

IX. LEGISLATIVE ACTIONS

LA 1	Lay Clergy Equalization	180
LA 2	Proposed Amendments to the Standing Rules	181
LA 3	Proposed Amendments to the Standing Rules	181
LA 4	Equitable Compensation Annual Determination	182
LA 5	2018 BOPHB Apportionment Budget	185
LA 6	Resolution to Designate Rental Housing Allowances for Retired or Disabled Clergypersons of the North Texas Conference	187
LA 7	Pre-1982 Service Year Rate for 2018.....	188
LA 8	NTC 2018 Comprehensive Benefit Funding Plan Summary.....	189
LA 9	Finance and Administration.....	193
LA 10	Resolution Concerning Cochran Chapel UMC	201
LA 11	Designation of UMC Owned Property as Cultural, Historical, or Architectural Landmark	202
LA 12	Closing of Caney UMC (Salem-Kinser Charge)-East District.....	204
LA 13	Closing of Owenwood UMC-Metro District.....	204
LA 14	Merger of Byers and Petrolia UMC-Northwest District.....	204
LA 15	General Conference Proposed Constitutional Amendment I.....	205
LA 16	General Conference Proposed Constitutional Amendment II.....	206
LA 17	General Conference Proposed Constitutional Amendment III	207
LA 18	General Conference Proposed Constitutional Amendment IV	207
LA 19	General Conference Proposed Constitutional Amendment V.....	208

LA 1

LAY/CLERGY EQUALIZATION TABLE
2017 EQUALIZATION OF LAY AND CLERGY MEMBERSHIP

DISTRICT	CLERGY	LAY	RULE IIIA(1)	TOTAL RULE IIIA(1)	LAY EQUAL FACTOR
EAST	80	68	4	72	8
METRO	294	126	20	146	148
NORTH CENTRAL	191	115	14	129	62
NORTHWEST	84	61	4	65	19
TOTALS	649	370	42	412	237

STANDING RULE IIIA(1)

	EA	ME	NC	NW	TOTAL
Conference Lay Leaders/Assoc. Lay Leader			1	2	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		11	1		12
Agency Chairs/GBOGM Secretary		3	5		8
TOTALS	4	20	14	4	42

	Membership 2016	% of Total	To Be Elected
East	10,278	8%	19
Metro	56,938	41%	97
North Central	56,984	41%	97
Northwest	13,100	10%	24
TOTALS	137,300	100%	237

LA 2

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 Nominating Committee is comprised of ~~the Chair of the Committee~~, the Assistant to the Bishop **who shall serve as Chair**, 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.

LA 3

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 remove the Courtesy and Resolutions Committee from the Standing Rules. The tasks of this committee have been absorbed by the Annual Conference Planning Team.

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

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

~~The Courtesy and Resolutions Committee is responsible for the amenities of 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 one additional member.~~

~~**e. c. *Commission on Archives and History***~~

~~The Commission on Archives and History shall be organized and function in accordance with the *Book of Discipline* and shall relate to the General Commission on Archives and History. It consists of a Chair plus ten members. The Commission on Archives and History may, if necessary, select up to three additional members.~~

e. d. *Standing Rules Committee*

The Standing Rules Committee oversees and recommends structural changes in the standing rules of the Annual Conference. The Standing Rules Committee consists of a Chair and seven members.

LA 4

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 2018.

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

1. Equitable Compensation for Conference Members be set at \$47,934 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. vouchered travel reimbursement, which shall be reimbursed at the IRS rate with appropriate records and documentation provided to the church,
 - d. dependent premium payments made by the local church,
 - e. dependent premium supplemental payments paid by the conference at the discretion of the District Superintendent,
 - f. 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 2018.

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 1.93% from \$47,026 in 2017 to \$47,934 in 2018. The percent change to the travel & utilities amount is included in the total.

2. Adjustments for years of service:

Years of Service	Equitable Compensation Amounts
0-5	\$47,934
6	48,034
7	48,134
8	48,234
9	48,334
10	48,434

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-in-charge 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	\$42,327
--------------------	----------

Six years or more \$42,427

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 2018.

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 for 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 5

2018 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 2018 apportionment budget is the same as 2017, for a 0% increase.

At the beginning of 2017, approximately \$1.5 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 HealthFlex 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 in 2016 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 team will meet again in June of 2017 to review the updated projections. The following budget represents the recommendations coming out of this study.

LEGISLATION:

**Conference Board of Pensions and Health Benefits
Proposed Budget for 2018**

Description	2016 Budget	2016 Actual	2017 Budget	2018 Budget	% Change
Expenses					
Dues	\$300	\$25	\$0	\$100	
Insurance-Workers Compensation	\$1,300	\$0	\$0	\$0	
Postage	\$2,600	\$1,767	\$2,400	\$2,400	
Printing	\$800	\$646	\$600	\$800	
Staff Expenses	\$1,900	\$2,316	\$3,600	\$3,600	
Supplies	\$800	\$263	\$800	\$500	
Travel-Board	\$500	\$6,016	\$500	\$500	
Total Operating Expenses	\$8,200	\$11,033	\$7,900	\$7,900	0%
Staff					
Salaries	\$97,000	\$99,596	\$105,000	\$107,000	
Total Salaries	\$97,000	\$99,596	\$105,000	\$107,000	
Benefits					
FICA, Medicare	\$7,800	\$7,034	\$7,800	\$8,000	
Deferred Pension	\$6,700	\$6,704	\$0	\$0	
Health Insurance	\$13,000	\$12,570	\$23,000	\$23,000	
Lay Pension	\$5,500	\$5,514	\$6,000	\$6,800	
Total Benefits	\$33,000	\$31,821	\$36,800	\$37,800	
Total Staff	\$130,000	\$131,417	\$141,800	\$144,800	2%
Total Administration Expense	\$138,200	\$142,450	\$149,700	\$152,700	2%
Expenses					
CPP (1) (2)	\$684,000	\$682,337	\$686,000	\$706,000	
CRSP Supplement	\$10,000	\$8,651	\$15,000	\$15,000	
Retiree Expenses	\$7,000	\$6,840	\$9,000	\$9,000	
Total Pension Expenses	\$701,000	\$697,828	\$710,000	\$730,000	3%
Expenses					
Insurance-Medical Leave	\$50,500	\$40,224	\$55,000	\$55,000	
Insurance-Life/Add Premium (3)	\$30,000	\$26,325	\$30,000	\$0	

