The complexities revolving around communication in the church are always challenging. Over the past year we have witnessed some improvements in our commitment to share information, stories, and data, along with a greater capacity to deliver messages. Here are some highlights of directions which the Texas Annual Conference is embracing.

Bishop Huie was involved with a conference-wide, district-by-district itineration in the fall of 2010. The results of those meetings with clergy and laity yielded a rich treasury of concerns, and the content will guide our on-going assessment of our conference vision and mission. More specifically, this office and the Conference Lay Leader will be working through the District Leadership Teams and district representation on the Core Leadership Team to create venues for continued discernment and strategy, based upon what our broader constituency has shared.

The United Methodist Summit which was held in April 2011, with United Methodists all over the world, connected via internet web-conference to consider major issues facing the denomination. This first-ever event heralded a new approach to holy conferencing and was able to include any United Methodist anywhere in the world! We continue to find appropriate ways to “gather,” which accomplishes the intended results without the stress of travel and time away from home or office.

An emerging trend in numerous local congregations is the utilization of a magazine medium to convey information in a colorful, in-depth manner. With the approval of the Council on Finance & Administration, the annual conference will develop several magazine issues over the course of this year, so that we can bring wonderful stories and images to leaders in all our congregations. This will complement the outstanding news coverage and event promotions already present in the “Cross Connection” and on our TAC website.

As the denomination has been “rethinking church,” the Texas Annual Conference has been rethinking communications. The 2010-2011 conference year got underway with the annual communications breakfast, at which the Rev. Ken Sloane, Communications Ministry Director of United Methodist Communications, updated the TAC gathering on the UMC’s Rethink Church campaign. As communicators rethink the ways in which they connect with the community and share their faith stories, the TAC communications ministry has employed strategies this year that are as diverse as the people served by them. From podcasts to Facebook to newspapers and videos there was a multifaceted approach to raising awareness of conference events and initiatives.

The Cross Connection newspaper continues to be informative and engaging, as more churches are empowered to tell their faith stories. The Local Church Ministry Snapshot section was expanded – providing another forum to focus on the fruitful ministries of churches throughout the connection. It also is the newspaper’s practice to promote the theme of the Annual Conference gathering throughout the year. So, the 2010-2011 Cross Connection featured countless stories of
Extravagant Generosity. Editions of the Cross Connection (dating back to 2006) are archived online at www.txcumc.org/crossconnection.

The Cross Connection, which is distributed twice monthly, stands at a circulation of approximately 5,000. All clergy receive a free subscription. Each local church receives 8 free copies per 100 members. (The names of those to receive the paper should be submitted in a church’s charge conference packet.)

The TAC web site continues to be fine tuned to meet the needs of online users. Following the major re-design of the site in 2010, the web content manager has continued to realign information in the most efficient manner. All conference Boards Councils and Committees have been reorganized in one location under the Directories tab. A concise departmental listing of all TAC staff was added under Directories (with photos!). For the first time, there is immediate access to all district web sites from the footer of Conference web site.

Among the web site innovation this year, is a listing of links to local church media pages and a weekly list of links to recent sermons in the conference. Not only is there more news on the conference web site, but there is increased content and engagement through the conference Facebook page. Visit http://www.txcumc.org/facebookfan to become a “fan” of the TAC on Facebook if you have not already. When you become a fan, you will receive updates and alerts directly to your Facebook account and/or mobile device.

There also were innovations this year in the area of Journal production. The switch to an all-digital Journal in 2009 occurred with some lamentation regarding the lack of immediate access to the directories and other frequently-used section. In response to this need, an abridged Journal was printed to complement the digital version. The abridged journal comprised three of the most widely-used sections – Officers and Delegates; Boards, Councils, Committees, Commissions, and Lay, Clergy and Surviving Spouse directories.

The mission of the TAC communications ministry is to articulate the vision and mission of the Annual Conference to the local church and beyond; to assist ministries in sharing their faith stories and to support Conference efforts to equip local churches to make disciples. The team is committed to telling the story of the United Methodist Church on every level – nationally, conference-wide and on the local church level – recognizing that each is a vital component of the Connectional church. The Communications Committee will strive to share ideas that will enhance the ministries and empower people to live the mission of the Church: to equip congregations to make disciples of Jesus Christ for the transformation of the world to the glory of God.

“We’ve a story to tell the nations,” and, we need your help to do so. Share your stories, story ideas, ministry photos, videos, audio files and more with the Texas Conference Office of Communications. The story is not complete, without your ministry’s voice.

The Nominations Report is being finalized at this time and will be distributed at the Texas Annual Conference 2011 session.

Traveling throughout the Annual Conference with Bishop Huie and Rev. B.T. Williamson in September was a wonderful experience. Not only did I have to opportunity to meet many new
people, I also saw many of you whom I usually see only at Annual Conference. The key learning for me at these meetings, with both clergy and laity, is that we are all afraid of where the church is going. We’re concerned that if we change we will lose the things we love about our churches, even while recognizing that if we do not change we will continue to decline in membership and relevance. While we all believe that with God all things are possible, our spiritual lives are overshadowed by fear. As our entire country has gone through difficult financial times, we in the Texas Conference have also been affected by the economy. Many of the changes we need to make to ensure that our churches are vibrant, growing congregations reshaping futures and changing lives, have little to do with finances. Much of the change must come from within each and every one of us. It will take courage, conviction and lots of faith. This will be the focus of the lay development and leadership in the coming year.

Core Leadership Team
Quadrennial Assessment Report

Rationale

The Vision & Mission of the Texas Annual Conference are effective when evaluated through an assessment process that exemplifies accountability. This is the culture of all we do in ministry, and its practices are ongoing. We seek objective data from which recommendations can be presented concerning:

- Progress in achieving our Vision & Mission
- Fruitfulness of our overall structure
- Effectiveness and efficiency in our Vision & Mission
- Continuous improvement of the Vision & Mission
- Correction of any deficiencies identified

Purpose

The Quadrennial Assessment will accomplish two objectives. First of all, the Assessment will review the progress of our strategic initiatives evidenced at the Conference, Center, District, and Local Congregational levels. Secondly, the Assessment will review the allocation of resources, financial and personnel, to accomplish the initiatives.

Scope

In order to conduct an objective assessment of the work of the Texas Annual Conference, the 2007 Session authorized the Core Leadership Team to secure the services of an outside consultant(s). The Journal from 2007, Page F-5 specifies the responsibilities of this inquiry. Thus the scope of the assessment would include, but not be limited to the following tasks:

- Assess the progress in achieving the Mission (“equipping congregations to make disciples of Jesus Christ for the transformation of the world”) and Vision (“vital, healthy congregations changing lives and re-shaping futures for Jesus Christ”)
- Assess the progress in achieving strategic objectives: new church starts, transformation of existing congregations, and recruitment of pastors
- Evaluate Evidences of Fruitfulness measures as indicators of fulfilling the Vision and
Mission
• Evaluate the stewardship of our financial and human resources in accomplishing ini-
tiatives related to the Vision and Mission
• Celebrate successes and correct deficiencies

Process

A Strategic Assessment Team (SAT), nominated by the Conference Nominating Committee,
will assist the Consultant(s) in guiding the process. It will include the following:
• Two members from CLT
• Two members from CFA
• Five At-Large members from the annual conference
• Consultant(s)
• Ex-officio without vote: The Bishop and Assistant to the Bishop

The CLT will have the responsibility for identifying and engaging a Senior Consultant to
direct the assessment process. They will also identify and engage two Special Consultants, who
will examine the progress of specific objectives and prepare a report for the SAT.

The CLT will engage administrative services with a Project Manager. This person will assist
the SAT and Consultants in matters related to coordination, communication, and reporting.
He/she will work under the direction of the Assistant to the Bishop.

The process will include a self-assessment by all conference and district committees and
teams, as well as the Senior Consultant’s assessment of the outcomes of their work.

The Council on Finance and Administration (CF&A) will provide a longitudinal analysis of
the financial record of the annual conference. Specifically, CF&A will deal with the Financial
Statements contained in The Journal from years 2004, 2006, 2007, and 2011. They will coordi-
nate with the Senior Consultant’s Report, including budget and/or financial recommendations for
the 2012 – 2016 Quadrennial.

The process will also include data from previous assessments, such as the Alban institute
Report and the Clergy Zoomerang Surveys. Documents from “Bound for Greater Things” and the
Episcopal Addresses have guided the foundational contexts for our Vision and Mission and will be
incorporated into the assessment. Statistical assessments furnished by Dr. Don House, including
the DNA evaluation, End of Year Report compilations, and Relocation v. New Start analysis, rep-
resent additional information for consideration.

The SAT will report to the Texas Annual Conference in June, 2012.

Role of the Consultant(s)

The role of the Senior Consultant will include the following responsibilities:
• Provide facilitation and definition for the SAT; direct and support the inquiries of
  the SAT
• Participate in the design of assessment materials
• Review self-assessment reports and bring observations and recommendations to the
  SAT
• Review the reports from the Specialist Consultants
• Integrate the findings and recommendations from all sources/participants in the
  assessment
• Provide a written report to the Texas Annual Conference for inclusion in the “2012
  Pre-Conference Journal”
Address the Texas Annual Conference in 2012

The role of the New Church/Transformation Specialist will include the following responsibilities:

- Review new church starts since 2006
- Include closures of new churches
- Make recommendations for future program improvement including comparative information
- Review all transformation initiatives and make recommendations for future program improvement

The role of the Clergy Recruitment Specialist will include the following responsibilities:

- Review all programs related to clergy recruitment
- Evaluate the time-related activities from the initial discernment of a call to ministry to ordination
- Provide a statistical review and comparison with selected, strategic annual conferences

Timeline

Secure the CLT support and report
Nominate the SAT for the Texas Annual Conference (TAC)
Pre-Conference Report completed
Develop Assessment Instruments and gather data
Decision by the TAC to complete the Quadrennial Assessment
Immediate meeting Post-TAC
Complete the Assessment Instruments by June 15
Review with the Senior Consultant by June 30
Preliminary Report by August 15 from the Specialists
Meetings in September and October
Preliminary Report to the Joint CLT/DLT gathering in November

Task Force Report
Considering the Implications of Judicial Council Decision No. 1150
Mr. Donald R. House, Chairperson

The resolution passed by the Texas Annual Conference in 2010 that set forth the charge for this task force required at least five listening sessions to be held in geographically convenient locations. This report is preliminary since all of the listening sessions have not been completed. By design, the listening sessions provide a broad input from members of the Annual Conference on issues of structure and function of the Core Leadership Team (CLT). A final report will be presented at the 2011 meeting of the Annual Conference in May.

