) months of apportionments equal to twelve times the apportionments assigned to the Local Church for the month immediately prior to closure, totaling _____ and __/100 Dollars (\$ _____).
- iv. Any unpaid salary, housing allowance, and/or benefits due to the appointed clergy of the Local Church through the next appointive session of the Annual Conference including any unpaid direct bill balances.
- v. Any unpaid insurance assessment.
- vi. An amount equal to the Local Church's pro rata share, as determined by the Rio Texas Conference of the Rio Texas Conference's unfunded pension obligations, based on the Rio Texas Conference's aggregate funding obligations as determined by Wespath using market factors similar to a commercial annuity provider as of 60 days prior to the anticipated closure date, totaling _____ and ___/100 Dollars (\$ _____).

b. *Liabilities.* The Local Church shall either satisfy all of its debts, loans, leases, and liabilities, or assign or transfer such obligations to the New Entity. The Local Church shall provide sufficient documentation of same to the Rio Texas Conference.

c. *Endowments or Foundations.* If the Local Church has one or more endowments or foundations, the Local Church shall provide the Rio Texas Conference with all documentation pertaining to the endowment(s) or foundation(s). All endowments and foundations are and shall be controlled by the terms of their governing documents as to the disposition of any proceeds.

d. *Intellectual Property.* The Local Church and the New Entity shall cease and desist from (i) using the words "United Methodist" or the letters "UMC" in reference to themselves or their operations; (ii) using the Cross & Flame insignia or any other intellectual property of The United Methodist Church or the Rio Texas Conference; or (iii) engaging in any activity that suggests affiliation with The United Methodist Church or the Rio Texas Conference. All websites, email addresses, legal documents, financial accounts, social media pages and sites, uniform resource locators (URLs), signage containing the term "United Methodist," the letters "UMC," the Cross & Flame insignia, or any other intellectual property of The United Methodist Church or the Rio Texas Conference shall be appropriately modified, removed, or destroyed.

e. *Group Tax Exemption Ruling.* The Local Church shall cease using any and all documentation stating that the Local Church is included in the United Methodist

denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church.

f. *Records.* The Local Church shall provide the Rio Texas Conference with digital copies of all records of the Local Church, including but not limited to meeting minutes, archives, membership rolls, and historical documents related to funerals, baptisms, and weddings. While digital records are preferred, written records or copies will be accepted.

5. Organizational Transition. As may be necessary to effectuate its separation from The United Methodist Church, the Local Church and the New Entity shall, to the satisfaction of the Rio Texas Conference, take all steps necessary to: (a) close and/or dissolve any existing legal entities; (b) settle, liquidate, or transfer all assets and obligations of such entities to the New Entity; and/or (c) modify its current organizing documents.

6. Indemnification. The Local Church and/or the New Entity shall indemnify, defend, and hold harmless the Rio Texas Conference and its agents, from any claims, demands, warranties, actions, causes of action, suits, judgments, debts, sums of money, damages of whatsoever nature, and costs (including reasonable attorneys' fees), known or unknown, foreseen or unforeseen, legal or equitable, state or federal, arising out of or in any way related to: any alleged acts or omissions by or on behalf of the Local Church or the New Entity occurring on or before the Closure Date.

7. Insurance. Beginning on the Closure Date, the Local Church and/or the New Entity will need to procure their own property, casualty, liability, workers' compensation, and other kinds of insurance.

8. Further Assurances. The Parties shall execute and deliver to one another after the Closure Date any additional documents reasonably requested by a Party to vest, perfect, or confirm of record the actions contemplated by this Agreement, so long as the requested documents will comply with applicable law and the *Discipline* and not increase or extend any liability or obligation of a Party that is contemplated by this Agreement or impose on any Party any new or additional liability or obligation. In addition, the parties to this Agreement intend to comply fully with the *Discipline* in connection with the actions contemplated by this Agreement and shall take any different or additional action, and execute any different or additional documentation, that is required for the actions contemplated by this Agreement to comply with any provision of the *Discipline*.

9. Church Property Transfer. After the affirmative vote of the Annual Conference required under Par. 4(b), and effective as of the Closure Date, the Local Church and the Rio Texas Conference (for itself and on behalf of The United Methodist Church) shall execute one or more deeds (and bills of sale if necessary) conveying to the New Entity, for no additional consideration beyond that enumerated in this Agreement, all of their rights, title, and interest in and to all Church Property assets of any kind (both real and personal, tangible and intangible – excluding the payments from the Local Church to the Annual Conference Trustees required under Par. 4(a)) free and clear of any trust clause, associated with preparation of the deed(s) or bill(s) of sale or the related transfer(s) of the Church Property shall be borne by the Local Church and/or the New Entity.

10. Representations and Warranties of the Local Church and the New Entity. The Local Church and the New Entity represent and warrant the following to the Rio Texas Conference as of the date of this Agreement and as of the Closure Date.

a. *Organization.* The Local Church and the New Entity are incorporated as nonprofit corporations and validly exist in active status under the laws of the State of Texas.

b. *Property.* The Local Church does not own or lease any interest in any real property or any liquid assets other than that described on Exhibit C to this Agreement.

c. *Restricted Assets.* The Local Church does not have donations, endowments, memorial bequests, or financial accounts that are dedicated or restricted as to use, except as disclosed on Exhibit ____ to this Agreement, and they are not party to any agreement, mortgage, promissory note that restricts the use or spending of their funds.

d. *No Litigation.* No claim of any kind has been asserted or, to their knowledge, threatened by any person or entity against the Local Church or the New Entity, and no lawsuit or other legal proceeding of any kind affecting the Local Church, the New Entity, or any of their property is pending before any court, arbitrator, or governmental authority.