Description	2016 Budget	2016 Actual	2017 Budget	2018 Budget	% Change
Insurance Supplement	\$30,000	\$21,376	\$30,000	\$30,000	
Total Health Insurance Exp	\$110,500	\$87,926	\$115,000	\$85,000	-26%
Expenses					
Actuarial Services Retiree Medical	\$14,000	\$11,000	\$14,000	\$16,000	
Insurance-Retiree Current Year	\$390,000	\$276,682	\$375,000	\$380,000	
Insurance-Retiree Med For New Entrants	\$330,000	\$330,000	\$215,000	\$215,000	
Pcori Expense	\$0	\$362	\$600	\$600	
Total Expenses	\$734,000	\$618,045	\$604,600	\$611,600	1%
Net (Income) Loss (4)	\$1,683,700	\$1,546,248	\$1,579,300	\$1,579,300	0%

- (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) Wespath is providing a two year deferral of payments to CPP to allow these funds to be redirected to the shortfall in the pension liabilities as a result of restated mortality tables and poor market performance in 2015. We expect the CPP premium to be reinstated in 2 years in full.
- (3) Beginning in 2018, the life insurance and long term disability insurance will be provided through UM Life Options. These options will be direct billed per employee. This updated program allows participants to purchase additional life and disability insurance beyond the basic level.
- (4) The TOTAL is a 0% increase.

LA 6

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 Wespath during the year 2018 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 Wespath and from a commercial annuity company that provides an annuity arising from benefits accrued under a Wespath 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 Clergyperson’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 Clergyperson’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 Clergyperson 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 7

PRE-1982 SERVICE YEAR RATE FOR 2018

FROM: Board of Pension and Health Benefits

BACKGROUND: Paragraph 1506.7 of the *2016 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 2018 be increased by 0.3%, in accordance with the COLA rate as published by the Social Security Administration in October of 2016, and established at \$765 for approved service of clergy members in full connection, probationary members, associate members and local pastors of the conference.

LA 8

NORTH TEXAS CONFERENCE 2018 COMPREHENSIVE BENEFIT FUNDING PLAN SUMMARY

FROM: Board of Pension and Health Benefits

INTRODUCTION

The 2012 Book of Discipline ¶1506.6 requires that each annual conference develop, adopt and implement a formal comprehensive funding plan for funding all of its benefit obligations. The funding plan shall be submitted annually to Wespath Benefits and Investments (Wespath) for review and be approved annually by the annual conference, following the receipt and inclusion of a favorable written opinion from Wespath. This document is only a summary of the information contained in the actual signed funding plan and does not contain all the information required for a comprehensive view of the conference's benefit obligations. You may request the full contents of the 2018 comprehensive benefit funding plan from your conference benefit office.

CLERGY RETIREMENT SECURITY PROGRAM (CRSP) **Defined Benefit (DB) and Defined Contribution (DC)**

Program overview:

The Clergy Retirement Security Program (CRSP) is an Internal Revenue Code section 403(b) retirement program providing lifetime income and account flexibility designed for those who serve as clergy of The United Methodist Church. The program is designed to provide participants with one portion of their overall retirement benefits. CRSP replaced the Ministerial Pension Plan (MPP) effective January 1, 2007, which had previously replaced the Pre 82 Plan for service rendered prior to January 1, 1982.

CRSP consists of both a defined benefit (DB) plan, which provides a monthly benefit at retirement based upon years of credited service to The United Methodist Church, and a defined contribution (DC) plan, which provides a retirement account balance established and funded by the annual conferences.

Current funding plan information:

The Clergy Retirement Security Program (CRSP DB) annuities total liability as of January 1, 2016, is \$1,422,046,473, while total plan assets are \$1,530,170,830, resulting in a current plan funded ratio of 108%. The North Texas Conference portion of the liability is 1.4159% and the 2018 contribution is \$1,645,551. The conference anticipates that the amount will be funded by direct billing. Additionally, General Conference 2012 approved a change to CRSP that provides each annual conference the discretion to determine whether to cover three quarter and/or half time clergy. The North Texas Conference has elected to cover clergy serving 50%+ under CRSP effective January 1, 2018.

Effective January 1, 2014, the CRSP DC plan was reduced from a 3% to a 2% of plan compensation non matching contribution. Clergy can earn up to an additional 1% CRSP DC contribution by contributing at least 1% of their plan compensation to UMPIP; therefore, if a participant contributes at least 1% of plan compensation to UMPIP, the individual will receive a contribution of 3% to CRSP DC. The 2018 CRSP DC contribution is anticipated to be \$734,701 and will be funded by direct billing.

MINISTERIAL PENSION PLAN (MPP)

Plan overview:

Supplement Three to the Clergy Retirement Security Program (CRSP), also known as the Ministerial Pension Plan (MPP), provides clergy with a pension benefit for their years of ministry with The United Methodist Church from 1982 through 2006. MPP is an Internal Revenue Code section 403(b) retirement plan. MPP requires that exactly 65% of the account balance must be annuitized when the funds are to be distributed. The remainder may be rolled over to UMPIP, another qualified plan or an IRA, or it may be paid in a lump sum.

Current funding plan information:

The Ministerial Pension Plan (MPP) annuities' total liability as of January 1, 2016 is \$3,422,875,264, while total plan assets are \$3,600,174,516, resulting in a current plan funded ratio of 105%. The required contribution for 2018 is \$0. The North Texas Conference's percentage of the total liability is 0.9851%. Future MPP annuitants have a total account balance of \$3,787,199,647 and the North Texas Conference's portion of that balance is \$53,043,568 or 1.40% of the total.

