

VIII. REPORTS

A. MICHIGAN CONFERENCE CABINET DEAN'S REPORT

Bishop, colleague superintendents, clergy and laity of the Michigan Annual Conference, guests; I am grateful today for this opportunity to share with you. I have been incredibly blessed to serve these past six years with two wonderful Bishops and to work alongside incredibly talented and grace filled superintendents. I have been honored to work with the clergy and laity of the Grand Rapids and Heartland Districts and to be a part of the incredible ministry that is happening all across our state. I am genuinely thankful for these six years.

I want to begin this morning by taking you back about 30 years to a warm fall afternoon. I was flying home to Michigan from an event in Texas and I had a several-hour layover in Cincinnati. My sister lived there at the time and she came to the airport so we could have an hour or two to visit before my flight home. My sister worked as a level 5 Administrative Assistant for General Motors in those days, and as we caught up on family and other issues, our conversation shifted to her work. She began talking about the struggles GM was facing with the influx of foreign competition from Honda and Toyota and as we talked I had something of an epiphany. It struck me, as I listened to my sister describe the current business situation in her company, that the auto industry and the church had done exactly the same thing. Both of us had made the same significant miscalculation. Both GM and the Church had looked at the realities of the 1950s and 1960s and assumed throughout the 1970s and then into the 1980s that the same realities that had been present then would simply continue into the future. GM, it seemed to me, had taken the attitude, "where else are they going to buy cars?" so it allowed, in too many cases quality and innovation to slide.

The church, often ignoring what was happening in the culture around us, assumed that people would just keep coming as they always had whether we paid attention or sought to be relevant or not. And year by year we continued these patterns and both the church and the car companies saw a consistent and continual decline. We of the church in many places, behaved in ways that exacerbated our situation in the years following. We fought vehemently the changes that, had we made them back then, could have created a difference situation today. For decades we fought worship wars and resisted the multitude of prophets who wrote books telling us to get out beyond our enclaves and make a difference in world. We continued to delude ourselves into believing that the old pattern of United Methodist's moving from Lansing to Detroit finding a United Methodist church there and serving on three committees, would not change even as Brand loyalty continued to be a thing of the past. And so we have, over every one of the 38 years I have been in ordained ministry, watched as our churches and our Annual Conferences have declined. We've watched as the average age of United Methodists has risen year by year. We've watched as young people have looked on with amazement and disbelief at both the things that we were willing to die for and the things we didn't seem to care about at all. And they have drifted away. And as we sit here this morning we are awaiting with significant levels of anxiety and uncertainty the special General Conference meeting next February to try to find a "Way Forward" as we deal with our 46 year-old struggle over human sexuality.

These friends, are challenging days! They are times perhaps not so much dissimilar, to the days Judah faced in the Scripture that was read just a few moments ago.

While we don't have time to delve deeply into this text, let me remind us basically what's going on. Judah is under siege. Babylon is just about to finish off the southern kingdom and take the best and the brightest into captivity. Jeremiah who clearly sees what's coming

is being pressured by a relative to follow the custom and the law and buy from him a piece of land that within a very short time will be property of the Babylonians. My image for this scene is a guy trying to unload his beach front property just before the tsunami hits! If we had been Jeremiah we probably would have said, “nice try” but get lost. But that’s not what Jeremiah does. Instead he takes great pains to be sure the sale is recorded properly and the deed kept safe. Why? Because Jeremiah has faith. Jeremiah believes that just because the Babylonians are at the door doesn’t mean it’s over. Just because they have made mistakes and it feels like God is far away doesn’t mean that God is. Jeremiah looked forward, beyond the challenges of the present moment, and he did so with hope and aspiration. I like that.

And as I thought about it, I think it’s maybe a little bit like starting a new Annual Conference when you have been in decline for decades and you don’t have any idea what’s going to happen come next February. It’s a step of faith. It’s a step of faith that says we’re moving forward. We’re engaging the mission anyway, because we know, as so many have said this week, we have work to do! We’re going to create a new Conference who’s vision and mission is the creation Christ Centered Mission and Ministries, Bold Effective Leaders, and Vibrant Congregations because we know that’s what’s needed and we believe it’s what God is calling us to be and to do. We’re not going to wait and see, we’re going to engage our faith and move into the future with a confidence that whatever is decided at General Conference, whatever struggles we may continue to face there’s a place for all of us in our calling to embrace the task of loving our neighbors and building the Kingdom of God on earth even as it is in heaven.