The Task Force agrees with the rule changes adopted by the 2010 session of the Annual Conference, as reported by the predecessor Task Force that was also charged to consider the implications of Judicial Council Decision No. 1150. The substance of these rule changes include
the appointment of the Bishop to the Core Leadership Team as an Ex-Officio member (without vote), the elimination of the “Make decisions” language describing the role and function of the CLT, and the expanded language describing the role and function of the Conference Council on Finance and Administration (CF&A).

The Task Force recognizes that the major issue posed by the Judicial Council is satisfying the Annual Conference’s quest for continuing progress between Annual Conference sessions, while still honoring the inherent authority of the Annual Conference. The Model for Ministry assigns to the CLT the responsibility for implementing the Annual Conference’s decisions. The CLT is not to make decisions that belong to the Annual Conference. One way to satisfy this requirement is for the CLT to seek prior approval of a 12-month action plan each year at Annual Conference. As a result, each CLT report to the Annual Conference would focus more on future actions and less on past actions. After a meeting of the Annual Conference, the approved CLT report would provide the blueprint for CLT action for the next twelve months. CLT reports to the Annual Conference would contain as much specificity as is practical.

The Task Force recognizes the CLT’s challenges in implementing and coordinating its work with the work of the District Leadership Teams (DLT). Although district representatives on the CLT also serve on DLTs, many believe that the DLTs remain detached from the work of the CLT. The Task Force urges the CLT to develop more active working relationships with the DLTs and the DLTs with the CLT. The Task Force recommends no increase in CLT membership, but members of the DLT’s could productively serve on sub-committees or task forces of the CLT to address issues that are district-specific and/or conference-wide.

The Task Force understands the Judicial Council’s view that proposals from the Board of Pensions should be referred to CF&A for comment in advance of sessions of Annual Conference. All proposals with Annual Conference financial implications should be referred to CF&A for comment. This includes proposals from the Board of Pensions, the CLT, and the Centers, among others.

The Judicial Council Decision seeks to prohibit the Annual Conference from assigning decision-making authority to any other part of the Annual Conference structure, including CF&A. Because the annual budget of the Annual Conference is approved up to seven months before the fiscal year begins, there are times in which the budget needs modification between sessions of Annual Conference. The 2008 Book of Discipline, ¶613.8, invites the CF&A to submit, for Annual Conference approval, procedures for making modifications to the budget for “meeting emerging missional needs or unforeseen circumstances.” The Task Force recommends to CF&A that it seek Annual Conference approval of such procedures.

The Task Force recommends the re-establishment of a Rules and Structure Committee which would return to the Annual Conference a committee that has a specific, narrow charge of the oversight of rules and structure. Under the Model for Ministry, the responsibilities of rules and structure are assigned to the CLT which has many other issues competing for its interest and time.

The Task Force has thus far completed three face-to-face meetings and one listening session (First UMC Conroe). Four more listening sessions are scheduled: St. Paul’s Houston, Christ UMC Sugarland, Trinity UMC Beaumont, and First UMC Longview. After the completion of these additional listening sessions, the Task Force will finalize its report to the Annual Conference.

Members of the Task Force:

Rev. Kirbyjon Caldwell            Jerry Massey
Rev. Elizabeth Duffin             Jan McCauley
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<tr>
<th>Henry Edison, III</th>
<th>Rev. Audrey Mitchell</th>
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<td>Donald R. House</td>
<td>Rev. Suzanne Reedstrom</td>
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<td>Rev. Matt Idom</td>
<td>Leah Taylor</td>
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<td>Thomasine Johnson</td>
<td>Bill Teague</td>
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<td>Rev. Jim Welch</td>
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Since its formation in 2006, the Center for Clergy Excellence has led the recruitment, development, accountability, and support of the clergy of the Texas Annual Conference. This year, the Center has undergone a significant change with the appointment of a new Director and Associate Director, but its mission has remained the same—that is, to serve the mission of making disciples of Jesus Christ for the transformation of the world to the glory of God.

A great deal of our work this year as new center leaders has been to simply learn the breadth and volume of ministries and programs that are provided through this center and the committees that make it thrive. Through this Center, we serve clergy and their families by providing group health and pension benefits. We help clergy as they prepare to retire, while also recruiting and welcoming new clergy. We provide opportunities for clergy to grow in personal wellness and to strengthen the bonds of their marriages and other relationships, while also providing opportunities to strengthen their leadership in both local churches and extension ministries. We could go on…and on…and on!

In the reports that follow, you will see that the committees in the areas of Clergy Excellence have been hard at work this year. It has been our joy as new leaders in this center to build on the marvelous work of our predecessors and those who have served on these committees in the past. Naturally, we have sought to bring a fresh perspective to this work, asking new questions and suggesting new ideas. This year we have especially strived to increase the accessibility of the programs and ministries we oversee, so that these opportunities are even more effective and available for clergy. In all that we have done, we have prayerfully and earnestly asked, “What do clergy need, and how can we provide it?”

When we approach this work, we do so with the hope of helping all clergy of the Texas Annual Conference excel. We pray that, together in conversation with our partners in ministry—the other Conference Centers, the Districts, and the congregations of the Texas Annual Conference—we will be faithful with the grace we’ve been given in order to accomplish the task we’ve been given. This truly is joy-filled work. As you will see in these reports, it has been an exciting year, and there is even more to look forward to in the coming year, with the creation of new and exciting programs that will further extend our service to clergy and their families. We hope you will pray for each of those who serve in these ministry areas as we work together for the coming Kingdom.

The Committee on Clergy Accountability continues to have as its goal the maintaining and furthering of clergy health, clergy productivity and clergy satisfaction. Being a disciple of Jesus Christ when serving as a clergyperson requires the best we have to offer in all areas—body, mind and spirit. Our committee exists to empower and provide accountability to those ministers who
day by day seek to be faithful to the imperative of the Gospel on their lives.

To this end, our Committee always keeps in mind the key drivers for our Conference mission, but also the key drivers for every effective clergyperson. Every day, we must be Spirit-led. We must always aim for excellence. We offer the best we have so that God can provide the fruitfulness of our efforts, and we humbly seek to be accountable to God and to each other in the Connection.

Our focus this year has been in evaluating some of the practices that have been in place for a few years, namely, the use of the Birkman Assessments for clergy development, and the use of standardized evaluations for clergy throughout the Conference. All programs require periodic evaluation and adjustment, and we have appointed task forces to investigate and recommend changes and enhancements to our current procedures.

Our goals for the coming year include:
- Making the Birkman more available to clergy and staffs throughout the Conference
- Providing multiple assessment instruments to SPR’s for use with clergy assessment
- Increasing communication between clergy and Clergy Accountability staff and volunteers so as to be mutually responsive to needs and concerns.

**Birkman Personality and Leadership Style Assessment Task Force**

Rev. Peter Cammarano, Chairperson

The Birkman Personality and Leadership Style Assessment provides conference clergy and lay leadership a unique opportunity to better understand themselves and the people with whom they work. The purpose of the Birkman Task Force is to help equip clergy and leaders in the development of their own leadership skills so that they might be more effective in equipping their congregations to make disciples of Jesus Christ for the transformation of the world. The Birkman assessment does not measure skills, and therefore is not a tool for annual assessment. Personality traits do not generally change over time, and are neither positive nor negative. However, becoming aware of professional strengths, needs, and preferred work styles can help clergy understand how they might react under stress and learn how to order their lives such that their needs are met in healthy ways. Acknowledging others’ differing strengths, needs, and preferred work styles can help clergy collaborate with colleagues and their congregations more effectively. The task force believes that healthy leaders are a vital ingredient to vibrant, growing congregations changing lives and re-shaping futures for Jesus Christ. The task force does this through faith forming relationships and connectional ministry.

The task force places a priority on providing the Birkman Assessments first to Developing Connectional Ministry (DCM) groups and Professional Disciplines (PD) Clergy Peer Groups, and all costs for these groups are covered by Center for Clergy Excellence funds. In 2010-11, 6 DCM groups were served, as well as a TIMS (Transitional/Interim Ministry Specialists) group. All members of the Cabinet are given individual coaching based upon their Birkman profile. A total of 70 individuals have experienced initial Birkman sessions in 2010-2011.

The Birkman is available to church staffs and ministry teams as an opportunity to maximize their effectiveness, to build focus in goal setting and team dynamics, and to be good stewards of time, talent, and gifts.

Our goals and objectives for 2011-12 are to continue the implementation and roll out of Birkman services to clergy and lay leaders in the annual conference. We will maintain our coaching team, and provide Birkman coaching to all new DCM groups at their July retreat and orientation. We are exploring ways to make the Birkman more accessible to clergy and to integrate their Birkman profile into their day-to-day ministry.

Birkman assessments are available to Texas Annual Conference clergypersons, church staffs,
and District and Conference staffs for $75.00. However, assessments are not offered without orientation (30 minutes or less, by phone or in person) prior to taking the assessment and coaching (2 hours minimum for individuals, in person; or 4 hours minimum for groups, in person) following the assessment. Coaching is offered free of charge by pairs of trained volunteer lay and clergy coaches for clergy peer groups with a minimum of five and a maximum of 15 members. Coaching may be available for individual clergy, church staffs, and District and Conference staffs. However, in these cases, coaching fees will be negotiated on a coach by coach basis.

We have certified clergy and laity as Birkman Certified Coaches. We have also developed a list of lay persons who have already been certified as coaches. We have developed a standard process, orientation, and debriefing for the groups in the Annual Conference.

Birkman Assessments are kept in strict confidence. Assessments become the property of the person assessed. Assessments will be shared or released only with the expressed permission of the person assessed. Assessments will not be released to District Superintendents, Cabinet members, Center Directors, or the Bishop without the expressed permission of the person assessed.

Sexual Ethics Committee
Dr. Burt Palmer, Chairperson

The function of the TAC Sexual Ethics Committee is to support the mission of the Texas Annual Conference to make disciples for Jesus Christ for the transformation of the world through educational opportunities and maintaining current Policies and Procedures in Sexual Ethics. Additionally, we are responsible for the training of Response Team members. We support the model of ministry in the Texas Annual Conference by remembering our faithfulness as members of a community of sacred trust in the following ways:

• We are faithful by offering education in Sexual Ethics Training.
• We are faithful by training Response Team members annually.
• We are faithful by reviewing and maintaining the Texas Annual Conference Sexual Ethics Policy and Procedure documents.
• We faithfully remind clergy to self-report their training through the DOVE system.
• We faithfully remind clergy under appointment in the Texas Annual Conference that they must receive Sexual Ethics training once per quadrennial period.
• We are faithfully exploring additional resources and training for clergy and churches to maintain the sacred trust in all of our relationships and emerging technologies.