PRE 82 PLAN

Plan overview:

Supplement One to the Clergy Retirement Security Program (CRSP), also known as the Pre 82 Plan, provides clergy with a pension benefit for their years of ministry with The United Methodist Church prior to 1982. The Pre 82 Plan was replaced by MPP effective January 1, 1982. If a clergyperson retires within the Conference (and does not terminate), the minimum benefit payable is based on two factors:

- 1) Years of service with pension credit approved by each conference on the recommendation of the Conference Board of Pensions (CBOP) in accordance with the plan provisions and The Book of Discipline.
- 2) The conference pension rate (past service rate) the dollar amount chosen by the conference as the amount payable for each approved year of service with pension credit (may change from year to year.)

The number of years of service with pension credit is multiplied by the pension rate, and the product is the minimum annual benefit payable to those clergy eligible for Pre 82 Plan benefits. In certain situations, the benefit received from the Pre 82 plan may vary based on the applicability of what is referred to as Defined Benefit Service Money (DBSM), which is the defined contribution feature of the Pre 82 Plan. At the time that a participant retires, the DBSM account is converted to a life based benefit and, at that point, the clergy's benefit is the greater of the PSR or DBSM benefit. If the conference increases the PSR, the clergy's benefit is recalculated; but the DBSM based benefit does not change.

Current funding plan information:

The 2018 PSR recommended to the North Texas Conference will be \$765, representing a 0.3% increase from the 2017 rate. The conference expects future annual increases to be approximately 2.50%.

The contingent annuitant percentage is recommended to remain at the 70% level.

The rationale for these changes is Approved PSR rate is based on COLA rate published every October. The October 2016 rate resulted in a PSR of \$765 instead of the \$782 rate based on an estimated 2.5 increase.

ACTIVE HEALTH BENEFIT PROGRAM**Program Overview:**

The North Texas Conference offers the following active health benefit to its active eligible participants: Self-Funded - HealthFlex.

Current funding plan information:

The total cost of the program for 2018 is anticipated to be \$5,643,334 and will be funded by direct billing. It is anticipated that increases for future years will average 4.50%.

The rationale for these changes is a changed defined contribution amount billed to church from the PPO rate to C2000 rate, resulting in a lower cost to the local church and the conference.

Additional Plan Sponsor Funded Coverage (if applicable)

The North Texas Conference has elected to provide health benefits coverage to the following groups during periods where without plan sponsor-funded premiums the participants would not be provided coverage or benefits (all figures as of 12/31/2016):

1. Clergy or lay on disability (Including pending disability): 4 participants at an estimated cost of \$82,848.

The projected annual cost as of 12/31/2018 for additional plan sponsor funded coverage is \$45,236.

POST RETIREMENT MEDICAL BENEFIT PROGRAM (PRM)**Program Overview:**

The North Texas Conference currently offers OneExchange for Post Retirement Medical coverage.

Current funding plan information:

The plan sponsor's intention for 2018 is to retain current plan benefit. PRM benefits provided are as follows:

Based on the most recent PRM valuation dated 12/31/2016, the following is the funded position of the PRM benefits:

1. Expected Post Retirement Obligation (EPBO) net plan sponsor cost	\$13,960,472
2. Accumulated Post-Retirement Obligation (APBO) net plan sponsor cost	\$10,769,668
3. Assets (in plan and outside) designated for PRM	\$15,000,000

4. Service cost (SC) net plan sponsor cost	\$327,810
5. Unfunded APBO, [3. - 2.]	\$4,230,332
6. Number of annual payments	20
7. Portion of unfunded APBO, [5. / 6.]	\$0
8. Ongoing funding contribution, [4. + 7.]	\$327,810

Future increases/decreases to the assets or APBO will be funded over the duration of the program as calculated in the PRM valuation report, or five years if not available.

These values are based on a 4.10% long term discount rate, a 0.00% long term expected rate of return on assets, and a valuation year medical trend (inflation rate) of 6.50% with an ultimate medical trend (inflation rate) of 5.00%, beginning in 2019.

In addition to the PRM funding contribution listed above, the projected annual plan benefit cost for 2018 (subsidies, HRAs, claims or premiums) is \$398,456.

COMPREHENSIVE PROTECTION PLAN (CPP)

Plan Overview:

The Comprehensive Protection Plan (CPP) provides death, long term disability and other welfare benefits for eligible clergy of The United Methodist Church and their families. It is an Internal Revenue Code 414(e) “church plan” funded by plan sponsor insurance premiums. Generally, clergy are eligible to participate in CPP if they satisfy the eligibility requirements, including full time appointment with plan compensation of at least 25% of the Denominational Average Compensation (DAC). Plan sponsors may elect to cover participants with three quarter time appointments and/or to continue to cover clergy who, due to certain leaves or appointments, are not otherwise eligible to continue coverage.

The CPP adoption agreement executed by the North Texas Conference contains its elections to cover or not to cover categories mentioned above.

Current funding plan information:

For 2018, the North Texas Conference has an expected required contribution to the Comprehensive Protection Plan of \$0. The anticipated average increase in future years is expected to be 2.50% per year due to expected inflation rates. The North Texas Conference will continue to apportion the CPP premium as in years past through the two year deferral of premiums offered by Wespath. The funds apportioned for CPP will be placed in the Retiree Medical Reserve account to cover short term market losses.

UNITED METHODIST PERSONAL INVESTMENT PLAN (UMPIP) FOR LAY AND CLERGY

Plan Overview:

The United Methodist Personal Investment Plan (UMPIP) is an Internal Revenue Code section 403(b) defined contribution retirement savings plan for clergy and lay employees of The United Methodist Church and affiliated organizations. Participants may make before tax, Roth and/or after tax contributions through payroll deductions. Participant contributions, various optional plan sponsor contributions and investment earnings comprise the individual’s retirement account balance.

Current funding plan information:

Conference office lay employees working an average of 32 hours per week or more are eligible after 0 months for a plan sponsor funded pension contribution of 6% of salary. Lay employees are encouraged to make contributions toward their retirement through payroll deductions to the UMPIP. The conference's estimated contribution for 2018 is \$71,882 and will be funded via: apportionments.