The car companies came back. A new normal settled in to be sure. Things were not the same. Market share shifted, and partnerships were formed. But they adapted, and they have products that are competitive and even superior because they chose to move beyond old patterns, beyond the assumptions, even beyond the mistakes of the past in order to reach forward into a positive new reality.

And friend we are moving in that same direction as the church. In order to get there, we’ll have to do some things and we’ll need to let go of some things. After serving six years as a superintendent I am convinced that one thing we will have to do is let go our addiction to our buildings. You know one of the lessons the Jewish exiles learned in captivity was that God wasn’t in the Temple. They discovered, much to their surprise, that they could find God wherever they were, IF they sought and served God. We need a similar revelation in our day as well.

We’ll have to welcome change. We’ll have to imagine things we’ve never imagined before. We’ll have to allow ourselves to dream and allow God to show us what the church might be, could look like, as we seek to follow God into our communities in this constantly shifting culture we live in.

But here’s what I believe... we can do it! We really can. And we know how to do it! We have been talking about it all week. We have heard at least a hundred ideas this week about how to do. The question is, as Naomi put it to us yesterday, are we willing? It’s not a knowledge issue, is it? It’s a heart issue.

Yes, we are in a challenging place. But we have been here before and we have been led through to good places of hope and life.

So here’s what I propose: Let’s purchase and register that land. Let’s engage this new Annual Conference and all the new possibilities God puts before us with hope and faith. Though it may feel sometimes like the Babylonians are at the door, let us defiantly proclaim that there

is a future for us. A future filled with mission and meaning. And may we enter that future with faith, with energy, with everything we've got, as Bishop and Cabinet, as the Directors Table, as 9 Districts and 880 Churches, as Laity and Clergy, as sisters and brothers in Christ; as the Michigan Annual Conference. Thanks be to God. Amen.

*Rev. William Haggard
District Superintendent, Dean of the Michigan Conference Cabinet*



— WMC Photo

B. DESIGN TEAM AND LEGAL AND FINANCIAL TASK FORCE

Findings and Recommendations

At Annual Conference 2017, a resolution was adopted creating a Legal and Financial Task Force to examine the many legal and financial implications of the Nine District Plan, also adopted at 2017 Annual Conference. This resolution required the Task Force to present its Findings and Recommendations by February 1, 2018. These Findings and Recommendations are presented by both the Design Team and the Task Force.

1. Finding #1 – Incorporation of Districts: All new Districts in the Michigan Conference should be incorporated pursuant to the Michigan Non-Profit Corporations Act.
 - a. Background: In the DAC, one District is incorporated – the Detroit Renaissance District. Other DAC Districts have incorporated District Boards of Mission and Church Extension. In the DRD, the United Methodist Union of Greater Detroit serves as the DRD Board of Mission. In the WMC, the Districts are not incorporated.
 - b. Liabilities: While in the for-profit world corporations are usually formed to protect assets and isolate liabilities, there is limited need to incorporate the new Districts of the Michigan Conference for these purposes.
 - c. Benefit: There is still a significant benefit to the incorporation of Districts to increase ownership of ministries and missions on the District level.
 - d. Recommendations:
 - 1) *That all nine new Districts shall be incorporated by January 1, 2019;*
 - 2) *That the Conference Chancellor shall prepare Articles of Incorporation and Bylaws for each of the new Districts; and that Bishop Bard will be the incorporator and the Michigan Conference shall be the member;*
 - 3) *That upon approval of the Boards of Trustees, the Bishop's office, working with the Conference Chancellor(s) may perform such tasks as are necessary to implement this and the following recommendations.*

2. Finding #2 – District Boards of Mission: All nine new Districts in the Michigan Conference should have a District Board of Missions that can use invested funds for District missions and ministries, and that these District Boards of Mission should not be separately incorporated. They should become part of the District Leadership Team. (See Finding # 3).
 - a. Background. In the DAC, each District (except the DRD) has a separately incorporated District Board of Mission and Church Extension which has held and managed invested funds, using earnings to provide for a wide variety of District missions and ministries. Over the years, these Boards have operated with varying degrees of independence from their District and Conference leadership. The WMC has no such active Boards of Mission and Church Extension (the Grand Traverse District has an incorporated Board of Mission and Church extension that is not active).
 - b. UM Union of Greater Detroit: In the greater Detroit area, and in the DRD, the UM Union of Greater Detroit has operated as the District Board of Mission and Church Extension. It should continue to operate as is and continue to perform that function for the new District in which the City of Detroit resides.
 - c. Mission Alignment. Conference and District mission alignment can be improved by a closer working relationship between Conference Leadership, District Leadership and the District Boards of Mission.