2010-2011 Response Team Report
• We have 35 trained clergy and laity members in the 2010-2011 Response Team

2010-2011 Clergy Sexual Ethics Training Report
• 160 clergy received training in Sexual Ethics at 4 different events across the Texas Annual Conference
• The Reverends Mary E. Tumulty, Peter Cammarano, Jeff McDonald, Burt Palmer and Cheryl Smith are the primary trainers for the Sexual Ethics Training.

2011-2012 Clergy Sexual Ethics Training Dates
• June 2, 2011 at FUMC, Houston, downtown campus
• June 2011 (one day of) Local Pastor's School at Lon Morris College
• September 29, 2011 FUMC, Longview
• The most current information on Clergy Sexual Ethics Training, including how to register, is available on the Texas Annual Conference website under the Center for Clergy Excellence > Clergy Accountability Ministries.
In 2006, the Texas Annual Conference (TAC) created the Center for Clergy Excellence to foster an environment of support and accountability that continuously moves clergy toward excellence. The Center empowers clergy with the resources and skills needed to equip congregations to make disciples of Jesus Christ for the transformation of the world to the glory of God. The purpose of the Clergy Development & Spiritual Formation Ministries is to continue developing and improving systems that help clergy grow in their theological understanding, prophetic leadership, as well as, their spiritual, emotional and physical well-being. In an effort to advance the Texas Annual Conference Model for Ministry, our focus is to continuously enhance and effectively improve the following areas for all clergy: Clergy Peer Groups and Colleagues, Spiritual Formation, Continuing Education, Marriage and Single Enrichment Opportunities, Young Clergy Enrichment and Itinerancy and Relocation Event(s).

2010 Accomplishments

The Clergy Development and Spiritual Formation Team continues to maintain a Five Year Plan in order to prioritize Epiphany and The Gathering Events which addresses the most pressing needs of all clergy. This plan is refreshed annually to align the needs of clergy with the goals and objectives of the TAC.

Five Year Plan

Epiphany / The Gathering (Continuing Education & Spiritual Formation) Events

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<tr>
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<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tr>
<td><strong>Epiphany</strong></td>
<td>Graig Gilliam - Conflict and Congregations</td>
<td>Stewardship and Fiscal Responsibility</td>
<td>Lovett Weems – Leadership</td>
<td>Jean Twenge – Generations</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>The Gathering</strong></td>
<td>Spiritual Formation</td>
<td>Discernment/ Strategic Planning for Churches</td>
<td>Equip Laity for Spiritual Growth</td>
<td>Cross Culture</td>
<td>TBD</td>
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The Clergy Development and Spiritual Formation Team sponsored a variety of Epiphany and Gathering Events in 2010 to assist clergy in attaining CE and SF CEUs.

- January 2010 - The center sponsored continuing education event(s) facilitated by Graig Gilliam. The theme for this Epiphany was Conflict and Congregations. Fifty-four pastors attended the event in Houston, while twenty-three attended in Tyler.
- September 20-22, 2010 – The Clergy Gathering (Spiritual Formation) was held at Lakeview with approximately 280 in attendance. The theme, “Before the Well Runs Dry” was implemented by an excellent speaker with options to enhance the spiritual life. Keynote speaker, Grace Imathiu from Wisconsin was very inspiring and well received. Many clergy expressed appreciation for a very spiritual uplifting event. This event provided clergy the vehicle to reflect on the TAC’s theme, “Remember and
Be Faithful”, and drove home the point of what it really means to be a disciple of Jesus Christ.

**Itinerancy and Relocation Events**

The Clergy Development and Spiritual Formation Team presented its second annual Itinerancy and Relocation Events at the following locations:

- April 17, 2010 - Longview
- April 23, 2010 – The Woodlands

Each event was well attended and received outstanding reviews. The following topics were covered in each event: Leaving Well, Parsonage Guidelines/Standards, Moving Guidelines, Compensation and Benefit Changes and Starting Well.

Additionally, there were two “abbreviated” events for newly appointed clergy in June of 2010. The primary focus of this event was on Parsonage Guidelines/Standards, Moving Guidelines and Starting Well.

**Clergy Peer Groups and Colleagues**

1. Covenant Clergy Groups
2. Professional Disciplines Groups
3. Existing or Other Groups
4. “Colleague” One-to-One Encouragers
5. Other Counselors, Coaches, Mentors, or Spiritual Directors

The Clergy Development and Spiritual Formation Team approved the Clergy Peer Group and Colleagues Task Force recommendations concerning a “path-forward” with Clergy Peer Groups. A job description for a Director of Clergy Peer Group Ministries was approved by the team. The director will complete the task force recommendations, as well as, oversee the overall peer group process with periodic reports to the Clergy Development and Spiritual Formation Team.

**2011 - 2012 Goals**

- Provide successful Epiphany events: **2011 – 1st Quarter: Leading Through the Land Mines of Church Finance and 2012 – 1st Quarter: Leadership by Lovett Weems.**
- Provide a successful The Gathering event: **September 2011 - Equipping Laity for Spiritual Growth**
- Hire a Director of Clergy Peer Group Ministries to be in place by the 2nd quarter of 2011.
- Host two Itinerancy and Relocation (I/R) events in April, with abbreviated I/R events, as needed.
- Develop and implement an event for newly appointed clergy: **Spring 2011 - “All Aboard.”**
- Continue ongoing Marriage and Single Clergy, as well as, Young Clergy Enrichment events.
- Continued enhancement of Clergy Peer Group & Colleague Ministry with a goal of 100% participation.
- Update Five Year Plan to support TAC’s Mission/Vision and Model for Ministry.
Leadership is the most valuable asset the Annual Conference can provide to further the vision of vibrant, growing congregations changing lives and reshaping futures for Jesus Christ. The Clergy Recruitment team is charged with the task to recruit young, gifted, diverse clergy. With this mission in mind, Clergy Recruitment has launched many significant initiatives over the past five years. I am pleased to say we now have the full framework in place to efficiently connect with and support candidates that span in age and life-stage from our local church youth groups to our newly commissioned young clergy. Our programs strategically target each critical stage of development.

Local Congregations

- **Here I am Lord (Call Sunday Resources)** – These resources assist local congregations in the continued effort to create a culture of call that raises up the next generation of pastoral leadership directly from our pews.
- **mycalltx.com** – This website and its social networking component (Facebook) allow us to communicate and connect with a broad audience of young people in our churches that are actively researching what the steps required to become clergy.

Youth

- **Camp Chaplains** – In 2010 we launched our first flight of camp chaplains, sending a young commissioned pastor to each of the five summer camps at Lakeview to connect with those discerning a call to ministry and reach out to those that need intentional pastoral care. We experienced mixed results in 2010 and have prepared accordingly for 2011. We have already recruited and trained the 2011 camp chaplains for the work ahead.
- **Exploration** – This event is put on every other year by the GBHEM. We are already ramping up our efforts to recruit and support seniors in high school and college students who can join us in attending this November in St. Louis.

College

- **College Ambassadors** – With a soft launch this year we are sending young clergy to college campuses to connect with Wesley Foundations, local church college ministries, and other Christian campus organizations in an effort to connect with those who are wrestling with a call to ministry while away at college. Based on the experiences we have in our trial run at UT-Austin this year we will refine and expand to other campuses next year.
- **Pastoral Intern Project** – With a record number of applicants, we have accepted 14 pastoral interns to be appointed to serve in 12 local churches representing all 9 districts in the TAC in the summer of 2011.

Candidacy

- **Candidacy Summit** – We continue to support the CBOM by hosting the annual Candidacy Summit event. This year’s summit will be at Camp Allen July 28-30.

Seminary

- **Seminary Ambassadors** – Each year, District Superintendents and young clergy visit seminaries to meet with students from the TAC and to recruit students without firm affiliation. Last year
we expanded the list of seminaries visited to include Garrett in Evanston, IL.

**Provisional Elders**

*Ambassador Endowment* – In 2010 nine commissioned elders were granted a combined total of $117,520.17 for non-reimbursed seminary tuition, books, and fees. The Clergy Recruitment Team also voted to expand the number of trustees granting funds from six to nine.

Our task moving forward now is to refine and perfect the quality and the reach of the programs in place.

**Board of Ordained Ministry**

*Dr Tom Pace, Chairperson*

The Board of Ordained Ministry believes that effective clergy leadership is among the most significant factors in realizing our vision of vibrant, growing congregations changing lives and reshaping futures for Jesus Christ. During 2010, we have worked to:

1. Provide better response to our candidates’ issues and questions, and
2. Begin a new residency program to evaluate candidates with a broader set of data and input from their ministry settings, and a reformatting of the Dove system to receive candidates’ records.

As the specific skills required to be effective in ministry evolve, it is more and more important that clergy be able to lead change, have an apostolic or entrepreneurial spirit, be ongoing learners, and adapt to a variety of ministry settings.

In 2011/2012, we will reconsider and expand the specific criteria and questions for candidates for ministry, at both provisional and full membership levels.

**Extension Ministries**

*Dr. Gerald DeSobe, Chairperson*

**Mission Statement**

As clergy without walls, it is the mission of the Extension Ministry to meet human need by serving in diverse contexts.

**Vision Statement**

Extension clergy strive to connect with individuals and groups:

- We open the arms of the church to people who might never feel the love of God through a local church and invite them into Christian community.
- We serve the church by offering to serve as eager leaders in local congregation, districts and the annual conference.
- We embody the connection of the UMC by offering support to extension clergy, local pastoral and conference leaders.

A highlight of the year was the annual meeting of extension clergy with Bishop Janice Riggle Huie. Reflecting a desire to adopt an overtly theological theme, the meeting was entitled, “The Kingdom of God is Like…”

The Rev. Dr. Jerry DeSobe, executive director of the Krist Samaritan Center for Counseling and Education, opened the meeting with a brief report entitled “The State of Extension Ministry in the Kingdom.” It provided a helpful context for the theological reflection upon extension ministry in the subsequent presentations and discussion.