The North Texas Conference, as of January 1, 2018 is planning on sponsoring the UMPIP for clergy serving full time and are eligible for a pension contribution of 3% of salary. The conference's estimated contribution for 2018 is \$239,172 and will be funded via direct billing.

OTHER DEFINED BENEFIT (DB) OBLIGATIONS**Plan Overview:**

The North Texas currently offers the following DB benefit(s): Perkins Grants for Need per Endowment. The estimated contribution for 2018 is \$80,000 with the funding sources to be: Perkins Trust Income. The anticipated average increase in future years is expected to be 0.00% per year due to this benefit is funded by the earnings on the Perkins Trust and will not be greater than the amount earned on said endowment. Therefore this amount will change year to year based on earnings. The liability associated with this benefit is estimated to be \$80,000 based on a discount rate of 5.00 %.

Plan Overview:

The North Texas currently offers the following DB benefit(s): Retiree Medical Emergency. The estimated contribution for 2018 is \$3,360 with the funding sources to be: Perkins Trust. The anticipated average increase in future years is expected to be 5.00% per year based on the ultimate health care cost trend rate. The liability associated with this benefit is estimated to be \$80,000 based on a discount rate of 5.00 %.

CONCLUSION

The 2018 Comprehensive Benefit Funding Plan and this summary document incorporates, to the best of our understanding, the North Texas's obligations and funding requirements of the benefits provided to the clergy and laity of the North Texas Conference.

LA 9**FINANCE AND ADMINISTRATION**

FROM: Council on Finance and Administration

INTRODUCTION

The North Texas Conference had an excellent payout of 95.4% of our total apportionments for 2016.

We celebrate that 244 out of 292 churches with apportionments paid 100%. We once again recognize the NORTHWEST District for achieving 100% payment for the 25th year in a row! These pastors, lay leader and District Superintendent Marvin Guier are to be commended!

The total paid for apportionments was \$11,803,139 and the total paid for all benevolent causes beyond the apportionment was an additional \$812,643.

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 2016 *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 2016 FINANCIAL OVERVIEW

1. The 2016 apportionment payout was 95.4%.
2. The total unrestricted and board designated cash held by the conference treasurer at the end of 2016 was \$952,058. The conference treasury held \$952,058 in the operating account, \$5,644,388 in reserves at the Texas Methodist Foundation, and an additional \$25,012,006 in deposits at the General Board of Pension and Health Benefits (Wespath). The deposits at Wespath are designated for pensions and the retiree medical liabilities. As of the end of 2016, we now hold the reserves to fully fund our Past Service liabilities on a funding basis.
3. The 2016 financial reports may be found in the Conference Reports of this workbook.

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 (MHBT). 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 CFA their recommendation that we move all lines of property and liability insurance coverage to MHBT. CFA 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 CFA. The actions of the 2012 General Conference moved that oversight responsibility to the Board of Trustees. CFA 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.

The 2016 -2017 year also turned out to be very costly with hail storms in the spring of 2016, and again in March of 2017. These storms included baseball and softball sized hail that damaged churches from Wichita Falls to Collin County. Fortunately, Dallas County fared a little better this year. The total increase to the churches for 2017-2018 was just under 7%, which included a 15% increase in property but significant decreases in liability and worker's comp.

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 *2016 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 legislative 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 met again in the summer of 2016 to monitor the funding of all of our liabilities and their impact on our apportionments. The team did not recommend any changes in the apportionment for 2018.

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 2018 is a 1.93% increase, which brings the salary to \$117,270. 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

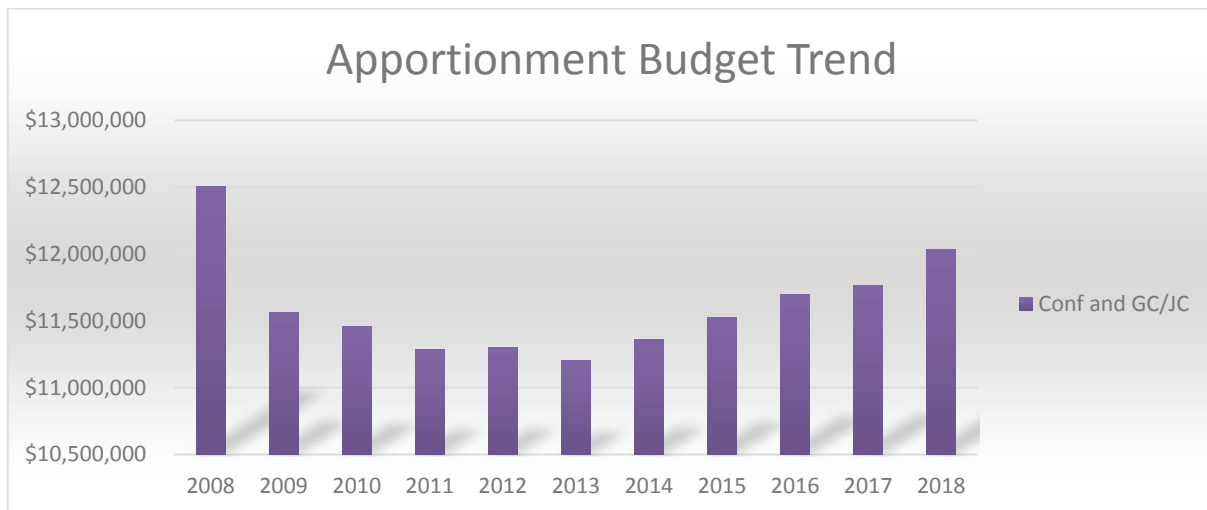
I AUDITOR FOR THE CONFERENCE TREASURY

The Council recommends Ratliff Associates as the auditing firm for the Conference Treasury for the 2017 audit.

II. 2018 APPORTIONMENT BUDGET RECOMMENDATION

BACKGROUND:

CFA 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, and a 1.5% increase for 2015, a 1.5% increase in 2016, and a .96% increase for 2017. CFA is recommending another 2.3% increase in apportionments to a total of \$12,035,528. The total budget remains lower than the amount apportioned in 2008.



