

X. LEGISLATIVE ACTIONS

LA 1	Lay Clergy Equalization	205
LA 2	Proposed Amendments to the Standing Rules	206
LA 3	Proposed Amendments to the Standing Rules	206
LA 4	Proposed Amendments to the Standing Rules	207
LA 5	Proposed Amendments to the Standing Rules	208
LA 6	Equitable Compensation Annual Determination	208
LA 7	2017 BOPHB Apportionment Budget	211
LA 8	Resolution to Designate Rental Housing Allowances for Retired or Disabled Clergypersons of the North Texas Conference	214
LA 9	Pre-1982 Service Year Rate for 2017	215
LA 10	Finance and Administration	215
LA 11	Closing of Arcadia Park UMC-Metro District	225
LA 12	Closing of Oak Cliff UMC—Metro District	225
LA 13	Closing of Price UMC—Northwest District	226
LA 14	Closing of Wesley McKinney UMC—North Central District	226
LA 15	Merger of Schreiber Memorial UMC and Highland Park UMC—Metro District ..	226
LA 16	Incorporation of the NTC Offsite Camping Ministry	227
LA 17	Ratification: Statement of Covenant Relationship between the Methodist Children’s Home and the North Texas Annual Conference of the United Methodist Church	227
LA 18	Merger of Marvin UMC and Whitewright UMC—Northwest District	231
LA 19	Closing of Living Faith UMC—North Central District	231
LA 20	Elm Ridge UMC Mission Field Assessment Report—North Central District	231
LA 21	Resolution on Human Sexuality	233

LA 1

LAY/CLERGY EQUALIZATION TABLE
2014 EQUALIZATION OF LAY AND CLERGY MEMBERSHIP

DISTRICT	CLERGY	LAY	RULE IIIA(1)	TOTAL RULE IIIA(1)	LAY EQUAL FACTOR
EAST	77	67	4	71	6
METRO	291	125	22	147	144
NORTH CENTRAL	192	117	13	130	62
NORTHWEST	84	60	5	65	19
TOTALS	644	369	44	413	231

STANDING RULE IIIA(1)

	EA	ME	NC	NW	TOTAL
Conference Lay Leader			2	1	3
Core Leadership Team	1	1	2	1	5
UMM President		0			0
UMW President		1			1
Youth Organization President			1		1
District Lay Leaders	1	1	1	1	4
Young Adults under 25 yrs.	1	1	1	1	4
Council on Youth Ministry	1	1	1	1	4
Diaconal Ministers		12	1	1	13
Agency Chairs		5	4		9
TOTALS	4	22	13	5	44

	Membership 2015	% of Total	To Be Elected
East	10,710	8%	18
Metro	57,506	41%	95
North Central	57,192	41%	95
Northwest	13,496	10%	23
TOTALS	138,904	100%	231

LA 2**PROPOSED AMENDMENTS TO THE STANDING RULES OF
THE NORTH TEXAS ANNUAL CONFERENCE**

FROM: Standing Rules Committee

BACKGROUND: The 2012 General Conference voted to remove the Committee on Investigation (Clergy) from the Conference Structure. The Judicial Council later overturned that decision and reinstated the Committee. The proposed change is a request from the Conference Nominating Committee to reinstate the Committee on Investigation (Clergy) in accordance with the Judicial Council reinstatement.

Recommended Changes: (**Bold**=Addition, ~~Strike through~~= Deletion)

LEGISLATION: As it pertains to Standing Rule I.B.4.d. Committee on Investigation (Clergy)

d. The Committee on Investigation (Clergy) shall be constituted and function in accordance with the *Book of Discipline*.

LA 3**PROPOSED AMENDMENTS TO THE STANDING RULES OF
THE NORTH TEXAS ANNUAL CONFERENCE**

FROM: Standing Rules Committee

BACKGROUND: The 2012 General Conference voted to remove the Committee on Investigation (Diaconal) from the Conference Structure. The Judicial Council later overturned that decision and reinstated the Committee. The proposed change is a request from the Conference Nominating Committee to reinstate the Committee on Investigation (Diaconal) in accordance with the Judicial Council reinstatement.

Recommended Changes: (**Bold**=Addition, ~~Strike through~~= Deletion)

LEGISLATION: As it pertains to Standing Rule I.B.4.e. Committee on Investigation (Diaconal)

e. The Committee on Investigation (Diaconal) shall be constituted and function in accordance with the *Book of Discipline*.

LA 4

PROPOSED AMENDMENTS TO THE STANDING RULES OF THE NORTH TEXAS ANNUAL CONFERENCE

FROM: Standing Rules Committee

BACKGROUND: The proposed change is a request from the Conference Nominating Committee to provide additional conference-wide representation to the Committee, as well as selecting the Chair from at-large within the conference to provide the most effective leadership.

Recommended Changes: (**Bold**=Addition, ~~Strike through~~= Deletion)

LEGISLATION: As it pertains to Standing Rule I.B.7.a. Conference Nominating Committee

a. Conference Nominating Committee

The Conference Nominating Committee is responsible for developing and implementing a plan to identify persons who are willing, qualified, and able to serve as members of the Agencies of the Annual Conference, with attention given to representing the cultural and ethnic diversity of conference membership, in order to have available the knowledge of all cultures within the conference. The Conference Nominating Committee nominates members and Chairs of Agencies for election by the Annual Conference except where otherwise provided in the Book of Discipline or these Standing Rules. The Conference Nominating Committee will also maintain a list of persons willing to serve on Agencies, thus acting as a resource for the Core Leadership Team and the Bishop.

~~The Conference Lay Leader will chair the Conference Nominating Committee, which will also include the four District Superintendents and four at-large lay members nominated by the districts and elected by the Annual Conference.~~ **The Conference Nominating Committee is comprised of the Chair of the Committee, the Assistant to the Bishop, the Conference Lay Leader who shall serve as the Vice-Chair, the Conference Lay Leader elect, the District Superintendents, and one at-large lay member from each district to be nominated by the district and elected by the Annual Conference.**

Prior to the nomination of the at-large lay members by the districts, the District Superintendent will remind the district meeting of the need for inclusiveness in the election of the members of the Conference Nominating Committee. The District Superintendent will also remind the district meeting of the limits on multiple agency membership contained in these Standing Rules. At-large lay members **and the Chair** of the Conference Nominating Committee will be elected for a four-year term. A person so elected may serve only one four-year term, and will be eligible to be elected again only after being off the Conference Nominating Committee for at least two years.

~~For the conference year 2010–11, the Conference Nominating Committee will be empowered to “populate” any additional work groups requested by the Core Leadership Team. Thereafter, in 2011–12 and following, the Conference Nominating Committee will make nominations to the Annual Conference, which will elect members of the work groups:~~

LA 5

PROPOSED AMENDMENTS TO THE STANDING RULES OF THE NORTH TEXAS ANNUAL CONFERENCE

FROM: Standing Rules Committee

BACKGROUND: The proposed change is a request from the Conference Nominating Committee to reduce the number of persons serving on the Courtesy and Resolutions Committee as some of the planning tasks of this team are now being handled by the Annual Conference Planning team or The Episcopacy Committee.

Recommended Changes: (**Bold**=Addition, ~~Strike through~~= Deletion)

LEGISLATION: As it pertains to Standing Rule I.B.7.c. Courtesy and Resolutions Committee

c. Courtesy and Resolutions Committee

The Courtesy and Resolutions Committee is responsible for the amenities of the Annual Conference, ~~including presenting the Bishop's spouse to the Annual Conference,~~ introducing special guests, and writing formal statements of gratitude for services rendered to the Conference.

The Courtesy and Resolutions Committee consists of a Chair plus ~~four~~ **one additional** members.

LA 6

EQUITABLE COMPENSATION ANNUAL DETERMINATION

FROM: Center for Leadership Development (CLD)

BACKGROUND: The primary purpose of the Equitable Compensation Pastors Funds is to assist local churches in moving from part-time pastoral positions to full-time pastoral positions; these funds are meant to be transitional funds rather than long-term subsidies. Some congregations have the potential to reach a sustained average worship attendance of adults to move from a part-time to a full-time pastoral position with this short-term conference assistance. The time frame and benchmarks for moving from part-time to full-time should be reflected in yearly increases in worship attendance, Sunday School and small group attendance, professions of faith, those enrolled in annual confirmation classes, and annual increases in the number of individuals and families supporting the church's mission and ministry budget (operations) of the church. In essence, growing churches can move from a part-time to full-time pastoral position in three to five years. To continue receiving Equitable Compensation Funds a congregation in such a transitional setting shall pay 100% of the annual apportionments.