Following Dr. DeSobe’s presentation, three extension clergypersons offered compelling sum-
maries of their respective ministries, illustrating the distinctive ways in their work further advances God’s Kingdom. Those presentations were made by The Rev. Julius Wardley, Wesley Foundation, Texas Southern University (Houston); the Rev. Jim Turley, Texas Methodist Foundation (Austin); and The Rev. Vickie Keys, Food for Kids, Inc. (Houston). These portraits of serving God’s people in non-parish settings helped the attendees to think about God’s Kingdom and extension ministry in more expansive ways.

Those ministry vignettes were followed by Bishop Huie who offered an excellent presentation addressing “The State of the Church in the Kingdom.” Bishop Huie’s presentation helped to put the discussion about creative yet non-traditional ministry into the larger context of the church.

Following an honored tradition, the meeting concluded with worship and the celebration of Holy Communion. The Rev. Stacy Pell, Staff Chaplain at The Methodist Hospital, offered a moving communion meditation.

It was a fruitful meeting marked with renewing fellowship among colleagues who, given the very nature of extension ministry, do not have frequent interaction. The gathering was also noteworthy because of the participation of many of the younger extension clergypersons, both in the planning of the meeting and in the program leadership.

Interim Ministry
Dr. Suzan Carter, Interim Ministry Program Director

The Interim Ministry Program of the Texas Annual Conference is moving toward excellence. Our program is nationally recognized as a model for the short-term interim experience. We have a funding plan that works and resources to help District Superintendents identify potential TIMS (Transitional/Interim Ministry Specialists) among their clergy as well as congregations in their districts that might benefit from a TIMS placement. In 2010, we began sharing our knowledge with other conferences in the South Central Jurisdiction and supporting their efforts towards development of conference-wide Interim Ministry Programs.

TIMS in the Texas Conference are trained to help congregations move towards vibrancy and new growth. By leading a congregation through several “developmental tasks,” TIMS encourage the congregation to move beyond its past, discern its current identity, vision for the future, identify and train new leaders, and strengthen ties to the connection. Congregations, strengthened and transformed by this process, are prepared to step out in faith and make disciples of Jesus Christ for the transformation of the world.

TIMS in the Texas Conference are trained to assist their clergy colleagues as well. In keeping with the goals of the Center for Clergy Excellence, TIMS work to “create an environment of support and accountability that continuously moves clergy toward excellence.” Our main vehicle for creating this environment is the Short-Term Sabbatical Leave. Qualified clergy may, with confidence, take the leave provided for them by Discipline ¶352, knowing a qualified TIMS will serve in their absence. Since our last Annual Conference, eight clergy have taken sabbatical leave to pursue new learning, work on advanced degrees, write, or immerse themselves in a new language or culture. Evaluation of the Short-Term Sabbatical experience by all involved has overwhelmingly positive.

Finally, TIMS in the Texas Conference are trained to “Remember and Be Faithful.” Between appointments, TIMS are encouraged to be faithful in their spiritual disciplines and care well for their “fearfully and wonderfully” made bodies. Time for “personal renewal” is written into every TIMS contract so the TIMS may model faithful self-care to the congregation. Remembering who we are and whose we are takes time and discipline.

Many in our churches are unaware of the benefits of spiritual discipline: they have forgotten who they are and whose they are. It is the work of the TIMS to remind clergy colleagues and
church members that they are beloved children of God, called to do a great work – to make disciples of Jesus Christ for the transformation of the world. TIMS are trained to ask hard questions, like “What does it mean to be a disciple of Jesus Christ?” and wait for the answer. They are also trained to help church leaders determine if their answers to this question are consistent with their actions. Like all clergy, TIMS are called to re-present Christ in the church and to the world. This task can be difficult, especially if a congregation has become contentious but it is a TIMS’ primary function.

Our goals and objectives for 2011-2012 include building a regional training program. Towards that end we are currently working with North Texas and Arkansas Conferences. We hope to connect with others conferences in the South Central Jurisdiction as well. We have developed a curriculum and Train-the-Trainer process in accordance with the standards set by the National Association of U.M. T.I.M.S. Both the curriculum and the training process have been submitted to the G.B.H.E.M. for consideration and approval.

The Commission on Equitable Compensation (COEC) is charged by the 2008 Book of Discipline (¶ 625) to: support full-time clergy serving as pastors in the charges of the annual conference by:

a. recommending conference standards for pastoral support;
b. administering funds to be used in base compensation supplementation; and
c. providing counsel and advisory material on pastoral support to District Superintendents and committees on pastor-parish relations.

The elimination of exceptions to COEC guidelines, stricter enforcement of the 5-year rule for equitable support, adjustments of pastoral appointments, and realignment of charges should continue to reduce the financial burden of our Conference to ensure equitable compensation for all of our pastors.

However, the anticipated rising costs of relocations, the inability of many charges to make significant progress in being self-sufficient in their clergy support, and the necessity to reduce apportionment loads on local congregations require that the COEC continues to take necessary steps to work with the Cabinet, the Conference Centers, the District Offices, and the Local Church Charges to reduce equitable support costs and bring greater fiscal responsibility to our support of clergy throughout the Annual Conference.

The Notes Are Important

COEC wants this report to be user-friendly. Thus, we’ve attempted to give you the information you need in an easily read format. The Notes in the body of the report and at the end of the report are important and could pertain to you! Please read them.

What Makes Up Your Salary

“Salary” means all compensation paid by a charge as lined out on the Total Compensation Worksheet (completed at Charge Conference) PLUS any other compensation/assistance from denominational sources:

\[
\text{SALARY} = \text{Total Compensation} + \text{Other Denominational Compensation}
\]

Minimum Salary (MS)

Equitable Compensation (EC) is based on what is known as “minimum salary” (MS). The minimum salary for each clergyperson category currently is based on a percentage of the Conference
Average Compensation (CAC) from the previous year for that category.

**The Equitable Compensation and Annual Conference Minimum Salaries for 2010 – 2014 are as follows:**

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<th>Type</th>
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<tr>
<td>FT</td>
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</table>

Minimum Salary consists of the following:
1. Total cash salary
2. Housing-related allowances and utilities (includes utilities paid FOR the pastor)
3. Accountable reimbursements (does not include utilities paid FOR the pastor)

**Note:** Minimum salary does NOT include parsonage value or housing allowance in lieu of a parsonage.

**EC Is Available For a Maximum of Five Years**

EC is designed to help charges grow through the benefit of having the appropriate pastoral staffing even though they might not initially be able to afford it. The goal is to enable charges to grow in ministry and mission so that they can, after a maximum of five years, afford to pay the full MS for their clergyperson without any assistance.

Although an exception to this five-year rule may be granted by a unanimous vote of COEC and the Cabinet, in the past few years, these exceptions have become so many that they are depleting COEC funds for the assistance of charges/churches who meet all requirements. In order to properly steward its resources, COEC will hold more steadily to the five-year maximum.

To apply for EC assistance once your charge is past the five-year limit, follow the procedures listed under “How to Request an Exception to EC Standards” below.

**How Your Charge Can Qualify for EC**

To qualify for EC, your charge must pay 78% of your clergyperson’s salary. To qualify for EC, your charge must pay 100% of the following apportionments (Report Day lines in parentheses):

- World Service (lines 64 and 65)
- Ministerial Education Fund (lines 66 and 67)
- Pensions (Conference Claimants) (lines 88 and 89)
- District Superintendents Fund (lines 90 and 91)
- Episcopal Fund (lines 92 and 93)
- Equitable Compensation Fund (lines 94 and 95)
- Medical Benefits Program (lines 96 and 97)

To qualify for EC, your charge must pay 40% of the following apportionments (Report Day lines in parentheses):

- Center for Congregational Excellence (lines 78 and 79)
- Center for Clergy Excellence (lines 82 and 83)
- Center for Missional Excellence (lines 84 and 85)
- Center for Connectional Resources Excellence (lines 86 and 87)

Partial payment of these apportionment funds results in a pro-rata reduction of EC (including commuter allowance) for your charge.

Further, charges are required to pay 78% of their responsibility for the clergyperson’s pension.

**Note:** ALL requests for EC funding and benefits MUST be accompanied by proof of apportionment and pension payments. Incomplete requests will be returned for the needed information.
WHEN to Request EC for a Charge
For clergypersons to receive EC in a timely fashion, the pastor should submit the request to the DS and the DS should deliver the request to COEC as soon as possible.

HOW to Send EC Requests
COEC will accept only District Endorsed EC requests; the EC request must be processed through the electronic compensation administration system. The district endorsed requests may be forwarded by mail, email or fax to the Chair of the COEC or duly designated alternate.
Unfortunately, the trend of faxing and emailing information not using the prescribed EC Request Form has led to requests that are inconsistent in format and lacking needed information, requiring them to be sent back and thus further delaying the disbursement of EC funds to those who need them. Therefore, COEC will work solely from an approved EC Request Form approved by the appropriate District Superintendent.

HOW to Request An Exception to COEC Standards
Because of the need to properly steward EC funds, COEC is committed to closely follow its standards for qualifying charges to receive EC. However, a charge may request special consideration by delivering to COEC the following items (in addition to your standard required EC request materials) no later than January 15th:
1. A written request by the DS and pastor that describes why a waiver of COEC standards is justified.
2. A letter written by the pastor of the charge and co-signed by the Administrative Board/Council chairperson, that details the reasons the charge needs special consideration, specifically addressing the areas of deficiency, such as non-payment of required apportionments, salary under the minimum required, and so on.
3. An annual financial statement that clearly reports the offerings of the church(es) and all the assets of the charge, including all money held in any financial institution for any purpose.
4. A copy of the church(es)’ year-end statistical report/audit.

EC Grant for Pastor’s Portion of the Conference Health Insurance Program
Clergypersons who serve EC charges can apply, through their DS, for a grant from EC that pays the clergyperson portion of the Conference Health Insurance Program. The DS must forward the application to the Chair of COEC (by no later than January 15th), with detailed reasons for the request. All applications must be approved by COEC before any grants can be awarded.

Note: Requests for Health Insurance grants MUST be made separately from EC requests. In other words, being granted EC funds does not automatically guarantee a Health Insurance grant.

Additional EC Assistance for FTs and FLPs Serving More than Two Churches in a Charge
FTs and FLPs whose charges consist of more than two churches may receive an additional $400 per church per year up to a maximum of $800. The DS must forward to COEC (by no later than January 15th), information about the number of churches in the charge beyond the two.

Note: Requests for this additional assistance MUST be made separately from standard EC requests. In other words, being granted EC funds does not automatically guarantee additional assistance for charges consisting of more than two churches.