Aside from General Conference and Jurisdictional Conference apportionments, the Episcopal Area fund and the District Superintendents Fund, the 2018 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 5.1% increase for a total dollar amount of \$67,506. The Bishop and the Cabinet determined a need to focus on a program called SBC 21 (Strengthening the Black Church 2021). This three year program equips an individual to lead a conference in strategic planning centered on the needs of the black church.

The .8% increase in the request from the Center for Leadership Development results in a total dollar increase of \$13,966. A restructuring of the staff of the Center for Leadership Development along with a slight increase in apportionment funding is providing additional resources for the 2nd year of the Go Camp ministry. This program is designed to serve children and youth in urban centers as well as outlying districts who are currently unable to attend our programs at Bridgeport and Prothro due to overcrowding and access. The first year was well received, and the center plans to expand the program.

The Center for Missional Outreach is requesting an additional \$72,699 in funding, primarily for additional administrative support for the understaffed Missional Outreach programs as well as a small increase for the Zip Code Connection. This translates to a 10.3% increase over the previous year's budget.

The Center for Connectional Resources is requesting a \$1,600 increase net for a .1% overall increase. The Center has taken on the funding of the CCLI licensing for all churches, camps, and Wesley Foundations in order to take advantage of a 30% discount to the local church. The cost of this license is around \$40,000. Most of this cost comes from adjustments in other line items including staff.

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 1.93% increase. Other staff raises averaged 2% including benefits.

The District Administration Fund budgets come from the District Conferences and are set at the District Conferences which are slated for May 21, 2017. 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.

2018 Apportionment Budget Recommendation

	2016 Budget	2016 Actual	2017 Budget	2018 Budget	% Change
GENERAL CONFERENCE APPORTIONMENTS (1)					
World Service	1,795,087	1,682,370	1,845,215	1,900,998	
MEF - Global	462,217	433,193	467,421	481,553	
MEF- North Texas Conference	154,072	144,398	155,807	160,517	
Black College Fund	245,844	230,407	248,600	256,115	
Africa University Fund	55,034	51,578	55,636	57,318	
Interdenominational Coop	48,222	45,194	48,741	50,214	
General Administration Fund	216,729	203,120	219,104	225,728	
Episcopal Fund	578,666	578,666	546,443	562,963	
Sub-Total	3,555,871	3,368,926	3,586,967	3,695,406	3.0%
JURISDICTIONAL CONFERENCE (2)					
Lydia Patterson Institute	73,244	68,645	72,897	72,897	
Mt. Sequoyah Assembly	17,515	7,541	0	0	
Jurisdiction Administration Fund	34,304	32,150	38,258	38,258	
Jurisdictional Reserves	0	0	6,660	6,660	
Sub-Total	125,063	108,336	117,815	117,815	0.0%
TOTAL	3,680,934	3,477,262	3,704,782	3,813,221	2.9%

	2016 Budget	2016 Actual	2017 Budget	2018 Budget	% Change
CENTER FOR NEW CHURCH STARTS AND CONGREGATIONAL DEVELOPMENT					
Administration	15,000	10,446	15,000	15,000	
Staff	357,748	384,168	391,000	468,288	
Training	51,000	26,331	51,000	51,000	
New Church Coaching/Consulting	31,000	12,745	31,000	31,000	
Mission Insight	8,856	8,856	8,856	8,856	
Healthy Church Initiative	98,000	106,962	147,850	147,850	
Future at the Crossroads	30,000	0	30,000	30,000	
New Church Starts	716,365	565,817	648,782	639,000	
Release of Reserves	(23,000)	0	0	0	
TOTAL	1,284,969	1,115,325	1,323,488	1,390,994	5.1%
CENTER FOR LEADERSHIP DEVELOPMENT					
Administration	26,850	31,704	24,900	24,900	
Staff	451,349	443,154	536,362	485,153	
Board of Ordained Ministry	47,470	50,904	48,470	58,470	
Board of Laity	7,500	9,475	7,500	7,500	
Faith & Leadership Formation	41,500	25,368	41,500	41,500	
Texas Methodist Colleges	55,000	51,546	55,000	55,000	
Effective & Fruitful Leaders Program	19,826	25,720	25,826	26,500	
Conflict Management	15,250	9,385	15,500	15,500	
Campus Ministries (4)	560,031	522,041	537,777	537,777	
Equitable Compensation	54,764	68,492	54,764	54,764	
Pastoral Interims and Transitions	136,602	103,283	140,000	140,000	
Emerging Leadership Programs	60,000	35,981	40,000	40,000	
Leadership Dev Standing Committee	3,000	2,986	3,000	3,000	
Bridgeport Camp Program	213,050	202,398	213,050	213,050	
Prothro Camp	100,000	95,000	100,000	100,000	
Urban Camping Ministries	56,000	57,375	17,500	32,500	
SEEK Camp	52,000	40,977	52,000	52,000	
Less Release from Reserves	(131,000)	(140,882)	(59,501)	(20,000)	
TOTAL	1,769,192	1,634,907	1,853,648	1,867,614	0.8%
CENTER FOR MISSIONAL OUTREACH					
Staff	278,558	268,609	284,129	350,978	
Zip Code Connection	200,000	277,678	210,000	230,000	
Advisory Team	19,275	18,686	20,000	18,700	
Christian Unity & Interreligious Concerns	2,500	0	1,500	1,500	
Church & Society	9,500	7,705	4,500	4,500	