The North Texas Conference also has a history of supporting missional settings where full-time pastors have been appointed to congregations not able to pay a full-time salary. Continued conversations with the pastor, congregation, and the Cabinet of the NTC are essential to ensure these congregations continue to be effective in reaching others, transforming lives, and sharing the gospel of Jesus Christ in word and deed. Annually, congregations in missional settings must also manifest the fruitful increases in worship attendance, small groups, professions of faith, confirmation classes, along with annual stewardship training and education. To continue receiving

Equitable Compensation Funds a congregation in a missional setting shall pay 100% of the annual apportionments.

The Center for Leadership Development in consultation with the Bishop and the NTC Cabinet takes into consideration not only the appropriate minimum level compensation for full-time clergy of the conference but also the needs of the churches in determining whether they can afford a full-time pastor or not.

LEGISLATION: The CLD requests that Pastors Subsidies and Equitable Compensation support and administrative expenses be apportioned at \$54,764 for 2017.

A. Guidelines for Conference Members and Full-Time Local Pastors

1. Equitable Compensation for Conference Members be set at \$47,026 for the minimum equitable compensation. This compensation includes:
 - a. base salary,
 - b. utilities, which shall be provided with payments made by the local church or reimbursed when paid by the pastor.
 - c. dependent premium payments made by the local church,
 - d. dependent premium supplemental payments paid by the conference at the discretion of the District Superintendent,
 - e. and other conference subsidies received, but excluding any reimbursement for Annual Conference expenses or grants to assist with the expenses to attend expected spiritual formation or continuing education events for all of the clergy members of the conference (e.g., the Clergy Retreat) for conference members in full connection, associate members and provisional members of the North Texas Conference serving full time for 2017.

Applying the same formula adopted by the 2006 Annual Conference at the recommendation of CF&A for changes to the District Superintendent level compensation, the change in the Equitable Compensation amount for clergy appointed full time is an increase of 1.66% from \$46,258 in 2016 to \$47,026 in 2017. The percent change to the utilities amount is included in the total.

2. Adjustments for years of service:

Years of Service	Equitable Compensation Amounts
0–5	\$47,026
6	47,126
7	47,226
8	47,326
9	47,426
10	47,526

3. Compensation for additional churches on a charge: Each charge with more than one church shall receive \$200 additional for the second church and \$100 each for the third through the fifth additional churches.

4. Housing shall be provided in a church-owned parsonage or provided for with a monthly allowance. It is expected that the minimum housing allowance that will be paid by those churches or charges that do not provide a parsonage for their pastor will

be \$12,000 per year. Requests for equitable compensation salary supplements where housing allowances exceed \$12,000 will not be considered.

5. Local Pastors serving full time:

Five years or less	\$41,526
Six years or more	\$41,626

Expense recommendations same as above.

6. Deacons serving under salaried appointments in a local church:

a. Are not eligible to receive Equitable Compensation support from the Annual Conference.

b. Shall be granted the same minimum salary as an elder in full connection when their primary appointment is within a local church. * **

*(Judicial Council decision #807)

***(2012 Book of Discipline, Paragraphs 331.10b, 625.4)*

B. The following policies are proposed to the North Texas Annual Conference for the distribution of equitable compensation assistance in 2017.

1. A local church exists to serve, not to be served. All churches should be motivated to a larger sense of ministry. Churches whose pastors receive salary subsidy should be open to linkage with other churches in order to utilize efficiently the service of full-time conference members to reduce the need for subsidy.

2. Equitable Compensation levels can best be met when appointments are open to all ministerial members without regard to race or gender. We continue to urge every conference member to make the subject of a fully open Conference and adequately supported ministry at the local church level a matter of daily personal prayer. Only as the love of Christ dwells in us can an Annual Conference be a communion of caring persons.

3. Growth in stewardship should be achieved by all below-minimum remuneration churches. In making application for salary subsidy, District Superintendents are to provide evidence of stewardship education and growth of the church.

4. Tenure payments are designed to honor the years of service of pastors who continue for more than five years in ministry to below minimum compensation charges because of the needs of the Conference. The Bishop and the Cabinet are urged to make every effort to move pastors to above-minimum compensation charges within five years after they begin full-time service.

5. Applications for salary subsidy from Equitable Compensation are to be made by the District Superintendent on the prescribed forms.

6. The Charge Conference of any charge unable to pay the minimum salary set by the Conference shall be informed by the District Superintendent of the guidelines for receiving equitable compensation assistance. The Charge shall be informed of the amount required to bring the compensation level up to the minimum and shall be challenged to move toward the goal of full self-support at the earliest possible time. On the application for salary assistance, the District Superintendent shall certify that the charge has been

duly notified. The amount of subsidy granted to a pastor shall be acknowledged annually at the Charge Conference.

7. Equitable Compensation assistance is not available to pastors serving as associate pastors or in staff positions other than pastor-in-charge. In order that such persons receive an equitable wage and to be in compliance with Judicial Council decision #807, however, it is expected that local churches use Conference minimum standards as minimum guidelines in setting associate and staff salaries.

8. Pastors who decline an appointment which would reduce or eliminate compensation support are ineligible for the Equitable Compensation tenure payment given for years of service.

9. Equitable Compensation assistance is not available for a North Texas Conference member appointed to serve in another Annual Conference, nor is it available to members of other Annual Conferences serving under appointment in the North Texas Conference.

10. There shall be no lump sum payments to persons receiving Equitable Compensation assistance unless such sums are too small for monthly payments to be made.

11. It shall be the responsibility of the pastor receiving Equitable Compensation subsidy to inform the District Superintendent of any increase in remuneration or any changes in eligibility which occur after an application for Equitable Compensation has been approved.

EXCEPTIONAL REQUESTS BY THE CABINET:

All requests for exceptional support (assistance requested by the Cabinet in excess of the 25% maximum standard) shall be submitted in writing to the Center Director for Leadership Development and to the Center Director for Connectional Resources. The requests shall include the amount of assistance requested, length of time for assistance and reason(s) for exceptional request.

LA 7

2017 BOPHB APPORTIONMENT BUDGET

FROM: Board of Pension and Health Benefits

BACKGROUND: The two previous apportionments to fund the work of the Board of Pension and Health Benefits (Insurance Subsidies and Board of Pensions) were combined beginning in 2009 to recognize that they are closely related and allow for transferring funds between the two areas as needed. The proposed 2017 apportionment budget reflects a 6.2% decrease totaling \$104,400.

At the beginning of 2016, approximately \$1.34 million remained in health insurance reserves. The target for this fund has been between \$1–\$1.5 million (approximately \$1 million was the ending balance from the conference self-funded health insurance program upon entering the denominational program Health Flex in 1995) in order to preserve the options of the conference health insurance program. The Board of Pension and Health Benefits continues to monitor the rapidly changing legislation related to health care.

The Board of Pension and Health Benefits created an Economic Projection Team to do an in-depth study of all of the long term funding obligations of the North Texas Annual Conference. The Team consisted of members from the Board of Pension and Health Benefits, the Council on Finance and Administration, and a representative from the Appointive Cabinet. The Team was presented with a compilation of 12 different projections using regression analysis of over 4,000 scenarios for each of the funds, assuming changes in population, age, market returns, and actuarial gains and losses. The following budget represents the recommendations coming out of this study.