One Round-Trip-Per-Week Commuter Allowances for SLPs, USPs, RPs, PLPs and LPAs
SLPs/USPs, RPs, and PLPs are eligible to receive a commuter allowance for ONE round trip per week (equal to 20 cents per mile) from their school (or residence for RPs or PLPs) to the par-
sonage or the logical center of the parish, up to a maximum of 300 miles per week.

Note: Associate Pastors are NOT eligible for a commuter allowance. To be considered for a Commuter Allowance, you must fill in the commuter mileage on the Other Items page of the electronic Compensation Administration System and apply through your DS.

The DS must forward the application to the Chair of COEC (by no later than January 15th), with exact information about the mileage and locations driven between. All applications must be approved by COEC before any allowances can be awarded.

Note: Requests for Commuter Allowances MUST be input into the electronic Compensation Administration System and will be considered along with EC requests. In other words, being granted EC funds does not automatically guarantee a Commuter Allowance.

Clergy Relocation Committee Guidelines and Moving Policy

Effective for moves related to appointments starting on and after January 1, 2004, the Texas Annual Conference (TAC) has implemented a Moving Policy. This Moving Policy applies to appointments where the clergy person will have the Conference Status of FE, PE, AM, PM, or FL (unless the clergy is also attending seminary); it also applies when a member of the clergy retires, dies or is appointed to Incapacity Leave. Clergy appointed to an Extension Ministry under the provisions of ¶ 344.1.a.1 are eligible. Procedures and Guidelines may be found on the Conference Website – www.txcumc.org under Forms > Relocation Information.

The COEC understands that some pastors will be moving from appointments with housing allowance to a parsonage and vice versa. The COEC believes that in light of the fact that the individual church/charge has the sole responsibility of determining whether a pastor receives a parsonage or a housing allowance, if the pastor has not moved their personal belongings under the conference move guideline by 120 days after the effective move date, they will forfeit all claims on the conference moving funds and will be totally and completely responsible for the costs of moving their property to the new appointment. Under EXTREME circumstances, a waiver can be issued but it must be voted by the COEC and approved by the Cabinet and Bishop.

Housing and Parsonage Standards for the Texas Annual Conference.

The church today demands the clergy to be not only a preacher, as was the early circuit rider, but a resident pastor and responsible citizen in the community. In order to meet these felt needs, and to call men and women to a dedicated ministry, the church must provide living conditions that will establish an adequate base from which to operate.

It is the privilege and responsibility of the members of each congregation to provide a physical setting which will give the parsonage family the comfort and convenience so that the energies of the pastor may be more concentrated on his or her task and willing service in the Church of God. It is the responsibility of the parsonage family to provide cleaning and care of the parsonage, which will protect the interior facilities and amenities such as paint and floor coverings.

Because the parsonage, like the church building, reflects upon the congregation and pastor, it should be in such condition that all concerned can be justifiably proud of it. In view of this, we make the following recommendations regarding parsonage Standards for this Annual Conference.

1. Size of Building and Living Areas. The new or remodeled parsonage should be large enough to accommodate the pastor’s family. It should provide adequate space for the entertainment of guests. It should be remembered in selecting a parsonage that the present parsonage family is not the only one who will live in that parsonage and that the house should be adaptable for a variety of family sizes and situations.
We recommend the following minimum standards:

a. 1800 square feet of living space
b. 3 bedrooms and 2 bathrooms
c. Adequate major appliances (stove, refrigerator, washer, dryer)
d. Hot and cold running water in bathrooms, kitchen, and laundry
e. Adequate heating and air conditioning
f. Adequate closet and storage space
g. Adequate garage or carport space with outdoor storage area

2. Health and Safety
   a. Proper sewer disposal according to the standards of local and/or State Department of Health
   b. Fire extinguisher in kitchen with yearly inspection
   c. Provide smoke detectors for kitchen, living, and bedroom area

3. Furnishings
   a. Window covering, drapes, curtains, and blinds should be provided to insure adequate privacy.
   b. If the parsonage family is expected to maintain the lawn, the church should provide a mower, lawn tools, and hoses.

4. Miscellaneous
   a. Discovering Needs: The Chairperson of the Pastor Parish Committee, the Pastor and the Chairperson of the Trustees or Parsonage Committee should inspect the parsonage at least once a year using the standards identified in Paragraph 262.2ff of the 1996 Discipline to discover needed repairs, improvements, and decorations. The Committee or Trustees should assume the initiative since it is their responsibility to maintain the parsonage in good condition, and since prompt attention lessens total cost of maintenance. An evaluation form will be provided by the Conference Commission on Equitable Compensation to the District Superintendents and be included in the Charge Conference packets.

   It needs to be remembered that the parsonage is the PASTOR’S HOME and inspection should be scheduled in plenty of time to meet the convenience of the parsonage family.

   b. Insurance: The Trustees should be certain that the church owned house and contents are insured for at least 80% of replacement cost against fire, wind, and other hazards. Public liability insurance should be carried on parsonage property. Tenant homeowners insurance is available for all ministers who desire to cover personal possessions and liability.

   IT IS THE SOLE RESPONSIBILITY OF THE PASTOR TO INSURE PERSONAL PROPERTY BELONGING TO THE PASTOR AND FAMILY.

   Parsonage Record Book: It is recommended that each church establish a Parsonage Record Book containing an inventory of parsonage furnishings owned by the church, any warranties on items purchased for the parsonage, a service and repair record with dates of repair or service copies of the annual inspection and moving day checklist, and any other receipts, printed materials, or pertinent information.

   A copy of these standards shall be distributed at Charge Conference by the District Superintendent to each church with a copy of the Evaluation forms. The PPR Committee, Trustees or Parsonage Committee shall conduct a review of the parsonage and how it related to these stan-
standards (below average, average, meet standards, needs immediate attention) and submits their findings at each Charge Conference. Action should be taken as soon as possible to bring each parsonage within an acceptable range based on these minimal standards.

The Following Chart is found on the next three pages:

Churches having exhausted Equitable Compensation under the 5 year rule

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Churches having exhausted Equitable Compensation under the 5 year rule
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Churches having exhausted Equitable Compensation under the 5 year rule
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</tr>
<tr>
<td>Northwest</td>
<td>980568</td>
<td>PALESTINE: ST PAULS</td>
<td>5</td>
</tr>
<tr>
<td>West</td>
<td>767533</td>
<td>PLEASANT RETREAT</td>
<td>5</td>
</tr>
<tr>
<td>North</td>
<td>775260</td>
<td>QUEEN CITY, FIRST</td>
<td>5</td>
</tr>
<tr>
<td>North</td>
<td>980251</td>
<td>QUEEN CITY: BETHEL</td>
<td>5</td>
</tr>
<tr>
<td>Central North</td>
<td>770291</td>
<td>SPLENDORA: COUNTRYSIDE</td>
<td>5</td>
</tr>
<tr>
<td>Central North</td>
<td>981448</td>
<td>SPRING: ST PAUL</td>
<td>5</td>
</tr>
<tr>
<td>South</td>
<td>768880</td>
<td>TEXAS CITY: GRACE</td>
<td>5</td>
</tr>
<tr>
<td>East</td>
<td>773660</td>
<td>TIMPSON</td>
<td>5</td>
</tr>
<tr>
<td>Northwest</td>
<td>774505</td>
<td>TRINIDAD: FIRST</td>
<td>5</td>
</tr>
<tr>
<td>Northwest</td>
<td>775772</td>
<td>UNION CHAPEL</td>
<td>5</td>
</tr>
<tr>
<td>Southwest</td>
<td>768925</td>
<td>VAN VLECK</td>
<td>5</td>
</tr>
<tr>
<td>Northwest</td>
<td>775737</td>
<td>WALLACE</td>
<td>5</td>
</tr>
<tr>
<td>North</td>
<td>772701</td>
<td>WASKIM, FIRST</td>
<td>5</td>
</tr>
<tr>
<td>Central North</td>
<td>979935</td>
<td>WILLIS: THOMAS CHAPEL</td>
<td>5</td>
</tr>
<tr>
<td>Northwest</td>
<td>776504</td>
<td>WINONA</td>
<td>5</td>
</tr>
<tr>
<td>East</td>
<td>772027</td>
<td>HENDERSON, ST PAULS</td>
<td>6</td>
</tr>
<tr>
<td>Central South</td>
<td>980012</td>
<td>HOUSTON, GRACE (Lockwood Dr)</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CARROLLSprings</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NEW COMMUNITY</td>
<td>7</td>
</tr>
</tbody>
</table>

2011 Budget for Commission on Equitable Compensation

- Meeting Expense: $1,200
- Office Expense: $1,200
- Total COEC Administrative Expenses for 2011: $2,400

Key For Abbreviations Used in this Report:

FT = Full-Time Conference Member—a clergyperson voted into active relationship to the Annual Conference (AC), who serves full-time as a pastor in a given appointment. An FT may be an elder in full connection, a probationary member (PM), or an associate member (AM). However, probationary members serving student pastorates while attending seminary will be considered as Seminary Student Local Pastors (SLP) for COEC purposes.
PT = Part-Time Conference Member—a clergyperson not living at a charge and/or one who receives earnings from other employment.

FLP = Full-Time Local Pastor—a clergyperson classified as a full-time local pastor by recommendation of a district committee on ordained ministry (DCOM) and serving as a pastor of a charge, under Episcopal appointment. A full-time deacon serving as the senior pastor of a charge under itinerate appointment may also qualify as a full-time local pastor.

PLP = Part-Time Local Pastor—a clergyperson classified as a part-time local pastor by recommendation of a DCOM and serving as a pastor of a charge, under Episcopal appointment.

RP = Retired Pastor

SLP = Seminary Student Local Pastor—a clergyperson serving a pastoral appointment while enrolled in a seminary approved by the UMC’s University Senate. (A seminary load of 12 + hours automatically results in a clergyperson being classified as an SLP.)

USP = Undergraduate Student Local Pastor—a clergyperson serving a pastoral appointment while enrolled in undergraduate school.

LPA = Lay Person Assigned—any lay person sent by a DS to a local church to provide ministry in any capacity.

BOM = Conference Board of Ordained Ministry

COEC = Commission on Equitable Compensation

CRC = Clergy Relocation Committee

DCOM = District Committee on Ordained Ministry

DS = District Superintendent

EC = Equitable Compensation

MS = Minimum Salary

IMPORTANT INFORMATION

Note: In consultation with the PT and the BOM, the Cabinet determines whether the location of a PT’s residence (including whether a parsonage meeting the Conference standard is available to the charge), and the extent of outside employment categorizes the PT as serving 25%, 50%, or 75% of full-time service. PTs at 25% of fulltime service are NOT eligible for EC.