	2016 Budget	2016 Actual	2017 Budget	2018 Budget	% Change
Ethnic Local Church Concerns	121,917	102,310	132,600	119,750	
Global Ministries	57,650	48,809	50,500	50,500	
TOTAL	689,400	723,797	703,229	775,928	10.3%
CENTER FOR CONNECTIONAL RESOURCES					
Administration	157,200	154,689	170,500	169,000	
Staff	611,900	540,934	588,100	586,800	
Administrative Agencies	46,000	35,994	82,000	82,100	
Annual Conference	109,770	80,518	105,000	100,000	
Ministry Center Operations	175,900	151,528	157,800	167,100	
Ministry Center Debt Service	260,000	248,040	260,000	260,000	
Moving Fund	117,000	101,935	112,000	112,000	
Board of Pension and Health Benefits	1,683,700	1,546,248	1,579,300	1,579,300	
TOTAL	3,161,470	2,859,886	3,054,700	3,056,300	0.1%
EPISCOPAL OFFICE					
Area Office	75,000	50,456	75,000	75,000	
Episcopal Residence	32,000	32,800	32,000	32,000	
TOTAL	107,000	83,256	107,000	107,000	0.0%
COMMUNICATIONS					
Administration	224,850	163,416	224,850	224,850	
Staff	204,497	205,787	205,613	205,613	
TOTAL	429,347	369,203	430,463	430,463	0.0%
DISTRICT SUPERINTENDENTS (3)					
Staff	491,820	494,556	500,795	510,008	
Administration	85,500	52,659	84,000	84,000	
TOTAL	577,320	547,215	584,795	594,008	1.6%
ANNUAL CONFERENCE TOTAL	8,018,698	7,333,589	8,057,323	8,222,307	2.0%
GRAND TOTAL for GENERAL, JURISDICTIONAL AND ANNUAL CONFERENCE					
	11,699,632	10,810,851	11,762,105	12,035,528	2.3%

Notes:

1. The General Conference apportionments are allocated to the annual conferences based on the expenditures of the annual conference, and adjusted for an income factor related to geographical area. The total increase in General Conference Apportionments is \$108,439 for a 3% increase.
2. The Jurisdictional apportionments are expected to remain the same for each of the four years of this quadrennium.
3. The amount of change in the DS level salary called for in the Standing Rules is 1.93%.

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 2016 church membership of the Annual Conference (less discontinued churches and fellowships = 137,300) into the 2016 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 2016 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 = \$86,829,483). 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 10**RESOLUTION CONCERNING COCHRAN CHAPEL UMC**

FROM: Commission on Archives and History

WHEREAS on the date of July 11, 1856, Nancy Jane Cochran gave by handwritten deed two acres of land that she had surveyed herself in Dallas County near what is now the southwest corner of Northwest Highway and Midway Road to the Methodist Episcopal Church South for the sum of \$1.00,

THUS making it possible for the two Methodist societies of Webb Chapel and Cedar Springs to merge and build a church that would be large enough to accommodate both societies in a location that was halfway between the two societies.

WHEREAS this property became the first piece of deeded and dedicated church property in Dallas County,

AND AS this property continues to this day known as Cochran Chapel United Methodist Church, offering Jesus Christ to the world;

AND IS RECOMMENDED by the Commission on Archives and History for the North Texas Annual Conference United Methodist Church by email and telephone polling April 14, 2017 with 86% in favor.

THEREFORE BE IT RESOLVED by the North Texas Annual Conference meeting June 4-6, 2017 in Richardson, Texas, that “Cochran Chapel United Methodist Church be approved for application to the General Commission on Archives and History of the United Methodist Church for registration as a United Methodist Historic Site.”



John W. Dillard, Chair, NTC Commission on Archives & History

April 14, 2017

Date

LA 11

DESIGNATION OF UMC OWNED PROPERTY AS CULTURAL, HISTORICAL, OR ARCHITECTURAL LANDMARK

FROM: Annual Conference Board of Trustees

BACKGROUND: Paragraph 2512 of the *2016 Book of Discipline of the United Methodist Church* recommends the Annual Conference establish a policy for a local congregation to follow should the congregation voluntarily or involuntarily pursue a cultural, historical, or architectural landmark designation. These procedures are in place to protect the local congregation from excessive governmental entanglement in the management and repair of its facilities, and in the event the congregation seeks to relocate. The *Discipline* also seeks to protect the interest of the Annual Conference as a whole in the event the local church closes, in which case the property would need to be either sold or repaired such that the property could be used for worship by a new congregation.

LEGISLATION: WHEREAS, Paragraph 2512.7 of *The 2016 Book of Discipline of The United Methodist Church* directs that “the board [of trustees of the annual conference], after consultation with the conference commission on archives and history, . . . shall develop a policy for an annual conference response, on behalf of any local church, Church-related agency, or district or annual conference board of trustees located within the bounds of the annual conference, to any governmental effort to designate a property held in trust for the benefit of The United Methodist Church (§2501) by any such board of trustees as a cultural, historical, or architectural landmark.”

WHEREAS, governmental designation of church-owned real property as a cultural, historical, or architectural landmark severely infringes upon and restricts the rights of the church as a property owner and as a religious institution.

WHEREAS, governmental designation of church-owned real property can cause a reduction in the market value of the property.

WHEREAS, the exterior facade of a building may not be altered without governmental permission.

WHEREAS, depending on governmental requirements, alterations of the interior may be forbidden without governmental permission.

WHEREAS, improvements (such as buildings) on the property are either forbidden to be demolished, or can be demolished only after extensive and expensive applications and hearings.

WHEREAS, sale of landmarked property, when it is no longer required for church purposes, becomes almost impossible; a buyer is not given the freedom to demolish the structures on the property or to use it as he/she sees fit. Such limitations would render church-owned property virtually unable to be sold in the future.

WHEREAS, the church could be blocked from transforming the donations given in the past to establish real property for United Methodist use into new establishments for United Methodist Church use, a promise made to the donors at the time their donations were originally solicited.

WHEREAS, in exchange for such limitations on the use of property, governmental bodies typically will compensate the property owner for such reduction in property value and limitations on development and use by allowing federal and state income tax credits against actual expenditures made for future rehabilitation work done to the property. Such income tax credits are worthless to a church, however, because a church does not pay income taxes.

WHEREAS, because of the restrictions and infringements upon the rights of the church as a property owner and religious institution, in general such governmental designations should be discouraged.

WHEREAS, there may be, however, instances when allowing such a land-marking to take place is in the best interests of both the public and the church.