LEGISLATION:

Description	2015 Budget	2015 Actual	2016 Budget	2017 Budget	%
					Change
Administration					
Expenses					
Postage	2,600	1,983	2,600	2,400	
Printing	1,000	478	800	600	
Staff Expenses	3,450	3,202	3,500	3,600	
Supplies	700	642	800	800	
Travel-Board	500	335	500	500	
Total Operating Expenses	8,250	6,640	8,200	7,900	
Staff					
Salaries	136,000	98,717	97,688	105,000	
Total Salaries	136,000	98,717	97,688	105,000	
Benefits					
FICA, Medicare	6,707	7,498	7,600	7,800	
Health Insurance	13,612	14,418	20,712	23,000	
Lay Pension	3,681	4,021	5,300	6,000	
Total Benefits	24,000	25,937	33,612	36,800	
Total Staff	160,000	124,654	131,300	141,800	
Total Administration Expense	168,250	131,294	139,500	149,700	

Description	2015 Budget	2015 Actual	2016 Budget	2017 Budget	% Change
Expenses					
CPP (1)	660,000	638,650	645,700	680,000	
CRSP Supplement	28,000	18,304	25,000	21,000	
Retiree Expenses	9,500	6,773	10,000	9,000	
Total Pension Expenses	697,500	663,727	680,700	710,000	

Active Health

Expenses					
Insurance-Medical Leave	48,000	46,458	54,500	55,000	
Insurance-Life/Add Premium	34,000	27,000	30,000	30,000	
Insurance Supplement	51,500	26,026	45,000	30,000	
Total Health Insurance Exp	133,500	99,484	129,500	115,000	

Retiree Health

Expenses					
Actuarial Services Retiree Medical	18,200	15,008	14,000	14,000	
Insurance-Retiree Current Year	425,000	335,739	390,000	375,000	
Insurance-Retiree Past Service Funding	0	0	0	0	
Insurance-Retiree Med For New Entrants (2)	330,000	330,000	330,000	215,000	
Pcori Expense	0	352	0	600	
Total Retiree Health	773,200	681,099	734,000	604,600	

Total Conference Benefits Apportionment (3)	1,772,450	1,575,604	1,683,700	1,579,300	-6.2%
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- (1) The most recent projections for the Comprehensive Protection Plan (CPP) indicate an increase in premiums based on updated actuarial data. The Comprehensive Benefit Funding Plan has been adjusted to meet the actuarial projections.
- (2) The Economic Projection Team recommended the amount apportioned to the local churches to cover the insurance obligations for Post-Retiree Medical Insurance be reduced by \$115,000 per year as a result of this study, recognizing that the liability is funded in full unless the market assumptions taken as a whole are less than 25% of projections.
- (3) The TOTAL is a decrease of \$104,400 or 6.2%.

LA 8**RESOLUTION TO DESIGNATE RENTAL HOUSING ALLOWANCES FOR
RETIRED OR DISABLED CLERGYPERSONS OF
THE NORTH TEXAS CONFERENCE**

FROM: Board of Pension and Health Benefits

BACKGROUND: To be in compliance with Internal Revenue Service Revenue Ruling 75-22, 1975-1,49, as it relates to clergy housing, the North Texas Conference (the “Conference”) adopts the following resolutions relating to rental/housing allowances for active, retired, or disabled clergypersons of the Conference:

LEGISLATION: WHEREAS, the religious denomination known as The United Methodist Church (the “Church”), of which the North Texas Conference is a part, has in the past functioned and continues to function through Ministers of the Gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned or licensed ministers of the Church (“Clergypersons”); and

WHEREAS, the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of their gross compensation; and

WHEREAS, pensions or other amounts paid to active, retired and disabled Clergypersons are considered to be deferred compensation and are paid to active, retired and disabled Clergypersons in consideration of previous active service; and

WHEREAS, the Internal Revenue Service has recognized the Conference (or its predecessors) as the appropriate organization to designate a rental/housing allowance for Clergypersons who are or were members of this Conference and are eligible to receive such deferred compensation:

NOW, THEREFORE, BE IT RESOLVED:

THAT an amount equal to 100% of the pension or disability payments received from plans authorized under *The Book of Discipline of The United Methodist Church* (the “*Discipline*”), which includes all such payments from the General Board of Pension and Health Benefits (“GBOPHB”), during the year 2017 by each active, retired, or disabled Clergyperson who is or was a member of the Conference or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and

THAT the pension or disability payments to which this rental/housing allowance applies will be any pension or disability payments from plans, annuities, or funds authorized under the *Discipline*, including such payments from the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergyperson rendered to this Conference or that an active, a retired, or a disabled Clergyperson of this Conference rendered to any local church, annual conference of the Church, general agency of the Church, other institution of the Church, former denomination that is now a part of the Church, or any other employer that employed the Clergyperson to perform services related to the ministry of the Church, or its predecessors, and that elected to make contributions to, or accrue a benefit under, such a plan, annuity, or fund for such active, retired or disabled Clergyperson’s pension or disability as part of his or her gross compensation.

NOTE: The rental/housing allowance that may be excluded from a Clergy person's gross income in any year for federal income tax purposes is limited under Internal Revenue Code section 107 (2) and regulations there under to the least of: (1) the amount of the rental/housing allowance designated by the Clergy person's employer or other appropriate body of the Church (such as this Conference in the foregoing resolutions) for such year; (2) the amount actually expended by the Clergy person to rent or provide a home in such year; or (3) the fair rental value of the home, including furnishings and appurtenances (such as a garage), plus the cost of utilities in such year.

LA 9

PRE-1982 SERVICE YEAR RATE FOR 2017

FROM: Board of Pension and Health Benefits

BACKGROUND: Paragraph 1506.7 of the *2012 Discipline* states that the responsibility for past service annuity rate for ministerial service rendered before 1982 be determined by each annual conference. Legislation passed at the 2012 General Conference removed the wording from Paragraph 1506.7 requiring the Past Service Rate increases be a minimum of .8% based on the Conference Average Compensation (CAC). Furthermore, General Conference 2012 passed legislation requiring full funding of any Past Service Rate increases by December 31 of the year preceding the proposed increase. In order to provide an increase in retirement benefits that keeps pace with inflation, the North Texas Conference Board of Pension and Health Benefits is recommending the adoption of the percentage increase known as the "Cost-of-Living Adjustment" (COLA) as published by the Social Security Administration as the established rate for the annual increase in the Past Service Rate with a cap of 4%. The cap can be increased on recommendation of the Board of Pension and Health Benefits and approval by the Annual Conference.

LEGISLATION: That the pre-1982 Service Year Rate for 2017 be increased by 0%, in accordance with the COLA rate as published by the Social Security Administration in October of 2015, and established at \$762 for approved service of clergy members in full connection, probationary members, associate members and local pastors of the conference.

LA 10

FINANCE AND ADMINISTRATION

FROM: Council on Finance and Administration

INTRODUCTION

The North Texas Conference had an excellent payout of 95.33% of our total apportionments for 2015.

We celebrate that 258 out of 292 churches with apportionments paid 100%. We once again recognize the NORTHWEST District for achieving 100% payment for the 24th year in a row as well as the EAST District for their 100% payout for the 21st year in a row! These pastors, lay leaders and District Superintendents Marvin Guier and Vic Casad are to be commended! In addition, the Metro District achieved a payout of 96.5% in 2015, which is the highest payout for this district in ten years.

The total paid for apportionments was \$11,630,681 and the total paid for all benevolent causes beyond the apportionment was an additional \$412,166.

While the Council recommends that local churches strive to designate at least 25% of their total annual budgets for causes beyond their churches, it is expected that apportionments be given first claim by churches in their beyond-the-local church payments, with advance specials and other benevolences viewed as second-mile giving.

The Council continues to expect 100% payout of our apportionments and urges every church to take seriously the recommended ten-month payment plan in which 10% of the annual apportionment amount is remitted monthly. Without doubt, making monthly payments beginning in January or February is an important step in paying apportionments in full.

Paragraph 622 of the 2012 *Discipline* states that the Board of Pension and Health Benefits apportionment, the Episcopal Fund, the District Superintendents Fund, and Equitable Compensation are apportioned funds which are to be paid on the same schedule as the pastor's salary is paid. The Cabinet joins the Council in urging each church to adhere to this mandate monthly.

All churches are also encouraged to make contributions to their District Second Mile Fund. This is an important way to assist districts and the conference as a whole to achieve 100% payment of our total apportionments.

The Council and the Conference Treasurer continue to update reports in order to provide the information conference leaders and members expect in a more open and transparent way. The Council takes seriously its fiduciary responsibility and is working with conference leaders to ensure faithful and effective stewardship of conference funds.