Note: COEC does not reclassify SLPs or USPs who terminate their enrollment in the middle of a conference year. Any change in classification must be started by the DS as acted on by the DCOM. Any change of benefits due to being reclassified must be done when the clergyperson no longer meets the criteria set out in the 2008 Discipline for classification as a student.

Note: The total of church-related compensation/assistance CANNOT be more than any offered EC.

Note: For an FT in good standing, the Minimum Salary will not fall below the 78%.
Note: SLPs and USPs will be paid in the amount needed to increase total income to EC plus the appropriate commuter allowance. Thus, the commuter allowance will be adjusted to the extent that the SLP’s/USP’s income exceeds EC.

Note: To calculate commuter allowance for PLPs, the maximum EC is considered to be $8000.

Note: On December 31, 2008, we underwent the final of four stages of transition of clergy ownership of parsonage furniture with the transition of dining area furniture to the clergy. Please contact the Chair of the COEC or your District Administrative Assistant with any questions or clarifications concerning this transition.

The following report is divided into the following sections;

1. Review of 2010 results
   A. Financial results
   B. Investment results
2. New for 2011
   A. New communications approach in Group Health
   B. Day of Wellness continues and is expanded
   C. Wellness Incentives paid to date
   D. Fiscal office receives GHB credit on collections
   E. Reminder on using Methodist Hospital community facilities
   F. GHB approved to collect under Early Retiree Reinsurance Program
   G. Medicare Advantage choice continues in 2011
   H. Conference Center Laity eligible for High Deductible Plan
   I. Post-Employment Health Care Liability calculated
   J. Managing Post Employment Health Care Liability
   K. New Methodist Facility agrees to not collect deductible & co-pays
   L. Policy 130 updated
3. 2012 recommendations
   A. Change in out of network expense
   B. Retirees to have more choices
   C. Retiree medical costs to be paid out Pension Unrestricted Reserve
   D. $200 credit toward higher deductible in 2012 for those who attended Day of Wellness
   E. High deductible plan rate adjustments
4. Health Care Reform update
5. Endowment Fund report (Rev. Sharon Sabom, Chairman)
6. Forecast for 2011 and 2012

1. Review of 2010 results

A. Financial results
Following are the savings from the various PPOs and cost savings strategies pursued by the Group Health Benefits Committee. These results include claims by the self-insured plans only.
Total PPO medical/Drug expenses during 2010 $22,374,261
Medicare savings ($7,291,429)
PPO Savings ($4,281,522)
Stop loss recoveries (through 12/31/2010) ($560,130)
Methodist Hospital Contract ($1,981,569)
Total Savings ($14,114,650)

PPO claim costs paid by Group Health Benefits $ 8,259,611

In addition, The Methodist Hospital wrote off an additional $230,269 in PPO deductibles and out of pocket expenses during 2010 for members of the Group Health Benefits PPO plan; A 14.9% increase in write offs. ETMC wrote off over $18,000 in deductibles and coinsurance.

B. Investment results
Following are the investment returns earned during 2010 for the various Group Health Benefit reserves and investments.

<table>
<thead>
<tr>
<th>% Stocks</th>
<th>December 31, 2010 Balance</th>
<th>2010 Balance 2010 Earnings</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>TX. Methodist Foundation 100%</td>
<td>$2,025,540</td>
<td>$241,984</td>
<td>13.56%</td>
</tr>
<tr>
<td>General Bd. Of Pensions 65%</td>
<td>$7,668,376</td>
<td>$884,753</td>
<td>14.6%</td>
</tr>
<tr>
<td>Joint Reserve 65%</td>
<td>$1,588,352</td>
<td>$204,212</td>
<td>14.6%</td>
</tr>
<tr>
<td>Sweep Account Earnings 0%</td>
<td>N/A</td>
<td>$1,597</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$11,282,268</td>
<td>$1,332,546</td>
<td></td>
</tr>
</tbody>
</table>

The continuing market recovery in 2010 significantly improved the return on the Group Benefits Committee investments. The Endowment Fund balance is reported in the Endowment Fund report.

2. New for 2011

A. New Communications Approach in Group Health
During open enrollment a new communication process was utilized for 2011, where each participant in the group health plan was sent a list of all covered dependents. The purpose of this new approach is to improve the quality of the eligibility records. By sending a list of all covered dependents to each participant, there is no question regarding exactly who is covered and eligible for benefits under the plan. In addition, mailing the information to each participant assures that each participant has complete information regarding the benefit offering for 2011 and its cost. It is anticipated that a similar approach will be used for the annual enrollment process conducted in 2011 for 2012.

B. Day of wellness continues and is offered throughout conference
Following are the scheduled dates in 2011 to attend a Day of Wellness with Methodist Hospital which includes two in East Texas.

- **Friday** 2-11-11 Tyler Marvin UMC
- **Saturday** 2-12-11 Nacogdoches, FUMC
- **Wednesday** 5-4-11 Methodist Sugar Land Hospital
- **Wednesday** 6-29-11 Houston Memorial Drive
- **Thursday** 8-4-11 Methodist West Houston
- **Tuesday** 11-11-11 Beaumont, FUMC

In addition, a special day of wellness was offered to those who have been diagnosed with diabetes. This event was coordinated by the disease management program and The Methodist Hospital with the staff for the event being provided by Methodist Hospital. The Group Health Committee also approved a trial evaluation of providing telephonic counseling following attendance at the Day of Wellness.

### C. Wellness incentives paid to date

To date over 50 participants of the Group Health Plan have received incentives under the Wellness program. Total payments to date have exceeded $15,000.

### D. Fiscal office receives GHB credit on collections

In an effort to reduce the fiscal office expense related to group health benefits, the Group Health Benefits Committee approved a multi-year strategy that will reduce the cost of the group health benefit contribution by the fiscal office for clergy who are full-time employees of the conference center. The goal is to reduce the cost to the fiscal office to the point where the contribution from the fiscal office is identical to the contribution by the church. In the past, the fiscal office was billed at the direct billing rate (in addition to the clergy personal contribution rate) instead of the churches 7.2% contribution. The following reductions over the next several years will result in the fiscal office being billed at the same level as the churches.

- **2011** - $250 credit for each clergy family direct billing rate paid.
- **2012** - $500 credit for each clergy family direct billing rate paid.
- **2013** - $800 credit for each clergy family direct billing rate paid.
- **2014** - Fiscal office billed at church percentage

Policy 102 on the Texas Annual Conference website has additional details regarding the billing arrangement for the fiscal office.

### E. Reminder on using Methodist Hospital community facilities

The following information was sent to active clergy and laity participating in the group health benefit plan regarding the appropriate use of The Methodist Hospital. The goal is to reduce utilization of the Fannin facility and utilize the community Methodist Hospital community facilities since the Fannin facility costs approximately 30% more than the community hospitals because of the teaching and research activity.

Obtaining appropriate health care for ourselves and our families is complicated. A goal of the Group Health Benefits Committee has been to provide all participants with as many choices as possible while negotiating low cost arrangements. A goal that is often difficult to achieve because of the conflict between cost and choice.

I am writing you today because after meeting with senior executives of the Methodist
Hospital, we have come to understand that even with our direct hospital contract, utilizing The Methodist Hospital on Fannin is 30% more expensive to our self-funded plan than utilizing the Methodist Community Hospitals (Willowbrook, Sugar Land, San Jacinto or West Houston). This higher cost is passed on to our participants and churches because we are self-insured. Yet there are times when the Fannin facility may be more appropriate and we do not want to deny anyone in our group access to the care they need.

Before going any further let me confirm that the deductible and coinsurance write offs from Methodist Hospital are available at any of their facilities (Willowbrook, Sugar Land, San Jacinto, Fannin or West Houston). Second, let me confirm that you are free to use any Methodist Hospital facility, including the one on Fannin. However, I would like to suggest you consider using a Methodist Community Hospital first and then if the Fannin facility is required, the Methodist Community Hospital will arrange to have you or your dependent transferred. In the medical community this is known as triage. For those of you already using a Methodist Community Hospital, we thank you.

Using a Methodist Community Hospital has a number of advantages.
1. You avoid the congestion and traffic problems of the Medical Center.
2. Parking is much less expensive and is sometimes free.
3. It will probably be easier for your visitors to visit you.

Change does not happen easily. You may have to locate a physician who has admitting privileges at a specific Methodist Community Hospital. If you need help with this process, e-mail Rev. Charles Millikan (cmillikan@tmhs.org) who is more than willing to help. You can also contact our PPO and ask for their help (PHCS at (888) 719-7427 or their web site www.multi-plan.com).

Finally, to acquaint everyone with the location of these Methodist Community Hospitals, we will be holding our Day of Wellness events at these facilities in 2011. A listing of these facilities is included with this letter.

Thank you for all you do. On behalf of the Group Health Benefits Committee, we hope this letter finds your health improving as you take advantage of the Wellness program.

F. GHB approved to collect under Early Retiree Reinsurance Program

Under health care reform, group health benefit plans that sponsor early retiree coverage (excluding those on Medicare) could participate to receive reimbursement of claims between $15,000 and $90,000 for these early retirees (includes those on incapacity leave). During 2010 the group health benefits office obtained approval from the federal government to participate in this program and has filed for those claims which have exceeded the $15,000 threshold.

These reimbursements will be used as income to the plan to minimize cost increases that may be required in the future if this program had not existed. Approximately $53,000 is being filed for reimbursement from the federal government under this early retiree reinsurance program for claims paid in 2010. Additional claims can be filed in 2011 and 2012 until the $5 billion allocated by the government is exhausted.

G. Medicare advantage choice continues in 2011

Due to the fact that UniCare chose to terminate the Medicare Advantage private fee-for-service plan, the Group Health Benefits Committee undertook a competitive analysis of the Medicare
Advantage plans available in the East Texas area and selected Humana as the new Medicare Advantage PPO program effective January 1, 2011 for over 65 retirees. Following is a comparison of the rates charged by the Medicare Advantage plan compared to the 2011 self-funded PPO rates.

<table>
<thead>
<tr>
<th></th>
<th>Self-Funded TAC Plan</th>
<th>HUMANA Medicare Advantage PPO Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
<td>Family</td>
</tr>
<tr>
<td>2011 Participant Cost</td>
<td>$190.04</td>
<td>$360.08</td>
</tr>
</tbody>
</table>

Regarding the above rates, for those who retired before 1992; retirees deduct $55 per month and surviving spouses deduct $41.25 per month.