11. Release by the Local Church and the New Entity. Except as otherwise set forth above (including but not limited to Paragraph 6), and without limiting their right or ability to enforce the terms of this Agreement, the Local Church and the New Entity, for themselves and on behalf of their agents, (collectively, the “Church Releasors”), release and forever discharge the Rio Texas Conference, together with its agents, (collectively, the “Conference Releasees”) of and from any and all manner of claims, demands, warranties, actions, causes of action, suits, judgments, debts, sums of money, and damages of whatsoever nature, known or unknown, foreseen or unforeseen, legal or equitable, state or federal, that the Church Releasors have ever had, now have, or hereafter may have against the Conference

Releasees arising out of or in any way related to their relationship with each other. The Local Church and the New Entity represent that the Church Releasors currently have no pending lawsuit, charge, complaint, or other action against the Conference Releasees.

12. Release by the Rio Texas Conference. Except as otherwise set forth above (including but not limited to Paragraph 6), and without limiting its right or ability to enforce the terms of this Agreement, the Rio Texas Conference, for itself and on behalf of its agents, (collectively, the “Conference Releasors”), release and forever discharge the Local Church and the New Entity, together with their agents, (collectively, the “Church Releasees”) of and from any and all manner of claims, demands, warranties, actions, causes of action, suits, judgments, debts, sums of money, and damages of whatsoever nature, known or unknown, foreseen or unforeseen, legal or equitable, state or federal, that the Conference Releasors have ever had, now have, or hereafter may have against the Church Releasees arising out of or in any way related to their relationship with each other. The Rio Texas Conference represents that the Conference Releasors currently have no pending lawsuit, charge, complaint, or other action against the Church Releasees.

13. Choice of Law / Interpretation / Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas without giving effect to the conflict of laws provisions thereof. Venue for any dispute regarding the enforcement

or interpretation of this Agreement shall be in Bexar County, Texas.

14. Comprehension of Agreement / Advice of Counsel and Representations. In executing this Agreement, the Parties acknowledge that they have read this Agreement and fully understand its terms, that they have had the opportunity to consult with counsel of their choice concerning this Agreement

15. Neutral Construction. The Parties agree that this Agreement was negotiated fairly between them at arm's length, with the advice of counsel, and that the final terms of this Agreement are the product of their joint negotiations.

16. Authority. The Parties and their undersigned signatories represent and warrant to each other: (a) that they have full power, authority, and capacity to make the commitments contained in this Agreement and to bind the Parties to them.

17. Survival. Unless otherwise specifically stated herein, all obligations of the Parties shall survive the transfer of the Church Property to the New Entity and shall be binding upon and inure to the benefit of Parties and their legal representatives.

18. Numberings and Headings. The numberings and headings preceding the text of each section of this Agreement are included only for convenience of reference and shall be disregarded in construing and interpreting this Agreement.

19. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the Parties hereto concerning the subject matter hereof. This Agreement may not be altered or modified except by a written instrument executed by all Parties.

20. Non-Severability. Each and every term of this Agreement is a material and integral part hereof. Should any provision of this Agreement be held unenforceable or contrary to law, the entire Agreement shall be deemed null and void.

21. Signatures. This Agreement may be executed on separate signature pages which may be combined to make a complete Agreement. Alternatively, this Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but which together shall constitute a single Agreement. All signatures required under this Agreement need not appear in the same document.

SIGNATURES BEGIN ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, we have hereunto set our hands and seals as of the date(s) listed below our respective signatures.

WITNESSES:

**RIO TEXAS CONFERENCE OF THE
UNITED METHODIST CHURCH**

By: _____ (seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

**RIO TEXAS CONFERENCE OF THE
UNITED METHODIST CHURCH**

By: _____ (seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

[LOCAL CHURCH]

By: _____ (seal)

Name: _____

Its: _____

Date: _____

SIGNATURES CONTINUE ON THE FOLLOWING PAGE

WITNESSES:

[LOCAL CHURCH]

By: _____ (seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

[NEW ENTITY]

By: _____ (seal)

Name: _____

Its: _____

Date: _____

WITNESSES:

[NEW ENTITY]

By: _____ (seal)

Name: _____

Its: _____

Date: _____

END OF SIGNATURES

EXHIBIT A

Certification of the Local Church Regarding Vote to Separate

The _____ (“local church”) certifies that at least two-thirds (2/3) of its professing members present and voting at a properly called church conference of the membership held on _____ have voted to affirm that they cannot function as a United Methodist Church due to their firmly held beliefs that the denomination has ceased to consistently uphold and abide by its stated doctrine on issues of human sexuality even without changing the *Book of Discipline*.

In addition, two-thirds (2/3) of the professing members present and voting at the said church conference, held after a period of prayer and discernment which lasted a minimum of thirty (30) days, and during which at least one congregational information meeting was held, have authorized the Local Church to enter into this agreement, and authorized and directed any two trustees to execute those documents and take those actions necessary to carry out the provisions of this agreement.

Certified that the above answers are true and correct for the professing members who voted to enter into this Agreement to Separate.

By: _____

Print Name: _____

Title: Trustee

Attest:

By: _____

Print Name: _____

Title: Trustee

Secretary

Presiding Elder

Date: _____

EXHIBIT B

Certificate of Ratification by the Rio Texas Conference

EXHIBIT C

Real Property and Liquid Assets of the Local Church