

Transition Agreement

Covenant between the Iowa Conference of the United Church of Christ and Our Sacred Space, Inc. for the transfer/sale of Pilgrim Heights Camp and Retreat Center from the Conference to Our Sacred Space

Preamble

Parties to and Purpose of Agreement

At the 2007 Annual Meeting in Fort Dodge, IA, the Iowa Conference of the United Church of Christ (“Conference”) at the recommendation of its Board of Directors (“BoD”), in order to divest itself of the financial responsibility for and management of Pilgrim Heights Camp and Retreat Center (“Pilgrim Heights”), approved the sale/transfer of Pilgrim Heights. This was to be done either by sale on the open market, or to a separately established non-profit entity established by those within the Conference who might wish to see it continue as a camp facility for the Conference, as well as for the regional religious and secular communities. In the event of the latter, the BoD would be willing to favor the purchase by that corporation. It was the BoD’s understanding that Pilgrim Heights would be operated independently, and that while the Conference might make use of the Pilgrim Heights facilities, Pilgrim Heights would need to reach into the wider ecumenical as well as secular communities for it to maintain viability.

IACUCC #8 6/16/07 as amended and approved:

That the Iowa Conference be authorized to transfer ownership of the Pilgrim Heights Retreat Center on such terms and conditions and to such transferee(s) as the Board of Directors deems appropriate. Prior to September 30, 2007, the Board shall give exclusive consideration in such transfer to proposals from groups which intend to own and operate the facility as a retreat facility in relationship with the Iowa Conference. To be considered by the Board, any such proposal must be accompanied by a business plan which, in the judgment of the Board realistically proposes ways by which the facility can be operated in a solvent and self-sustaining manner. If no proposal deemed acceptable by the Board has been received by September 30, 2007, the Board is authorized to sell the facility to any purchaser. The net proceeds from the sale of the facility shall be placed in one or more funds, the income and principal of which are to be used for the support of Conference operations and ministries.

Our Sacred Space, Inc. (“Our Sacred Space”), a corporation formed in the state of Iowa under Chapter 504.202 of the Revised Iowa Non-Profit Corporation Act and incorporated under section 501(c)3 of the Internal Revenue Code, and the **Iowa Conference of the United Church of Christ**, a similarly organized corporation, enter into this agreement with the intent of transferring the property known as Pilgrim Heights Camp and Retreat Center, along with all operating rights and responsibilities, from the Conference to Our Sacred Space so as to continue operations of Pilgrim Heights to the furtherance of each party’s stated purposes. The purpose of this document is to outline the roles and responsibilities of each party and to guide the transition of operations and property related to Pilgrim Heights, and is subject to receipt of tax exempt IRS status by Our Sacred Space.

The purpose of Our Sacred Space as described in Article 1, Section 4 of their Bylaws is as follows:

Purpose *The Corporation shall be operated exclusively for educational and charitable purposes within the meaning of Section 501 (c) 3 of the Internal Revenue Code (as amended or comparable provision of any future federal revenue law). Its specific purposes shall be to support the operation of a religious and educational camp and retreat center to provide facilities and services for outdoor ministries, educational activities, spiritual renewal, and community building for individuals of all ages and families and groups. The Corporation's facilities and services may be used by other educational, religious, and nonprofit organizations for related education and retreat purposes. Further, the Corporation may offer programs for religious and other education, spiritual and personal renewal to members of congregations, organizations, corporations, or the general public. In connection with these stated purposes, the Corporation may purchase, own, develop, manage, hypothecate, and sell land and improvements.*

Further, the Bylaws of Our Sacred Space call, at any one time, for two (2) members of the Board of Directors of Our Sacred Space to be elected to the Board by the Conference constituency at the Conference's Annual Meeting. Additionally, the Bylaws of Our Sacred Space require that at no time shall the Board of Directors be comprised of less than fifty-one percent (51%) of members being members of the United Church of Christ.

The Bylaws of Our Sacred Space (Article II, Section 3) also determine the limitation of powers as follows:

Limitation of Powers *Section 2 of this Article II notwithstanding, the Directors of the Corporation must seek and receive the approval, by formal action, of the Iowa Conference of the United Church of Christ for the disposition by sale or trade of any real property constituting what is presently known as Pilgrim Heights Camp, located near Montour, Iowa.*

As determined in Articles and executed in Bylaws of Our Sacred Space, in the event of the dissolution of Our Sacred Space, remaining assets would be transferred to the Conference or its successors or, if none, the national United Church of Christ with any assets not so distributed, distribution to be determined by the county court under Iowa non-profit law.