END-OF-YEAR 2015 FINANCIAL OVERVIEW

1. The 2015 apportionment payout was 95.33%.
2. The total unrestricted and board designated cash held by the conference treasurer at the end of 2015 was \$1,190,892. The conference treasury held \$1,058,234 in the operating account, \$7,255,756 in reserves at the Texas Methodist Foundation, and an additional \$22,655,954 in deposits at the General Board of Pension and Health Benefits. The deposits at the General Board are designated for pensions and the retiree medical liabilities. As of the end of 2015, we now hold the reserves to fully fund our Past Service liabilities.
3. The 2015 financial reports may be found in the Agency Reports of this Journal.

FURTHER INFORMATION

A. Fidelity Bond for Local Churches

Beginning in 2007, with the establishment of our Conference-Wide Property & Liability Insurance Program through PACT, a \$100,000 Employee Dishonesty (Crime) Bond was established to cover those persons authorized to handle funds in every church in the Annual Conference. Effective April 1, 2012, we placed our insurance coverage with McQueary, Henry, Bowles, and Troy. We continue to provide the \$100,000 Employee Dishonesty (Crime) Bond in our current insurance program.

B. Electric Aggregation Program

Electric utilities in the state of Texas were deregulated effective January 1, 2002. Deregulation offered the opportunity for the churches of the North Texas Conference to join together to purchase electricity. With the encouragement of CF&A, a group of large churches in the conference initiated an effort to secure a group contract for the purchase of electricity. All of the churches of the conference have been invited to participate in this effort. The program will enter its sixth aggregate contract this July and continues to be beneficial to the approximately 108 participating churches.

Effective July 1, 2015, we entered into an electrical aggregate contract for a 48 month negotiated rate of .0509 per kWh through July 2019. Beginning in 2019, the price will drop to .041 cents per kWh.

C. Conference-Wide Property & Liability Insurance Program

In response to requests for help from several local churches and after a great deal of study and discussion over many years, the 2006 Annual Conference session voted to establish a conference-wide property and liability insurance program through the group captive established by GCFA known as UM PACT. State regulations governing group captives required each annual conference to provide a capital contribution to the captive.

In April of 2011, GCFA created United Methodist Insurance (UMI) as a single parent captive with the intent of providing greater insurance coverage opportunities and savings. By the end of the second quarter of 2012, UMI assumed all of the assets and liabilities of the UM PACT program and retained its risks and coverage. Although the North Texas Conference is no longer participating in the UMI program, we do continue to have an asset in the form of a surplus note of approximately \$449,000 held with UMI from our capital contribution. We expect this contribution to eventually be returned to our conference.

In 2011, the unusually high loss experience over the preceding five years led to a premium increase of 23% over the previous year along with an increase in deductibles from a flat \$1,000 across the board to a wind and hail damage deductible of 2% per building with a cap of \$50,000 per building per occurrence on our October 1, 2011 insurance renewal with UMI. Under the direction of the Bishop, the Core Leadership Team, and the Council on Finance and Administration (CFA), an Insurance Advisory Team (IAT) was created to negotiate this program on behalf of the churches of the North Texas Conference. The initial IAT was a six member task force composed of experienced property and liability insurance professionals who were not current broker/agents, directors, or otherwise beneficiaries of any sort of insurance carrier so that they might act on behalf of the churches of the North Texas Conference without any conflict of interest. Over the course of the next several months, the IAT entered into negotiations with UMI over our existing insurance programs. In addition, they secured the services of a local commercial broker, MHBT, in order to obtain a competitive bid on our lines of coverage.

In 2011, the IAT presented to CF&A their recommendation that we move all lines of property and liability insurance coverage to MHBT. CF&A voted unanimously to accept the recommendation of the IAT and to ask that this short term task force be an ongoing advisory team tasked with the work of review and continued negotiation of our insurance needs, reporting directly to CF&A. The actions of the 2012 General Conference moved that oversight responsibility to the Board of Trustees. CF&A continues to receive updated reports on the status of this program.

Fortunately for our churches, the Property and Liability insurance was moved to a new carrier on April 1, 2012. On April 3, 2012 the Dallas area experienced the eighth most expensive storm in

the last forty years of Texas weather history. And on June 16th, the Dallas area was again hit with what proved to be the fifth most expensive insurance loss for Texas. Both of these storms ranked above the Bastrop Wildfires in terms of total losses for the insurance industry. Had we remained under our previous carriers, our churches would have experienced deductibles of approximately \$1,405,611 on the hail claims alone based on the 2% of building value deductible. Instead, our churches paid a total of \$74,260 in 2012 deductibles on these same losses under our new insurance policy. We are facing a very hard market for property insurance lines due to the recent storms, particularly in Dallas and Wichita Counties. The Insurance Advisory Committee is working very hard to provide our churches with coverage that protects their ministry dollars.

Our loss experience in 2013 improved significantly, resulting in a smaller than expected increase in premiums for the 2014-2015 year. Although we experienced significant storms in 2014 and related hail losses, the restructuring of the insurance program that allows the conference to cover more of the first dollar losses allowed us to keep the increase in property insurance to an average of just under 5%. We did experience larger increases in General Liability and Auto causing an overall increase of just under 8% for the 2015-2016 year.

The 2015-2016 year turned out to be very costly with historic floods in the spring, December tornadoes, numerous hail storms, and two churches burning to the ground. In spite of such catastrophic damages, the Self-Insured Retention allowed the conference to keep the overall increase in property insurance at slightly less than a 4% increase.

Because of continuing concern over the vulnerability of our churches in today's litigious society and realizing that all of the other churches are at risk when some are without adequate coverage or limits, the Council is convinced that a mandatory conference wide program is the best way to protect all North Texas Conference churches in case of property losses or issues leading to liability claims. The Council desires to do everything possible to keep our churches out of harm's way and to enhance our protection of ministry and mission.

D. Pre-1982 Pension Liability

The *2012 Discipline* requires the submission of an annual comprehensive funding plan for all of our benefit liabilities including our pre-1982 pension liability. (See Board of Pension and Health Benefits Conference Report items for the presentation of our Comprehensive Funding Plan as it was approved by both the Conference and General Boards of Pension and Health Benefits.)

E. Retiree Medical Liability

A plan to address the conference's Retiree Medical Liability was adopted by the 2002 Annual Conference session and updated by the 2006 and 2008 Annual Conference sessions. A study group, under the leadership of Jerry Pinkerton, revisited our progress towards funding this liability in the fall of 2012. The Conference moved to OneExchange in 2013 as our connector to Retiree Supplemental Insurance coverage, resulting in a significant decrease in costs to both the retiree and the conference. (See the Board of Pension and Health Benefits report and legislation for more information.)

In 2015, an Economic Projection team was formed to re-evaluate our current funding of all liabilities, including the Retiree Medical Liability. The team recommended a reduction of \$115,000 in apportionments as the extensive study showed we would remain fully funded even if the market performed at 25% of assumed rates. This team will continue to monitor the funding of all of our liabilities and their impact on our apportionments.

F. Salary, Benefits and Expenses for District Superintendents

As stated in the conference's Standing Rules, "the salary of a district superintendent shall be adjusted annually by the average percentage change in the base compensation of all full-time pastors appointed to serve local churches or appointments for which the conference is responsible." This policy was started in 2008, and called for a periodic review to confirm the increases maintain a salary level that falls at about 90% of the declension of salary packages of full-time elders. The Council on Finance and Administration reviewed the policy in the spring of 2014 and determined that the current formula is maintaining the status set by the Annual Conference in 2008.

Therefore, the amount of change called for in accordance with the policy for 2017 is a 1.66% increase, which brings the salary to \$115,050. Parsonages or a Housing Allowance are provided by the districts. Utilities are reimbursed by voucher. Travel and other business expenses are reimbursed through an Accountable Reimbursement plan.

RECOMMENDATIONS FOR LEGISLATIVE ACTION

I. CONFERENCE TREASURER

The Council on Finance and Administration recommends Jodi S. Smith for election as the Conference Treasurer for the quadrennium.