For an explanation of the additional alternatives that will be made available to retirees starting in August, 2011, please refer to the 2012 recommendations, paragraph A.

H. Conference Center laity eligible for high deductible plan
Effective January 1, 2011, the Group Health Benefits Committee approved that lay employees who participate in the group health benefit plan are now eligible to participate in the high deductible plan.

I. Post-Employment Health Care Liability calculated
As reported in the group health benefits report to annual conference in 2010, new auditors identified the need to quantify the post-retirement health care liability as required by the Financial Accounting Standards Board (FASB). The valuation has been completed and the actuaries of the Hewitt actuarial consulting firm have determined that the total estimated post-retirement health care lia-

<table>
<thead>
<tr>
<th></th>
<th>Clergy</th>
<th>Laity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active employee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td>$14,675,000</td>
<td>$505,000</td>
<td>$15,180,000</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>$ 260,000</td>
<td>11,000</td>
<td>271,000</td>
</tr>
<tr>
<td>Total</td>
<td>14,935,000</td>
<td>516,000</td>
<td>14,451,000</td>
</tr>
<tr>
<td>Inactive (Retiree)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td>$11,120,000</td>
<td>$150,000</td>
<td>$11,270,000</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>308,000</td>
<td>11,000</td>
<td>319,000</td>
</tr>
<tr>
<td>Total</td>
<td>11,428,000</td>
<td>161,000</td>
<td>11,589,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td>26,363,000</td>
<td>677,000</td>
<td>$27,040,000</td>
</tr>
<tr>
<td>Annual Increase</td>
<td></td>
<td></td>
<td>$2,200,000</td>
</tr>
</tbody>
</table>
bility for the Texas Annual Conference is $27,040,000 as of July 1, 2010. This liability is allocated as follows according to the parameters defined in policy 130:

The liability increases at a rate of approximately $2.2 million annually and the liability was estimated to be $28.2 million as of December 31, 2010. This liability will be subject to an actuarial valuation on an annual basis, to determine the impact of various changes.

While there is no legal requirement to fund this liability, the General Board of Pensions does require that when an auditor determines that the liability exists, that the value of the liability be actuarially determined. See next section for strategies on managing this liability.

J. Managing the Post Employment Health Care Liability

Both the Board of Pensions and the Group Health Benefits Committee are sensitive to the issue of appropriately managing this liability while being good stewards. While there is no legal need to fund this liability immediately or at any point in the future, both committees have given recognition to the liability and are making arrangements to evaluate various strategies to manage the liability over time.

Following are the actions taken to date and the reduction in the actuarial projection achieved.

1. The Group Health Benefits Committee is providing a fully insured Medicare supplement for over age 65 retirees effective January 1, 2012 (under 65 retirees will remain with the self-funded plan). In addition, the committee is establishing a specific dollar contribution amount (stipend) that can be applied toward the cost of the fully insured plan or taken in the form of a check to purchase individual coverage. Retirees that apply to receive the specific dollar amount check will be able to purchase local Medicare supplements (Such as Scott & White) that may be more advantageous to the retiree. (See 2012 recommendations – paragraph B for more details).

Savings from this approach is a reduction in liability of $11.3 million and a reduction in the annual increase of $2,120,000.

<table>
<thead>
<tr>
<th></th>
<th>Projected Liability as of 1/1/2012</th>
<th>1/1/2012 Liability after changes included in this report</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand total</td>
<td>$27,400,000</td>
<td>$16,100,000</td>
<td>($11,300,000)</td>
</tr>
<tr>
<td>Annual Increase</td>
<td>$2,410,000</td>
<td>$290,000</td>
<td>($2,120,000)</td>
</tr>
</tbody>
</table>

2. Allocating 95% of the interest earnings in 2010 and 2011 from the Superannuate Trust (balance of $137,554 as of 12/31/2010) and the Corpus Retirement Trust (balance of $6,425,186 as of 12/31/2010) deposited into a special account to reduce the post-retirement health care liability.

The asset “offset” to the post retirement liability from this action is expected to exceed $1 million as of the close of 2011 (2011 earnings are estimated).
The post-retirement health care liability estimates will be periodically updated since a number of factors can affect the final estimate. These factors include:

- Changes in interest rates,
- Changes in the health care trend used,
- Changes in the benefits being offered, and
- Changes in the group eligible to receive the benefits offered.

K. New Methodist Facility agrees to not collect deductible & co-pays

The new Methodist Hospital Houston West community facility has signed an agreement with the Texas Annual Conference to not collect deductibles and co-insurance from participants of the Texas Annual Conference group health benefits plan (Not applicable to the High Deductible plan). The facility is located in Katy, Texas between Barker Cypress and Green House Road on the north side of the Katy Freeway. The facility has approximately 200 beds and 14 operating rooms. The facility opened in December, 2010.

L. Policy 130 updated

Policy 130 has been updated (see lined out section of policy) to reflect various changes adopted by Annual Conference over the last several years and is attached to this report. Policy 130 is used by the HEWITT actuaries to determine the Post Employment Health Care Liability discussed previously in this report.

3. 2012 Recommendations

A. Change in out of network expense

Increase the out of network out of pocket maximum under the PPO from the current $33,000 to $36,000 which compensates the group health plan for the discounts lost when participants go out of network. (PPO discount savings to the group health benefit plan are identified in section 1 – Financial Results, of this report).

B. Retirees to have more choices

As indicated previously, effective August 1, 2011 over 65 retirees and surviving spouses will have the option of receiving a cash stipend which they can apply toward the cost of health insur-
This new option is a conclusion of establishing a specific dollar amount which is contributed toward the cost of health insurance for over 65 retirees. Following this strategy will allow retirees to take advantage of local Medicare supplement programs (such as Scott and White) which may be more advantageous to the retiree but only offered in a limited geographic area and inappropriate for the Group Health Benefits Committee to sponsor.

The Group Health Benefits Committee will periodically review the stipend offered toward the purchase of retiree health insurance and adjust the amount as necessary. The current stipend is predicated on reimbursing 50% of the anticipated 2012 cost. Following is the stipend amount for 2012;

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$190.00</td>
</tr>
<tr>
<td>Family</td>
<td>$360.00</td>
</tr>
</tbody>
</table>

Following are the rules that apply to a retiree receiving a stipend;
1. The retiree will need to complete an application for the stipend.
2. If married and both over 65, both the retiree and spouse must take the stipend.
3. Retirees will be able to leave the current group health retiree plans from August 1, 2011 through November 30, 2011 initially. Then during open enrollment in future years.
4. The stipend will be paid quarterly.
5. With each stipend check will be a letter from the Group Health Benefits committee reminding the recipient that the stipend is provided to assist with the purchase of insurance.

C. Retiree medical costs to be paid out of Pension Unrestricted Reserve (PUR)
At the request of the Group Health benefits Committee, the Board of Pensions approved funding the 2012 retiree stipend costs out of the PUR. Based on a flat rate contribution of $190 per over 65 single retiree and $360 per family coverage. The credit is regardless of whether they go in the new fully insured retiree plan, the Humana Medicare advantage plan or take the cash stipend. The 2012 retiree medical expense is forecasted to be $1,112,640.

The Group Health Benefits Committee will annually provide the Board of Pensions with an estimate of the cost for the next year which will allow the Board of Pensions to decide whether to continue the practice of funding retiree costs out of the Pension Unrestricted Reserves.

Following this strategy allows the Group Health Benefits committee to maintain the current 7.2% charged to churches instead of increasing the churches’ contribution an additional $1,112,640 (increasing the church contribution from 7.2% to 9.9%) in 2012.

D. Credit toward higher deductible in 2012 for those who attend Day of Wellness
The Group Health Benefits Committee approved an increase in the annual deductible for 2012 under the PPO plan for both the traditional and the high deductible plan.

However, those individuals who attend the TAC Day of Wellness with Methodist Hospital at any time prior to December 31, 2011 will receive a credit toward their 2012 deductible equal to the amount of the deductible increase. Those attending the Day of Wellness in 2012 will receive the credit in 2013. Only the employee needs to attend the Day of Wellness to receive the credit for themselves and all dependents covered under their enrollment.
The deductible will apply as follows:

**Traditional PPO Plan**

<table>
<thead>
<tr>
<th>Deductible</th>
<th>2011 Deductible</th>
<th>2012 Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual/Family</td>
<td>$500/$1,500</td>
<td>$700/$2,100</td>
</tr>
</tbody>
</table>

**2012 Deductible for Employees who Attend Day of Wellness by 12/31/11**

$500 Individual/$1,500 Family

**High Deductible PPO Plan**

<table>
<thead>
<tr>
<th>Deductible</th>
<th>2011 Deductible</th>
<th>2012 Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual/Family</td>
<td>$1,200/$2,400</td>
<td>$1,400/$2,800</td>
</tr>
</tbody>
</table>

**2012 Deductible for Employees who Attend Day of Wellness by 12/31/11**

$1,200 Individual/$2,400 Family

E. High deductible plan rate adjustments

When the high deductible plan was first introduced, the Group Health Benefits Committee approved a rate lower than what was appropriate for the size of the deductible in an effort to encourage participation in the plan. After 5 years the Group Health Benefits Committee has decided that the subsidy to encourage participation should end.

Following are the new personal contribution rates effective January 1, 2012 for the high deductible plan. Similar adjustments to the direct billing rate will also be made.

<table>
<thead>
<tr>
<th>Deductible</th>
<th>2012 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Deductible</td>
<td>7.25%</td>
</tr>
</tbody>
</table>

In addition, the government may require an additional increase in the deductible rate (amount paid after credit for attending Day of Wellness). Any further adjustments will be communicated during open enrollment regarding the size of the deductible under the high deductible plan or any other changes required.

4. Health care reform update

Once health care reform became law, the Group Health Benefits Committee resolved to make whatever adjustments were necessary to keep the Texas Annual Conference group health benefits plan in compliance. While the future of the new law is still undecided (20 or more states have challenged the constitutionality of the law), the committee believes that most of the law will prevail. Based on that analysis, the Group Health Benefits Committee has taken the necessary steps to bring the plan into current compliance while keeping their options open for future revisions. Following is a summary of the changes communicated during open enrollment regarding health care reform. In deciding on these benefit improvements, the committee determined that the health benefit plan sponsored by TAC was not a grandfathered plan under Health Care Reform.