Pilgrim Heights Camp and Retreat Center is part of the rich history of ministry, particularly outdoor ministry, of the Iowa Conference of the United Church of Christ. In order to preserve the ministry opportunities afforded by, and to assure that focused energies be appropriately applied to the effectiveness and efficiency of the operation of Pilgrim Heights, Our Sacred Space was created to receive the Pilgrim Heights properties and continue operations in order to support the ministries of the Conference and expand them into the wider ecumenical and secular community.

The BoD has agreed to support this effort by selling/transferring the property to Our Sacred Space for the amount of the outstanding mortgage rather than the total amount that the Conference has previously invested in the property, and further, that the Conference will lease Pilgrim Heights to Our Sacred Space for the amount of the monthly mortgage payments and cost of related property and liability insurance, and repairs and utilities until such time as Our Sacred Space is able to provide to the Conference funds to retire the outstanding debt. In addition, Our

Sacred Space will provide as consideration, programming planning and execution of the Conference's 2008 summer camping program. Our Sacred Space shall lease the property for the sole uses stated in their Articles of Incorporation and Bylaws. The Conference strongly supports this effort by Our Sacred Space to continue to provide Pilgrim Heights as a resource for outdoor ministries, at the same time recognizing the current fiscal constraints which the Conference is facing.

Currently the Conference owns title to Pilgrim Heights property and owes a mortgage note in the principal amount of \$257,310.69 against that property. The balance of this debt is referred to as the "current debt" in this agreement.

Intent of Agreement

1. It is the intent of the Conference and Our Sacred Space to continue in relationship with each other.
2. It is the intent of the Conference to transfer title to Pilgrim Heights property to Our Sacred Space at such time that the current debt can be paid.
3. It is the intent of Our Sacred Space to provide good business practices to assure the ongoing operation of Pilgrim Heights to serve the needs of the Conference summer camp programming for the summer of 2008 and continuing according to **any** future agreements between the Conference and Our Sacred Space, and to fulfill its stated purpose within the community.

With this background in mind, the following understandings and agreements are reached.

Understandings and Agreements between the Conference and Our Sacred Space

Transfer of Operations, Transfer of Property and Financial Matters

1. Effective date of the responsibilities of this agreement will be January 1, 2008. Our Sacred Space shall commence operations of Pilgrim Heights beginning January 1, 2008, assuming responsibility for all operating expenses, maintenance, and insurance costs, with rights to all operating income, and gifts restricted to the operation of Pilgrim Heights.
2. Beginning on January 1, 2008, the Conference will lease Pilgrim Heights and all property and equipment therein to Our Sacred Space until such a time as the principal on the current mortgage is paid. The Conference will continue to pay the monthly mortgage payments of \$2,911.83. Beginning July 1, 2008, Our Sacred Space will pay the Conference the amount of \$2,911.83 per month as per the lease agreement, while the Conference continues to carry the 20 year mortgage with Cornerstone. A separate lease document will be signed by both parties, including liability and indemnity in case both parties are sued, until the sale/transfer is completed. This lease will include provisions for subsequent purchase/transfer with the retirement of the debt, and for termination in case of default of payment of lease consideration.
3. The Conference will continue to apply all incoming pledge payments of Investing in Ministry pledges directly to the principal of the current debt, unless the gift is otherwise designated. Any

payments due and/or paid via pledges to the Investing in Ministry campaign after the transfer of the property as described in this agreement shall be retained by the Conference. Contributions to Our Sacred Space for the purpose of purchase/transfer of Pilgrim Heights will be used for that purpose.

4. Any annual or monthly financial support for Pilgrim Heights by the Conference will be separately negotiated, and will be dependent, at least in part, on the ability of the Churches of the Conference to improve the finances of the Conference through support of Our Churches Wider Mission ("OCWM") for this and other missions. It is recognized that any support from the Conference to Pilgrim Heights comes from OCWM contributions, and as such, requires an additional percentage of the amount be paid by the Conference to the National Church. The BoD is open to consideration of requests by Our Sacred Space for further support of the camp programs, but the foregoing other missions of the Conference will also be part of that consideration.
5. Beginning January 1, 2008, and at any time thereafter, any contributions, bequests, money or pledges designated or restricted to Pilgrim Heights but received by the Conference will be remitted to Our Sacred Space.
6. Operating expenses accrued prior to the January 1, 2008 transfer of operations will be the responsibility of the Iowa Conference. Similarly, income from Pilgrim Heights activities prior to January 1, 2008 will remain with the Conference.
7. Pilgrim Heights expenses incurred in 2007 but not billed until 2008 will be the financial responsibility of the Iowa Conference. Pilgrim Heights income earned in 2007 but not paid until 2008 will be remitted to the Iowa Conference. Pilgrim Heights expenses incurred January 1, 2008 and later will be the responsibility of Our Sacred Space. Pilgrim Heights income earned January 1, 2008 and later will be remitted to Our Sacred Space.
8. As of January 1, 2008, Our Sacred Space will create operating accounts/contracts with all vendors and service providers for all operating goods and services beginning January 1, 2008. Any equipment leases by the Conference will be renegotiated in the name of Our Sacred Space by Our Sacred Space with cooperative assistance by the Conference. Any termination costs of Conference contracts are the responsibility of the Conference.
9. Our Sacred Space will be responsible for all other operating and maintenance expenses, including reimbursing the Conference for continuing levels of property-related insurance coverage. This may be negotiated and paid directly, or through the Conference, as negotiated with the insurance carrier. The BoD is currently recommending continuation of insurance with UCIG. Both parties understand that the Pilgrim Heights facilities are transferred on an "as is" basis, and expenses related to deferred maintenance and other issues not now recognized will be the responsibility of Our Sacred Space, with the exception of item 10 below.
10. The Autumn House mold damage and repair is the responsibility of the Conference in conjunction with its insurance carrier, UCIG. The claim for this repair should be filed with UCIG prior to the end of the calendar year. Beginning January 1, 2008, other liability for