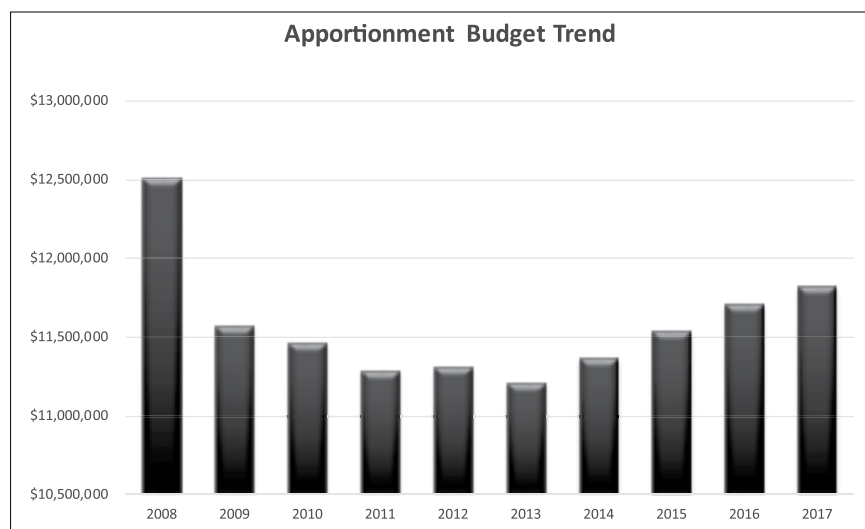
II AUDITOR FOR THE CONFERENCE TREASURY

The Council recommends Ratliff Associates as the auditing firm for the Conference Treasury for the 2016 audit.

III. 2017 APPORTIONMENT BUDGET RECOMMENDATION

BACKGROUND:

CF&A has worked diligently to contain the total apportionment budget, accomplishing a net reduction of 5.6% for the past nine years since 2008. We had an essentially "flat" increase in apportionments of 0.3% for 2012, a slight decrease in 2013 of 0.6%, an increase of 1.5% for 2014, a 1.5% increase for 2015, and a 1.5% increase in 2016. For 2017, CF&A is recommending another .53% increase in apportionments to a total of \$11,762,105. The overall reduction in apportionment dollars over the last eight years translates to an average of \$695,065 per year in ministry dollars available for the work of our local churches.



This proposed budget is assuming the original budget of \$611 million being submitted to the General Conference of 2016 is approved. In April of 2016, that budget proposal was reduced to \$599 million. The net increase in total apportionments to the conference would be .41% rather than .96%. The final budget proposal coming out of General Conference 2016 is unknown at the time of publication of this workbook, so we are leaving the higher number in place to be on the conservative side in presenting this budget to the Annual Conference. We will provide an update to the Annual Conference on the website before our June meeting.

Aside from General Conference and Jurisdictional Conference apportionments, the Episcopal Area fund and the District Superintendents Fund, the 2017 recommended apportionment budget is built around the four centers: (1) the Center for Leadership Development, (2) the Center for New Church Development and Congregational Transformation, (3) the Center for Missional Outreach, and (4) the Center for Connectional Resources.

The Center for New Church Starts is requesting a 3% increase for a total dollar amount of \$38,519. The Jump Start monies provided by the Annual Conference were fully depleted by the end of 2014. The 2015 budget included a large increase, primarily for new church starts in recognition of this shift. The 2016 and 2017 budgets both celebrate the growth of the number of churches participating in the HCI program. The apportionments pick up a portion of the cost of this program to enable greater participation for congregations of all sizes. To meet the growing needs of the programs, a part-time staff person was added in 2016. The 2017 budget reflects the additional part time staff person.

The 4.77% increase in the request from the Center for Leadership Development results in a dollar total increase of \$84,456. The largest increase is the addition of a staff person to oversee the expanded camping programs, including the Offsite Camping ministries that will be focused on reaching children and youth in areas currently underserved by our existing camping programs. In addition, the Center received a grant to cover the first two years of a successful pilot program designed to encourage young adults to explore a call to ministry. See the Center for Leadership Development report for the exciting stories coming out of this strategic program. Finally, the Center celebrates the successful launch of a new Wesley Foundation at UT Dallas. This new program has incorporated this year, and is hoping to move to a location on the campus to reach more young adults attending this rapidly growing university.

The Center for Missional Outreach is requesting an additional \$13,829 in funding, primarily for the administrative support of the Zip Code Connection. The Zip Code Connection is able to obtain grants to cover the expense of its initiatives because the cost of the administrative staff is underwritten by the North Texas Conference. This translates to a 2.01% increase over the previous year's budget.

The Center for Connectional Resources is pleased to announce a reduction of \$106,770, for a 3.38% decrease from the previous year. This reduction is in addition to a decrease of \$59,388 for 2016 and \$326,109 for 2015. With the full funding of past service liabilities, we've been able to shift funds to cover current accruals and release nearly \$500,000 per year in apportionments. A steep market decline, like the one we experienced in 2008 could result in a return of apportionment dollars designated for this, of course, but at this time, the Conference Board of Pension and Health Benefits voted to recommend a reduction in these apportionments to the local church.

The staff budgets are aligned with their respective centers. According to NTC Standing Rule II.A.10, the District Superintendent base salaries are calculated with a 1.66% increase. Other staff raises averaged 2% including benefits.

In the past, the administrative staff for pension and health insurance was subsidized by \$50,000 from health insurance premiums. Due to the reporting requirements of the Affordable Care Act that went into effect in 2015, the health insurance premiums will be billed at cost and the full cost of the staff, including related benefits will be included in the apportionment budget. Additional other non-apportioned but related income may be received during the year.

The District Administration Fund budgets come from the District Conferences and are set at the District Conferences which are slated for May 17, 2015. They are not included in the total apportionment budget recommendation as they are not considered by CF&A. These apportionment items are billed to the churches within each district.

2017 APPORTIONMENT BUDGET RECOMMENDATION

Description	2015 Budget	2015 Actual	2016 Budget	2017 Budget	% Change
GENERAL CONFERENCE APPORTIONMENTS (1)					
World Service	1,772,081	1,666,838	1,795,087	1,845,215	
MEF—Global	456,281	430,413	462,217	467,421	
MEF—North Texas Conference	152,094	185,146	154,072	155,807	
Black College Fund	242,687	228,910	245,844	248,600	
Africa University Fund	54,304	51,496	55,034	55,636	
Interdenominational Coop	47,602	45,092	48,222	48,741	
General Administration Fund	213,900	204,059	216,729	219,104	
Episcopal Fund	531,486	521,093	578,666	546,443	
Sub-Total	3,470,435	3,333,047	3,555,871	3,586,967	0.87%
JURISDICTIONAL CONFERENCE (2)					
Lydia Patterson Institute	73,244	69,399	73,244	72,897	
Mt. Sequoyah Assembly	17,515	16,596	17,515	0	
Jurisdiction Administration Fund	34,304	32,708	34,304	38,258	
Jurisdictional Reserves	0	0	0	6,660	
SMU Campus Ministries (3)	2,282	2,178	0	0	
Sub-Total	127,345	120,881	125,063	117,815	-.06%
TOTAL	3,597,780	3,453,928	3,680,934	3,704,782	.64%

Description	2015 Budget	2015 Actual	2016 Budget	2017 Budget	% Change
CENTER FOR NEW CHURCH STARTS					
Administration	15,000	13,456	15,000	15,000	
Staff	368,742	363,114	357,748	391,000	
Training	51,000	16,571	51,000	51,000	
New Church Coaching/Consulting	31,000	14,191	31,000	31,000	
Mission Insight	8,856	8,856	8,856	8,856	
Future at the Crossroads	0	0	30,000	30,000	
New Church Starts	659,500	710,967	716,365	648,782	
Release of Reserves	0	0	(23,000)	0	
TOTAL	1,222,098	1,225,902	1,284,969	1,323,488	3.00%
CENTER FOR LEADERSHIP DEVELOPMENT					
Administration	25,850	25,310	26,850	26,900	
Staff	446,303	423,594	496,349	539,361	
Board of Ordained Ministry	47,370	37,619	47,470	47,470	
Board of Laity	9,454	6,687	7,500	7,500	
Faith & Leadership Formation	68,200	72,172	71,500	71,500	
Texas Methodist Colleges	100,000	94,697	55,000	55,000	
Effective & Fruitful Leaders Program	19,977	11,632	19,826	19,826	
Conflict Management	12,300	16,729	15,250	15,500	
Campus Ministries (3)	526,721	525,006	530,031	537,777	
Equitable Compensation	50,000	48,721	54,764	54,764	
Intentional Interim Pastors	45,000	28,198	45,000	45,000	
Transitional Care for Clergy	100,500	95,174	91,602	95,000	
Emerging Leadership Programs	31,274	16,601	20,000	50,000	
Leadership Dev Standing Committee	6,000	419	3,000	3,000	
Bridgeport Camp Program	235,050	235,050	235,050	235,050	
Prothro Camp	100,000	93,970	100,000	100,000	
Urban Camping Ministries	0	0	11,000	10,000	
Less Release from Reserves	(110,000)	0	(61,000)	(60,000)	
TOTAL	1,713,999	1,731,579	1,769,192	1,853,648	4.77%