- d. Assets. With the new geographic alignment of the new District, there needs to be a plan to fairly distribute assets held by the existing District Boards of Mission to the new Districts.
- e. Recommendations:
- 1) *That each new District shall have a District Board of Missions to continue mission and ministry at the District level; and that these shall not be separately incorporated (See Finding # 3 for District structure).*
 - 2) *That the Bishop's office, the Conference Boards of Trustees, the Conference Chancellors and the District Superintendents shall work with existing Boards of Mission and Church Extension to merge them into the newly incorporated Districts by January 1, 2019;*
 - 3) *That the UM Union of Greater Detroit shall continue to function as the District Board of Missions for the District in which the City of Detroit resides;*
 - 4) *That the Legal and Financial Task Force shall form a sub-committee to analyze and implement financial sharing with the goal of fairly funding the new District Boards of Mission. This financial sharing shall consist of: a) per church allocations to new Districts, and b) possible start-up generosity to new Districts with lesser assets in order to achieve a minimum District Board of Missions fund of \$250,000.*
3. Finding # 3 – District Structure: The Michigan Conference should provide a basic District organizational structure for all of the nine new Districts.
- a. Background. *The Book of Discipline* provides limited guidance related to District structure, only requiring three committees and a Lay Leader.
 - b. Balance. In the new Michigan Conference, it is important to balance the need for consistent structures in each new District with the need for District freedom, flexibility and contextualization.
 - c. Basic Structure. The Conference should prescribe a minimum structure beyond the *Book of Discipline* to achieve consistency among the nine districts. The “governance model” is the most appropriate way forward. The governance model will generally combine non-Disciplinary functions in a Leadership Team elected by the District Conference.
 - d. Recommendations.
- 1) *That the “governance model” shall be the basic District organizational structure in all nine new Districts and that each District shall be led by a District Conference and a Leadership Team;*
 - 2) *That the Legal and Financial Task Force and the Design Team shall present to the Annual Conference at its 2018 session legislation to amend the Michigan Conference Plan of Organization to include a new Section 11- Basic District Structure, attached as Exhibit A;*
 - 3) *That beyond the basic District structure, each District Conference should have freedom and flexibility to structure itself as it determines;*
 - 4) *That the Full Cabinet shall plan and implement training for Districts on the operation of the new Districts pursuant to new Section 11, including training for District Treasurers.*
4. Finding #4 – Policy on Use of Proceeds of Sale: The Legal and Financial Task Force and Design Team should recommend a policy related to the use of the proceeds of the sale of church properties that applies to the Michigan Conference.

- a. **Background:** The closing of more churches in the last several years has produced funds to be used for a variety of purposes. The two conferences have different practices related to the use of the proceeds of sale. The DAC has typically sent these proceeds to the District Boards of Mission and Church Extension. The WMC has typically maintained all of these funds in the Conference or earmarked for the specific District when proceeds are from an urban setting as defined by the *Book of Discipline*.
 - b. **Both/And:** The proceeds of sale should generally be used for new church starts and church re-development; and that both the Conference and the District have a role in this.
 - c. **Recommendation:** *That the Design Team and the Boards of Trustees of both Conferences shall adopt and then present a policy for the Michigan Conference providing for 50% of the proceeds of sale shall go to the Conference and 50% to the District.*
5. **Other Recommendations:**
- a. **Employment Matters:** *Notwithstanding the incorporation of the new Districts, District Administrative Assistants shall be employees of the Michigan Conference. Future possible employees working in a new District will be employees of that District.*
 - b. **Property Ownership:** *Notwithstanding the incorporation of the new Districts, the Michigan Conference Board of Trustees shall continue to be the owner of all property currently owned by the DAC, the WMC and the Michigan Area. Future possible property to be acquired in a District should become property of the Michigan Conference unless there are compelling reasons for it to be owned by the District.*
 - c. **District Apportionments:** *Congregations shall continue to pay Conference and District apportionments and ministry shares for 2018 regardless of the commencement of operations of the new Districts on 7/1/18. In the future, District Conferences of the nine new Districts may establish District apportionments in their discretion.*
 - d. **Other Entities:** *The Bishop's Office, the Conference Chancellors and the District Superintendents shall take such action as is necessary to update ownership of other currently held District assets to reflect the new corporate entities. (e.g. The BWD Free Store and Camp Michigamme) in alignment with the nine District structure.*