NOW, THEREFORE, BE IT RESOLVED:

THAT the following principles are established as the policy of the North Texas Annual Conference:

1. Any church Board of Trustees which voluntarily wishes to cooperate with a governmental body in having that property landmarked which that church Board of Trustees holds in trust for The United Methodist Church shall do the following:
 - a. Comply with the provisions of ¶s 2515, 2517.2, 2539, 2540, 2541, and/or 2543 (as appropriate) of *The 2016 Book of Discipline of the United Methodist Church*, just as if such land-marking were a sale of the property.
 - b. Obtain a majority vote of the Bishop and Cabinet, combined, approving such a voluntary land-marking of church-owned property.
2. On behalf of the North Texas Annual Conference, the Annual Conference Board of Trustees, as the designated successor in interest to church-owned property held in trust for the United Methodist Church under ¶2549.3 of *The 2016 Book of Discipline of the United Methodist Church*, and as the designated agency “to intervene and take all necessary legal steps to safeguard and protect the interests and rights of the annual conference anywhere and in all matters relating to property and rights to property” of any of its agencies, organizations, or local churches under ¶2512.4, is directed to intervene, at the request of the superintendent of the district in which the affected property is located, to oppose any governmental effort to involuntarily designate any such property as a cultural, historical, or architectural landmark. This intervention may include engaging what legal or professional counsel is needed. Such intervention may include opposing such land-marking designation in any or all state or federal courts, if necessary and appropriate. The Annual Conference Board of Trustees may, at its discretion, undertake such intervention by financial assistance to the affected Board of Trustees. Such funding

shall come first from any positive balance in the Annual Conference Trustees reserve funds. Additional funding, if necessary, may be requested from the Annual Conference Council on Finance and Administration.

LA 12

CLOSING OF CANEY UMC (SALEM-KINSER CHARGE) –EAST DISTRICT

FROM: North Texas Conference Trustees

BACKGROUND: Because only a small number of members remain at the Caney 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 the property be sold and the proceeds from the sale be used to start a new church in the East District or within the conference in accordance with the *2016 Book of Discipline Paragraph 2549.7*.

LA 13

CLOSING OF OWENWOOD UMC – METRO DISTRICT

FROM: North Texas Conference Trustees

BACKGROUND: Because only a small number of members remain at the Owenwood 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 the property be under custodial care of the Board of Trustees.

LA 14

MERGER OF BYERS AND PETROLIA UMC –NORTHWEST DISTRICT

FROM: North Texas Conference Trustees

BACKGROUND: Because only a small number of members remain at the Byers UMC they agreed to merge with the Petrolia UMC. Members of the Byers UMC concluded that now is the time to close and merge with the Petrolia UMC.

LEGISLATION: The North Texas Conference Board of Trustees recommends that the property and other assets of the Byers UMC be merged with the Petrolia UMC. Petrolia UMC will receive all of the existing Byers assets, cash, and property, liquidate assets as they deem necessary, pay off any outstanding liabilities owed to the conference or other entities from those proceeds, and retain the remaining assets of Byers UMC assets in accordance with the *2016 Book of Discipline Paragraph 2546*.

**RATIONALE FOR PROPOSED CONSTITUTIONAL AMENDMENTS
THE UNITED METHODIST CHURCH
VOTED GENERAL CONFERENCE MAY 2016**

- I. (New ¶ 6) The Constitution contains a paragraph on racial justice but not one on gender justice. The language of this petition is parallel to the language of Article 5 on racial justice already in our Constitution. It is an affirmation that, as part of our core foundational beliefs, this church will forever stand against any actions, organizations or individuals that discriminate or dehumanize women and girls anywhere on this planet.
- II. (¶ 4) Adding “gender” (meaning male and female) to the Constitution affirms and protects The United Methodist Church’s commitment to gender equity throughout our worldwide connection. “Gender” is the disciplinary term for fair treatment of women and men (e.g., ¶16). The addition of the proposed final clause allows gender-specific groups like United Methodist Women and United Methodist Men.
- III. (¶ 34) The provision in ¶ 13. *Article I. 2*, “Delegates shall be elected in a fair and open process by the annual conferences,” is unduly vague. The addition of this one sentence to paragraph 34 of *The Book of Discipline* helps clarify that General Conference delegates shall be elected by the body of annual conference instead of simply being appointed by the bishop. Bishops appointing delegates without delegates being properly elected has been a practice in some central conferences.
- IV. (¶ 46) As is the case for the jurisdictions, episcopal elections in the central conferences should be held in the regular sessions of those conferences, except when unexpected vacancies occur because of the death or early retirement of one or more bishops.
- V. (¶ 50) Judicial Decision 475 ruled unconstitutional the Council of Bishops holding its individual members accountable for their work, referencing ¶ 50 of the Constitution. This legislation follows Judicial Decision 1275 requirement of a legislative resolution from General Conference so the Council of Bishops may provide oversight of its members.

**2016 GENERAL CONFERENCE
The United Methodist Church**

LA 15

Proposed Constitutional Amendment – I

On May 16, 2016, at a session of the General Conference of The United Methodist Church held in Portland, Oregon, the following Constitutional Amendment was adopted by a recorded vote of 746 Yes, 56 No (Calendar Item 121, *DCA* p. 2106). It is now presented to the Annual Conferences for vote.

In the 2012 *Book of Discipline*, Division One, add a new paragraph between current ¶¶ 5 and 6:

As the Holy Scripture reveals, both men and women are made in the image of God and, therefore, men and women are of equal value in the eyes of God. The United Methodist Church recognizes it is contrary to Scripture and to logic to say that God is male or female, as maleness and femaleness are characteristics of human bodies and cultures, not characteristics of the divine. The United Methodist Church acknowledges the long history of discrimination against women and girls. The United Methodist Church shall confront and seek to eliminate discrimination against women and girls, whether in organizations or in individuals, in every facet of its life and in society at large. The United Methodist Church shall work collaboratively with others to address concerns that threaten the cause of women's and girl's equality and well-being.

If voted and so declared by the Council of Bishops, this would become the new ¶6, and the current ¶¶ 6-61 would be renumbered as ¶¶ 7-62.