Description	2015 Budget	2015 Actual	2016 Budget	2017 Budget	% Change
CENTER FOR MISSIONAL OUTREACH					
Staff	274,596	262,913	278,558	284,129	
Zip Code Connection	176,585	176,585	200,000	210,000	
Advisory Team	20,450	19,523	19,275	20,000	
Christian Unity & Interreligious Concerns	1,500	1,362	2,500	1,500	
Church & Society	9,500	2,437	9,500	4,500	
Ethnic Local Church Concerns	140,500	110,989	121,917	132,600	
Global Ministries	52,750	50,819	57,650	50,500	
TOTAL	675,881	624,628	689,400	703,229	2.01%
CENTER FOR CONNECTIONAL RESOURCES					
Administration	185,300	175,062	182,400	187,500	
Staff	612,838	547,077	633,100	623,100	
Administrative Agencies	31,900	28,471	34,900	47,200	
Annual Conference	109,770	87,340	109,770	105,000	
Ministry Center Operations	131,600	115,596	140,600	140,600	
Ministry Center Debt Service	260,000	247,780	260,000	260,000	
Moving Fund	117,000	61,124	117,000	112,000	
Board of Pension and Health Benefits	1,772,450	1,575,604	1,683,700	1,579,300	
TOTAL	3,220,858	2,838,054	3,161,470	3,054,700	-3.38%
EPISCOPAL OFFICE					
Area Office	75,000	54,935	75,000	75,000	
Episcopal Residence	32,000	34,156	32,000	32,000	
TOTAL	107,000	89,091	107,000	107,000	0.00%
COMMUNICATIONS					
Administration	226,850	157,586	224,850	224,850	
Staff	202,497	195,532	204,497	205,613	
TOTAL	429,347	353,118	429,347	430,463	0.26%

Description	2015 Budget	2015 Actual	2016 Budget	2017 Budget	% Change
DISTRICT SUPERINTENDENTS (4)					
Administration	80,000	58,080	85,500	84,000	
Staff	481,796	481,108	491,820	500,795	
TOTAL	561,796	539,188	577,320	584,795	1.29%
ANNUAL CONFERENCE TOTAL	7,930,979	7,401,560	8,018,698	8,057,323	0.48%
GRAND TOTAL for GENERAL, JURISDICTIONAL AND ANNUAL CONFERENCE	11,528,759	10,855,488	11,699,632	11,762,105,	0.53%

Notes:

1. These are preliminary numbers for General Conference Apportionments based on the proposed budget of \$611 million. In April, GCFA and the Connectional Table approved the recommendation of a reduced budget of \$599 million for the 2017–2020 quadrennium. If this budget is approved, the total apportionments to our conference will be 3,559,607 making our final budget increase a total of .41%. The final budget will be approved at the General Conference 2016 which meets May 10–May 20.
2. The Jurisdictional apportionments are proposed. The final budget will be approved by the Jurisdictional Conference at the July 2016 meeting.
3. Financial responsibility for the SMU Wesley Foundation shifted to the North Texas Conference over a period of 4 years beginning in 2012. The South Central Jurisdiction budgeted \$85,000 for SMU in previous years. This budget is now fully absorbed into the Center for Leadership Development budget under its Campus Ministries.
4. The amount of change in the DS level salary called for in the Standing Rules is 1.66%.

GUIDELINES FOR APPORTIONMENTS FOR LOCAL CHURCHES**A. Formula for Two-Part Decimal:**

1/3 membership and 2/3 finance

B. Procedure for Computation of Decimal for Each Church:

The membership part is computed by dividing the total 2015 church membership of the Annual Conference (less discontinued churches and fellowships = 138,588) into the 2015 membership of each church. This becomes the church's membership decimal.

The finance part is computed by adding the amounts of the operating expenses reported paid by each church in columns 48, 49, 51–53, and 55–57 of the 2015 Statistician's Report. (No funds reported in other statistical columns are included in this computation.) This total is then divided by the Conference total of these same columns (less discontinued churches and fellowships = \$87,244,715). This becomes the local church's finance decimal.

The finance decimal is doubled. The membership decimal is added to the doubled finance decimal. This total is divided by three to become the apportionment decimal.

- C. Procedure for Computation of Apportionments for Each Church:
The apportionment decimal for each church is multiplied by the Conference total of each apportionment to determine the amount that each church is asked to pay toward the apportionment.
- D. Margin for Correction:
To assure that 100% of the amount of each apportionment will be distributed to the churches, no more than one quarter of one percent may be added to each apportionment when needed.

LA 11

CLOSING OF ARCADIA PARK UMC—METRO DISTRICT

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remain at the Arcadia Park UMC they agreed that they cannot continue. Members of the church concluded that now is the time to close the church.

LEGISLTION: The North Texas Conference Board of Trustees recommends that the property be sold and the proceeds from the sale be used for Urban Ministries in accordance with the *Book of Discipline* ¶2549.7.

LA 12

CLOSING OF OAK CLIFF UMC—METRO DISTRICT

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remain at the Oak Cliff United Methodist Church they agreed that they cannot continue. Members of the church concluded that now is the time to close the facility and relocate the congregation to the Tyler Street UMC Campus.

LEGISLTION: The North Texas Conference Board of Trustees recommends that the property be sold, \$50,000 of the proceeds be provided to Tyler Street UMC to cover the startup costs of the congregation as it relocates to the Tyler Street Campus, and the remaining proceeds from the sale be used for Urban Ministries in accordance with the *Book of Discipline* ¶2549.7.

LA 13

CLOSING OF PRICE UMC—NORTHWEST DISTRICT

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remain at the Price UMC they agreed that they cannot continue. Members of the church concluded that now is the time to close the church.

LEGISLTION: The North Texas Conference Board of Trustees recommends that the property be sold and the proceeds from the sale be pledged to a new church start in the Northwest District or within the conference.

LA 14

CLOSING OF WESLEY MCKINNEY—NORTH CENTRAL DISTRICT

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remain at the Wesley McKinney UMC they agreed that they cannot continue. Members of the church concluded that now is the time to close the church.

LEGISLTION: The North Texas Conference Board of Trustees recommends that the property be sold and the proceeds from the sale be pledged to a new church start within the Conference.

LA 15

MERGER OF SCHREIBER UNITED METHODIST CHURCH AND HIGHLAND PARK UNITED METHODIST CHURCH

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remain at the Schreiber Memorial United Methodist Church they agreed that they cannot continue to operate as a separate church. Members of both churches conclude that now is the time to merge the Schreiber Memorial United Methodist Church with the Highland Park United Methodist Church.

LEGISLATION: The North Texas Conference Board of Trustees recommends that the merger of these two congregations. The Schreiber Memorial United Methodist Church facility will be renovated and put back into service as an extension campus of Highland Park United Methodist Church. Highland Park will assume all of the assets and liabilities of the Schreiber Memorial United Methodist Church.

LA 16

INCORPORATION OF THE NTC OFFSITE CAMPING MINISTRY

FROM: North Texas Conference Board of Trustees

BACKGROUND: The Camping and Retreat Ministries Strategic Planning team reviewed the camping ministries and objectives and determined that an additional camping ministry should be established to provide offsite camping in a variety of settings, beginning with the establishment of a weeklong camp experience in South Dallas. The camping curriculum will be adapted to provide the richness of faith formation experience found in the weeklong camps at Bridgeport to children and youth that may not be able to attend Bridgeport for various reasons.