building and fixture repairs will be the responsibility of Our Sacred Space, notwithstanding any coverage by insurance.

11. Upon execution of the lease agreement, Our Sacred Space has exclusive rights for purchase/transfer of Pilgrim Heights as long as the lease remains in effect. During the term of the lease there will be no new building or new expansion of property and there will be no additional mortgage taken with Pilgrim Heights as collateral. Once the current mortgage is retired and the sale/transfer of Pilgrim Heights to Our Sacred Space is completed, Our Sacred Space is free to pursue further mortgage(s) for camp development.

12. The Conference agrees to Our Sacred Space using the name Pilgrim Heights Camp and Retreat Center.

13. The Conference has a written agreement with the Hinegardners granting them right of first refusal before sale, trade, or transfer of Pilgrim Heights. The Conference will attempt to obtain written consent from the Hinegardners to the transfer of the property to Our Sacred Space by lease/purchase, which will reflect the disposition of assets to the Conference in the event of dissolution of Our Sacred Space. Before sale/transfer of Pilgrim Heights to Our Sacred Space, Our Sacred Space will enter into an agreement with the Hinegardners in order for the Hinegardners to retain right of first refusal if the Pilgrim Heights property is sold on the open market.

14. Property and equipment owned by the Conference and located at Pilgrim Heights will transfer with the property. In the event the lease is terminated the property and equipment will return to the Conference as well.

Agreements for Communication and Relationship

1. In order to facilitate a timely and complete transition, the Conference agrees to allow access by bona fide representatives of Our Sacred Space to financial records, contracts, titles and agreements, vendors and suppliers as needed to facilitate said transfers of assets, service provision agreements, contracts or balances.

2. The Conference agrees to provide access to contact information (names, addresses, email addresses, demographics), of member churches, past campers and donors to the camp, if available. It is understood that Pilgrim Heights has its own mailing list of campers and supporters as well, with whom it will remain in contact. The Conference will not provide an open list of Conference membership except for those individuals who indicate an interest in receiving Pilgrim Heights information. However, communication by Our Sacred Space to the membership and constituents of the Conference will be facilitated via submission of promotional information to publications of the Conference, and through Conference support.

3. Our Sacred Space will plan and host the Conference camping program for the summer of 2008. In subsequent years the Conference camping program will be planned by the Conference in conversation and cooperation when feasible with Our Sacred Space. The Conference will encourage the use of Pilgrim Heights facilities for its programs when such facilities are

appropriate and costs are competitive. The Conference will not seek a reduced rate for its programs.

4. The youth/young adult minister (as proposed at the 2007 Annual Meeting and approved in the 2008 budget) will be encouraged to use the Pilgrim Heights facilities for programs when appropriate, but will not be limited to the use of Pilgrim Heights when other facilities or programs are needed. It is the BoD’s intent that the person in this position remain in contact with, and work with the Pilgrim Heights staff in developing programs, yet be free to develop other programs as needed and desired by churches in the Conference.

5. As noted above, the Bylaws of Our Sacred Space call, at any one time, for two (2) members of the Board of Directors of Our Sacred Space to be elected to the Board by the Conference constituency at the Conference’s Annual Meeting.

Change or Termination of Agreement

This agreement shall be considered terminated upon the earliest of 1) execution of the sale/transfer of property; 2) 90 days written notice by either party of the intent to terminate the agreement; 3) December 31, 2009.

Changes to this agreement may be made by written amendment approved by both Boards of Directors and signed by authorized representatives of both parties.

Julie Eberbach
Chair, Board of Directors
Our Sacred Space, Inc.

Karen Handke
Chair, Board of Directors
Iowa Conference of the United Church of Christ

Date

Date

Rich Pleva
Conference Minister
Iowa Conference of the United Church of Christ

Date