AND

LA 16

Proposed Constitutional Amendment – II

On May 20, 2016, at a session of the General Conference of The United Methodist Church held in Portland, Oregon, the following Constitutional Amendment was adopted by a recorded vote of 509 Yes, 242 No (Calendar Item 429, *DCA* p. 2212). It is now presented to the Annual Conferences for vote.

In the 2012 *Book of Discipline*, Division One, ¶4, *Article IV*, amend by deletion and addition as follows:

After “all persons” delete “without regard to race, color, national origin, status, or economic condition”. After “because of race, color, national origin,” delete “status,” and add “ability”. At the end of the paragraph, add “nor shall any member be denied access to an equal place in the life, worship, and governance of the Church because of race, color, gender, national origin, ability, age, marital status, or economic condition.”

If voted and so declared by the Council of Bishops, ¶ 4 would read:

The United Methodist Church is part of the church universal, which is one Body in Christ. The United Methodist Church acknowledges that all persons are of sacred worth. All persons shall be eligible to attend its worship services, participate in its programs, receive the sacraments, upon baptism be admitted as baptized members, and upon taking vows declaring the Christian faith, become professing members in any local church in the connection. In the United Methodist church, no conference or other organizational unit of the Church shall be structured so as to exclude any member or any constituent body of the Church because of race, color, national origin, ability, or economic condition, nor shall any member be denied access to an equal place in the life, worship, and governance of the Church because of race, color, gender, national origin, ability, age, marital status, or economic condition.

AND

LA 17**Proposed Constitutional Amendment – III**

On May 16, 2016, at a session of the General Conference of The United Methodist Church held in Portland, Oregon, the following Constitutional Amendment was adopted by a recorded vote of 767 Yes, 22 No (Calendar Item 111, *DCA* pp. 2105). It is now presented to the Annual Conferences for vote.

In the 2012 *Book of Discipline*, Division Two, Section VI, ¶ 34, *Article III*, (2016 *Book of Discipline*, Division Two, Section VI, ¶ 34, *Article III*) amend by addition as follows:

After the first sentence, add, **“Such elections shall include open nominations from the floor by the annual conference, and delegates shall be elected by a minimum of a simple majority of the ballots cast.”**

If voted and so declared by the Council of Bishops, ¶ 34 would read:

The annual conference shall elect clergy and lay delegates to the General Conference and to its jurisdictional or central conference in the manner provided in this section, Articles IV and V. Such elections shall include open nominations from the floor by the annual conference, and delegates shall be elected by a minimum of a simple majority of the ballots cast. The persons first elected up to the number determined by the ratio for representation in the General Conference shall be representatives in that body. Additional delegates shall be elected to complete the number determined by the ratio for representation in the jurisdictional or central conference, who, together with those first elected as above, shall be delegates in the jurisdictional or central conference. The additional delegates to the jurisdictional or central conference shall in the order of their election be the reserve delegates to the General Conference. The annual conference shall also elect reserve clergy and lay delegates to the jurisdictional or central conference as it may deem desirable. These reserve clergy and lay delegates to the jurisdictional or central conferences may act as reserve delegates to the General Conference when it is evident that not enough reserve delegates are in attendance at the General Conference.

AND

LA 18**Proposed Constitutional Amendment – IV**

On May 20, 2016, at a session of the General Conference of The United Methodist Church held in Portland, Oregon, the following Constitutional Amendment was adopted by a recorded vote of 621 Yes, 15 No (Calendar Item 468, *DCA* p. 2217). It is now presented to the Annual Conferences for vote.

In the 2012 *Book of Discipline*, Division Three, ¶ 46, *Article I*, amend by addition, as follows:

To the end of the paragraph, add **“provided that episcopal elections in central conferences shall be held at a regular, not an extra, session of the central conference, except in the case where an unexpected vacancy must be filled.”**

If voted and so declared by the Council of Bishops, ¶ 46 would read:

The bishops shall be elected by the respective jurisdictional and central conferences and consecrated in the historic manner at such time and place as may be fixed by the General Conference for those elected by the jurisdictions and by each central conference for those elected by such central conference, provided that episcopal elections in central conferences shall be held at a regular, not an extra, session of the central conference, except in the case where an unexpected vacancy must be filled.

AND

LA 19

Proposed Constitutional Amendment – V

On May 17, 2016, at a session of the General Conference of The United Methodist Church held in Portland, Oregon, the following Constitutional Amendment was adopted by a recorded vote of 715 Yes, 79 No (Calendar Item 446, *DCA* p. 2214). It is now presented to the Annual Conferences for vote.

In the 2012 *Book of Discipline*, Division Three, ¶ 50, *Article VI*, amend by addition, as follows:

After the last paragraph, add “**These provisions shall not preclude that adoption by the General Conference of provisions for the Council of Bishops to hold its individual members accountable for their work, both as general superintendents and as presidents and residents in episcopal areas.**”

If voted and so declared by the Council of Bishops, ¶ 50 would read:

The bishops, both active and retired, of The Evangelical United Brethren Church and of The Methodist Church at the time union is consummated shall be bishops of The United Methodist Church.

The bishops of The Methodist Church elected by the jurisdictions, the active bishops of The Evangelical United Brethren Church at the time of union, and bishops elected by the jurisdictions of The United Methodist Church shall have life tenure. Each bishop elected by a central conference of The Methodist Church shall have such tenure as the central conference electing him shall have determined.⁹⁴

The jurisdictional conference shall elect a standing committee on episcopacy to consist of one clergy and one lay delegate from each annual conference, on nomination of the annual conference delegation. The committee shall review the work of the bishops, pass on their character and official administration, and report to the jurisdictional conference its findings for such action as the conference may deem appropriate within its constitutional warrant of power. The committee shall recommend the assignments of the bishops to their respective residences for final action by the jurisdictional conference.

These provisions shall not preclude that adoption by the General Conference of provisions for the Council of Bishops to hold its individual members accountable for their work, both as general superintendents and as presidents and residents in episcopal areas.