The Bridgeport Camp and Conference Center and the Prothro Center are incorporated as separate entities within the North Texas Annual Conference. The incorporation of the NTC Offsite Camping Ministry provides the same structure to this camping ministry as the other two existing camps. All camps will be under the direction of the Camping and Retreat Ministries Advisory Team to provide continuity of programming and support.

LEGISLATION: The NTC Offsite Camping Ministry be incorporated and that a minimum of 60% of its Board of Directors be named by the North Texas Annual Conference at its Annual Conference Session each year.

LA 17

RATIFICATION OF STATEMENT OF COVENANT RELATIONSHIP BETWEEN METHODIST CHILDREN’S HOME AND THE NORTH TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

This is a statement of the relationship between Methodist Children’s Home (MCH) and the North Texas Annual Conference, hereinafter referred to as “The Conference”.

I. PURPOSE, MISSION, AND GOALS OF METHODIST CHILDREN’S HOME

The purpose of Methodist Children’s Home is the charitable care and ministration for children residing within the bounds of the patronizing Annual Conferences of the United Methodist Church. To carry out this purpose the Board of Directors shall have the authority and responsibility to develop and direct a program of child care which shall effectively meet the needs of the children served. This program may include institutional care, foster home care, group home services, residential treatment for emotionally disturbed children and youth, social services for children in their homes, and any other services which the Board of Directors shall deem appropriate in meeting the needs of children and youth.

METHODIST CHILDREN’S HOME MISSION STATEMENT

MCH offers hope to children, youth and families through a nurturing, Christian community.

METHODIST CHILDREN'S HOME GOALS

In order to accomplish the above stated mission, Methodist Children's Home has an obligation to recognize and share the spiritual values that make Christian child care unique. Therefore, MCH shall strive to create a nurturing, Christian community for our young people, staff and benefactors that:

1. Applies the principles of the Christian faith which serve as the foundation for this ministry;
2. Builds healthy relationships through communication, respect, trust and love;
3. Fosters accountability for self and others;
4. Provides opportunities for spiritual, emotional, physical and intellectual development;
5. Shows compassion through generosity and care; and
6. Believes in the possibilities of the future.

II. BOARD OF DIRECTORS AND MANAGEMENT

Methodist Children's Home shall be governed and managed by a Board of Directors selected from members of the United Methodist Church in the following patronizing Conferences of the United Methodist Church, to wit: Texas Conference, North Texas Conference, Northwest Texas Conference, Central Texas Conference, Rio Texas Conference, and New Mexico Conference. All references herein to "patronizing Annual Conferences" shall be to those six Conferences, and such Annual Conferences as may hereafter become patronizing Annual Conferences. The Board of Directors shall govern and manage the MCH on the basis of the MCH's best interests.

Should any of the patronizing Conferences at any time desire to withdraw as such, then such patronizing Conferences shall cease to elect representatives as members of the Board of Directors and shall no longer be included in the definition of "patronizing annual conference" for purpose of the Statement of Covenant Relationship. Should any additional Conferences desire to become patronizing Conferences, they may become such by making application, in the manner prescribed by the Board of Directors, providing a majority of the Board of Directors shall vote to accept such Conferences.

The Board of Directors of the corporation shall be constituted or elected as prescribed in the Bylaws. The Bylaws presently provide as follows:

Tenure and Qualifications. The Board of Directors of the corporation (each member of which shall be entitled to vote) shall consist of nineteen members (unless changed by reason of a change in the number of patronizing Annual Conferences) and shall be appointed, elected or determined as follows:

- A. One representative, either a minister or a layperson, from each patronizing Annual Conference, shall be nominated by the Bishop of such patronizing Annual Conference and approved by such patronizing Annual Conference. Any vacancy occurring on the Board of Directors with respect to such a member shall be filled for the unexpired portion of the term by nomination by the Bishop of such patronizing Annual Conference and approval by such patronizing Annual Conference.
- B. One active Bishop from among the patronizing Annual Conferences shall be elected by a majority vote of the Bishops of the patronizing Annual Conferences. Any vacancy occurring on the Board of Directors with respect to

- such position shall be filled for the unexpired portion of the term by a majority vote of the Bishops of the patronizing Annual Conferences.
- C. The serving chairperson of the MCH Commissioners, or any successor to such body, shall automatically serve. Any vacancy occurring on the Board of Directors by virtue of a vacancy in such position shall not be filled, but shall remain vacant until the successor to such vacant position is duly qualified, at which time such successor shall become a member of the Board of Directors.
 - D. Eleven Directors At Large from the territory of the patronizing Annual Conferences, either ministers or lay members of the United Methodist Church, shall be elected by the Board of Directors of Methodist Children's Home after considering the nominations proposed by the Nominating Committee hereinafter described; provided, that the election of each Director At Large shall be effective only after approval or confirmation by the patronizing Annual Conference of the location in which such Director At Large resides. Such nominations and Board election with respect to expiring terms shall take place at the regular meeting of the Board of Directors of MCH held in February of the calendar year in which the terms of the Directors At Large which are to be filled expire, or if there is no such meeting in February of such year, then in the regular meeting in such year held nearest to February. Any vacancy occurring on the Board of Directors with respect to one or more of the members elected At Large whose term has not yet expired shall be filled for the remainder of the unexpired term by the Board of Directors at any regular meeting after considering nominations proposed by the Nominating Committee.
 - E. Each Director shall be appointed or elected for a term of three years and shall hold office until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal from office by the Board of Directors.
 - F. No Director shall be eligible to serve more than three consecutive three-year terms as a Director. Following a period of maximum service under this provision, the duration of that former Director's ineligibility shall last for three years. Former Directors may retain or be elected to membership on any one (but not more than one) committee of the Board without tenure limitations.
 - G. Should any patronizing Annual Conference cease to be such, then the representative from such patronizing Annual Conference appointed in accordance with paragraph A above shall immediately cease to be a Director. The total number of Directors shall decrease accordingly and the affairs of MCH shall be governed and managed by the remaining members of the Board.

III. RELATIONSHIP

Methodist Children's Home is related through a common religious heritage and a common commitment to Christian service to The Conference. The Conference, recognizing this shared commitment, annually authorizes and promotes a special offering in each local church for the support of MCH. The Conference assumes no other financial responsibility for MCH. In return for the encouragement of financial support for MCH by the Conferences, MCH submits an annual audit to The Conference. Any time a gift is given directly to MCH and the gift is designated for credit to a local church, MCH shall forward notice to the Conference treasurer's office to ensure proper recording of the gift.

The Conference supports the mission of Methodist Children's Home by approving directors to serve on the MCH Board of Directors. The Conference does not exercise any ownership or control over MCH and does not accept any legal or financial responsibility, other than the above-mentioned

special offering, for MCH. MCH's Board governs and manages MCH on the basis of MCH's best interests. MCH does not exercise any ownership or control of the Conference and does not accept any legal or financial responsibility for the Conference.

To keep the Conference informed about activities at Methodist Children's Home, MCH presents an annual report at the Annual Conference to be published in the Conference Journal, provides updates and presentations at conference and district meetings, prepares appropriate news releases, publishes the Sunshine magazine, and encourages tours of MCH facilities by local church groups and appearances in local churches by MCH staff members and residents.

MCH seeks accreditation of its program by outside accrediting bodies in order to assure the Conference of the quality of its program. Currently MCH is accredited by the Council on Accreditation of Services For Families and Children, Inc., and is licensed by the Texas Department of Family and Protective Services.

Should Methodist Children's Home be dissolved, the assets would be distributed as set forth in the Distribution of Assets on Dissolution in ARTICLE XII of the Bylaws of MCH, revised, November 6, 2015, as follows:

In conformity with the provisions of ARTICLE NINE of the Second Restated Articles of Incorporation of Methodist Children's Home, all assets of the corporation are pledged for use in performing the corporation's charitable functions, and upon discontinuance of the corporation by dissolution or otherwise, the assets that remain after the satisfaction of all liabilities and obligations shall be divided proportionately among the Annual Conferences of the United Methodist Church that are patronizing Annual Conferences of Methodist Children's Home at the time such distribution is made, and are also recognized as charitable organizations under Section 501(c)(3), Internal Revenue Code of 1986, as amended, such distribution to be based upon the membership of each conference at the last annual report preceding the dissolution. Any assets so distributed shall be dedicated for use by each patronizing Annual Conference for the charitable care and ministration for children. Provided, however, that if any patronizing Annual Conference is not, at the time of such distribution, an organization that is qualified as a charitable organization under Section 501(c)(3), Internal Revenue Code of 1986, as amended, then its share of such assets shall be distributed to one or more charitable organizations, recognized under Section 501(c)(3), Internal Revenue Code of 1986, engaged in child care or ministration and affiliated with the United Methodist Church.

