

## **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 Michiganamme) in alignment with the nine District structure.*