IV. PERIODIC REVIEW

The provisions of this Covenant Relationship shall be reviewed and revised if needed every four years or more frequently if needed. The above Statement of Relationship has been approved by the respective bodies and its approval is attested:

The Conference,

Bishop

DATE

for Methodist Children's Home,

Tim Brown

President

DATE

LA 18**MERGER OF MARVIN UMC AND WHITEWRIGHT UMC—
NORTHWEST DISTRICT**

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remain at the Marvin UMC they agreed that they cannot continue. Members of the Marvin UMC and the Whitewright UMC have agreed to merge into one congregation.

LEGISLATION: The North Texas Conference Board of Trustees recommends the North Texas Conference Office liquidate the assets of the Marvin UMC and that the funds and insurance proceeds remaining after payment of any and all outstanding bills of the Marvin UMC be placed with the Whitewright UMC.

LA 19**CLOSING OF LIVING FAITH UMC—NORTH CENTRAL DISTRICT**

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remain at the Living Faith UMC, they agreed that they cannot continue. Members of the church concluded that now is the time to close the church.

LEGISLATION: The North Texas Conference Board of Trustees recommends that now is the time to close the church and convey the remaining business assets, including all bank accounts, to the care of Aldersgate UMC in Carrollton. The church does not own any real property to convey.

LA 20**ELM RIDGE UMC MISSION FIELD ASSESSMENT REPORT—
NORTH CENTRAL DISTRICT**

FROM: North Texas Conference Cabinet

BACKGROUND:

May 22, 2016
The Framework

According to Paragraph 202 of *The Book of Discipline of the United Methodist Church 2012*, “The local church is a strategic base from which Christians move out to the structures of society. The function of the local church, under the guidance of the Holy Spirit, is to help people to accept and confess Jesus Christ as Lord and Savior and to live their daily lives in light of their relationship with God. Therefore, the local church is to minister to persons in the community where the church is located, to provide appropriate training and nurture to all, to cooperate in ministry with other

local churches, to defend God's creation and live as an ecologically responsible community, and to participate in the worldwide mission of the church, as minimal expectations of an authentic church."

The Background

In December of 2014 at the request of Bishop Mike McKee, Dr. Ron Henderson, District Superintendent of the North Central District of the North Texas Conference of the United Methodist Church convened a task force in accordance with Paragraph 213 of the United Methodist Book of Discipline to evaluate the effectiveness and vitality of the Elm Ridge United Methodist Church and its witness in the mission field along the Highway 380 Corridor in East Denton County. The task force met 4 times before Annual Conference of 2015. At the beginning of 2016 Dr. Jim Ozier, Director of the Center for New Church Development, instituted a process for evaluating all ministries of the United Methodist Church along the Highway 380 Corridor called "Future at the Crossroads". This process included the Elm Ridge UMC. The report below includes information from both initiatives.

The Findings

1. The Elm Ridge site is attached to a residential development called Savannah with more than 1900 existing single family homes.
2. Approximately 1/2 mile from the Elm Ridge site is a residential development called Glenbrooke with more than 250 existing single family homes.
3. Approximately 3 miles west of the Elm Ridge site is the residential development of Paloma Creek with 2500 existing homes with an expected build out of 5500 homes.
4. Across the street from the Elm Ridge site a new development is being built called Union Park that will build 2400 new residential single family homes.
5. Approximately 2 miles south of the Elm Ridge site a new development is being built called Frisco Hills that will build 2000 new residential single family homes.
6. Approximately 2 miles east of the Elm Ridge site a new development is being built called Wind Song Ranch that will build 8500 new residential single family homes.
7. Approximately 1.5 miles north of the Elm Ridge site a new development is being built called Arrow Brooke that will build 300 new residential single family homes in Phase 1.
8. Approximately 1.5 miles east of the Elm Ridge site a new development is being built called The Preserve at Doe Creek that will build 125 new residential single family homes.
9. Approximately 3.5 miles east of the Elm Ridge site a new development is being built called Artesia that will build 750 new residential single family homes.
10. Approximately 1 mile south of the Elm Ridge site 2 new multi-family developments are being built called The Estates at Eighty and The Mansions at Eighty that will build 850 new multi-family units.
11. This means that within the next 5-7 years there will be approximately 21,000 single family homes and 850 multi-family units within 3.5 miles of the Elm Ridge site.
12. In August of 2016 Denton ISD will open Braswell High School within 3 miles of the Elm Ridge site. Braswell will open with a student population of 1100 students and expects to grow to an enrollment of approximately 2000.
13. Elm Ridge United Methodist Church is not reaching its mission field as it is currently constituted. In spite of the fact that the mission field population along the Highway 380 corridor has grown significantly, Elm Ridge has decreased in attendance with an average of less than 30 people per Sunday.
14. There are currently 36 members of Elm Ridge UMC and 16 member households. Of the current membership roster only 7 member households live within 5 miles of the Elm Ridge Campus.
15. For the last several years Elm Ridge UMC has had a 1/4 time pastor. It is the feeling of the Elm Ridge congregation that their ministry has been diminished by having a pastor who needed to

move the worship time from 10:45 am to 9:15am. The congregation also believes that they were never given the opportunity to have a full time pastor. The current minimum salary package for a full-time pastor is approximately \$75,000 per year. Also during 2013 & 2014 the pastoral salary for the 1/4 time pastor was subsidized by the North Central District of the North Texas Conference. 16. Working together through the discontinuance of the Elm Ridge church, The Highway 380 Mission Field will be better served by leveraging the current Elm Ridge site and repurposing it to reach the surrounding neighborhoods. The administration and coordination of the Elm Ridge site will be under the authority of the North Texas Annual Conference of the United Methodist Church and the North Central District.

The Conclusion

1. The Elm Ridge UMC congregation has had a long history of serving in the North Texas Conference and the now extinct Navo Community. All efforts should be made to celebrate and give thanks for the faithful witness of Elm Ridge UMC.
2. It is the conclusion of this report that Elm Ridge UMC officially be discontinued as an active church. The goal of this action is to plant new and cultivate existing vital ministries to reach the growing mission field that is exploding with residential development around the Elm Ridge United Methodist Church site. This work needs to be done in an expedient, dynamic and assertive fashion to seize the opportunity to reach people now living and coming to the Highway 380 Corridor with the Gospel of Christ and the ministry of the Church.

LA 21

RESOLUTION ON HUMAN SEXUALITY

FROM: Rev. Mitchell Boone

WHEREAS we support the decision of the 2016 General Conference to empower the Council of Bishops in leading the United Methodist Church beyond the current tensions rooted in our disagreements over human sexuality;

AND WHEREAS we share the acknowledgment that “our Discipline contains language that is contradictory, unnecessarily hurtful, and inadequate for the variety of local, regional, and global con-texts;” the inadequacy of current language to address a wide diversity of ministry settings is also clear in the North Texas Annual Conference and we are heartbroken for those who have been denied full access to the ministries of the church;

AND WHEREAS the Council of Bishops is exploring “options to help the church live in grace with one another—including ways to avoid further complaints, trials and harm while we uphold the Discipline,” and we pray that members of our Annual Conference will demonstrate a spirit of compassion even when we are not of one mind;

THEREFORE, be it resolved that until the Council of Bishops Commission completes its work, members of the NTCUMC will prayerfully and actively work, while joining the bishops and upholding the Discipline, toward a new reality in which space is given for a diversity of theological reflection, preaching and practices surrounding ministry with LGBTQ+ members of our congregations that is authentic to the call of pastors, parishioners, and their contexts for ministry as they do their best to “make disciples of Jesus Christ for the transformation of the world.”