1. The $2 million dollar lifetime maximum is now a $2 million maximum per calendar year. The lifetime limit on the dollar value of benefits under The Texas Annual Conference of the United Methodist Church’s health plan no longer applies. Individuals whose coverage ended by reason of reaching a lifetime limit under the health plan are eligible to enroll in the plan. Individuals may enroll during this open enrollment period. Everybody has been reinstated to have a full $2 million maximum
as of January 1, 2011, regardless of prior utilization.

2. Dependent benefits can be covered until age 26 regardless of whether they are in school or a dependent for tax purposes (spouses of these dependents are not eligible), even if the child is eligible for another employer-sponsored health plan.

3. Preventative care benefits have been expanded and are available on a no-deductible basis.

4. There are no pre-existing conditions exclusions for children under the age of 19.

5. The Group Health Benefits Committee will make independent reviews of denied claims available to assure you receive all of the benefits you are entitled to.

In addition to the previous, the group health benefit committee submitted an application to participate in the Early Retirement Reinsurance Program funded by the federal government. As noted earlier in this report the Texas Annual Conference was approved for participation and in excess of $53,000 in claims have been filed with the federal government for reimbursement.

Looking to the future, the Group Health Benefits Committee has formed a subcommittee to evaluate their options under health care reform. This sub-committee will evaluate all aspects of Health Care Reform and provide the Group Health Benefit Committee with alternatives to consider. The goal is to achieve cost savings from the opportunities presented by Health Care Reform.

The Group Health Benefits Committee views Health Care Reform as an opportunity to rethink the approach utilized by the Texas Annual Conference and anticipates providing an update at Annual Conference 2012.

The Group Health Benefits Plan has a self-insured PPO, a self-insured prescription drug plan and a fully insured Medicare Advantage plan which covers clergy, laity, retirees and surviving spouses who meet the eligibility requirements. The Group Health Benefits Plan is not a form of entitlement and it should be noted that the Group Health Benefits Committee, with the approval of Annual Conference, reserves the right to amend or possibly eliminate both the active and retiree plan of benefits.

On behalf of the Group Health Benefits committee, I would like to thank Rev. Gail Ford Smith, Director, Center for Clergy Excellence; Mark Hellums, Controller, Pension and Group Health Benefits; Lydia Fay Lopez, Benefits Administrator / HIPAA Privacy Officer; Barbara Kilby, Executive Assistant; Monica Obregon, GHB, Accounts Receivable / Data Assistant; and Patty Oliver, Pensions, Accounts Receivable / GBOP, Data Assistant; for providing outstanding dedication and skillful application of their talents in this difficult and changing field. Personally I would like to thank each of the Group Health Benefits Committee members for their work in crafting the solutions we have identified to date and enduring long and challenging committee meetings.

I would also like to thank American United Life, Boon Chapman, Script Care, and HUMANA, for the outstanding service they have provided our participants. In addition, I would like to thank Mr. Ted Carlson of Carlson’s Consulting, the Texas Annual Conference’s Group Health & Pensions consultant, for his work throughout the year.
<table>
<thead>
<tr>
<th>EXPENSE</th>
<th>Actual 2010</th>
<th>2011</th>
<th>2012</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clergy</td>
<td>3,662,337</td>
<td>3,543,254</td>
<td>3,653,095</td>
<td>1) Clergy salary increased 3.1% in 2011 &amp; 2012</td>
</tr>
<tr>
<td>Ext. Ministries</td>
<td>516,666</td>
<td>466,955</td>
<td>418,430</td>
<td></td>
</tr>
<tr>
<td>Retirees PPO</td>
<td>581,970</td>
<td>692,446</td>
<td>692,446</td>
<td></td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>448,457</td>
<td>462,600</td>
<td>531,990</td>
<td>2) Assumes continuation of Medicare Advantage plan for retirees</td>
</tr>
<tr>
<td>Church @ 7.2</td>
<td>2,835,196</td>
<td>2,923,087</td>
<td>3,013,703</td>
<td></td>
</tr>
<tr>
<td>Apportionment</td>
<td>3,368,144</td>
<td>3,368,144</td>
<td>3,368,144</td>
<td>3) Apportionment remains consistent in 2011 &amp; 2012</td>
</tr>
<tr>
<td>Lay Billing</td>
<td>683,649</td>
<td>279,216</td>
<td>279,216</td>
<td></td>
</tr>
<tr>
<td>Dental &amp; Vision</td>
<td>75,903</td>
<td>83,493</td>
<td>91,842</td>
<td></td>
</tr>
<tr>
<td>BOP Reimbursements (d) (e)</td>
<td></td>
<td>228,923</td>
<td>1,112,640</td>
<td></td>
</tr>
<tr>
<td>Reimbursements</td>
<td>769,658</td>
<td>273,802</td>
<td>50,000</td>
<td>4) Reimbursement rebates, stop loss, PBX rebates &amp; ERRP claims</td>
</tr>
<tr>
<td>Other (stale checks, donations)</td>
<td></td>
<td>23,896</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td>12,965,876</td>
<td>12,321,920</td>
<td>13,211,507</td>
<td></td>
</tr>
<tr>
<td>EXPENSE</td>
<td>Actual 2010</td>
<td>2011</td>
<td>2012</td>
<td>Forecast</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------</td>
<td>------</td>
<td>------</td>
<td>----------</td>
</tr>
<tr>
<td>Day of Wellness Rebate</td>
<td>359,083</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Clergy HMO Insurance (k)</td>
<td>602,078</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Lay HMO Insurance (k)</td>
<td>472,729</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Retiree Fully Insured Cost</td>
<td>0</td>
<td>0</td>
<td>1,089,840</td>
<td></td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>847,688</td>
<td>943,704</td>
<td>1,132,445</td>
<td></td>
</tr>
<tr>
<td>Medicare Claims (net) (i)</td>
<td>6,760,836</td>
<td>7,835,955</td>
<td>8,081,498</td>
<td></td>
</tr>
<tr>
<td>5% Margin for Error</td>
<td>0</td>
<td>391,798</td>
<td>404,070</td>
<td></td>
</tr>
<tr>
<td>Prescriptions</td>
<td>1,674,250</td>
<td>1,907,061</td>
<td>1,308,576</td>
<td></td>
</tr>
<tr>
<td>Life, A. D. &amp; D (f)</td>
<td>56,053</td>
<td>81,448</td>
<td>50,448</td>
<td></td>
</tr>
<tr>
<td>EAP</td>
<td>26,699</td>
<td>27,000</td>
<td>27,000</td>
<td></td>
</tr>
<tr>
<td>Stop Loss</td>
<td>424,767</td>
<td>345,336</td>
<td>448,937</td>
<td></td>
</tr>
<tr>
<td>Claims Administration</td>
<td>444,995</td>
<td>489,879</td>
<td>486,952</td>
<td></td>
</tr>
<tr>
<td>Office Administration (f)</td>
<td>461,682</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Dis. Management/Wellness</td>
<td>2,950</td>
<td>55,000</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Dental &amp; Vision</td>
<td>85,684</td>
<td>83,493</td>
<td>91,842</td>
<td></td>
</tr>
<tr>
<td>Adoption Expense</td>
<td>9,200</td>
<td>4,600</td>
<td>4,600</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>48,615</td>
<td>2,000</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL EXPENSE</td>
<td>12,274,309</td>
<td>12,167,274</td>
<td>13,153,208</td>
<td></td>
</tr>
<tr>
<td>Income Over (Under) Expense</td>
<td>691,567</td>
<td>154,646</td>
<td>58,298</td>
<td></td>
</tr>
<tr>
<td>Reserve (Beginning of Year)</td>
<td>9,785,475</td>
<td>11,683,084</td>
<td>12,402,144</td>
<td></td>
</tr>
<tr>
<td>Investment Results</td>
<td>1,332,546</td>
<td>564,414</td>
<td>600,066</td>
<td></td>
</tr>
<tr>
<td>Reserve</td>
<td>11,809,588</td>
<td>12,402,144</td>
<td>13,060,508</td>
<td></td>
</tr>
<tr>
<td>Transfer (to) from Board of Pensions</td>
<td>(126,504)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Endowment Fund</td>
<td>1,207,314</td>
<td>1,267,680</td>
<td>1,331,064</td>
<td></td>
</tr>
<tr>
<td>TOTAL Reserve</td>
<td>12,890,398</td>
<td>13,669,824</td>
<td>14,391,572</td>
<td></td>
</tr>
<tr>
<td>Less: Termination Reserve</td>
<td>1,773,922</td>
<td>2,054,342</td>
<td>2,085,778</td>
<td></td>
</tr>
<tr>
<td>Reserve &amp; Endowment</td>
<td>11,116,476</td>
<td>11,615,482</td>
<td>12,305,794</td>
<td></td>
</tr>
<tr>
<td>Post-retirement Liability</td>
<td>(28,199,000)</td>
<td>(30,517,004)</td>
<td>(32,817,004)</td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td>-</td>
<td>794,243</td>
<td>1,068,246</td>
<td></td>
</tr>
<tr>
<td>Net GHB Value / Assets</td>
<td>(17,082,524)</td>
<td>(18,107,279)</td>
<td>(19,442,964)</td>
<td></td>
</tr>
</tbody>
</table>

10) Assumes 5% return in 2011 and 2012.
Notes to the Budget Forecast:
a. The above projection is based on the December 31, 2010 financial statements from group health.
b. The number of actives assumed to be covered in the projection period is based on TAC EFT records.
c. The addition of a controller in the Center for Clergy Excellence has significantly improved reporting.
d. Funding from Sustentation Fund shortfall in 2010 reimbursed in 2011 by Board of Pensions.
e. Projection assumes the Board of Pensions funds retiree medical cost up to $1,112,640 in 2012.
f. 2010 office administrative expense includes a $10,000 donation to Methodist Hospital Stride for Stroke.
g. Board of Pensions commitment to provide 95% of investment earnings off of two trusts in 2010 & 2011
h. Life insurance cost estimated in 2011 due to billing issues with carrier.
i. 2011 claims include a 4% cost for Health Care Reform required changes.
j. Medical claim costs assume continuation of Methodist Hospital direct contract in 2011 and 2012.
k. HMO terminated as of June 1, 2010. Eligible participants transferred to PPO
l. Endowment Fund earnings included in annual balances for 2011 and 2012.

Policy 130
Clergy Retirees and Surviving Spouses
Retiree Health Care Contribution Policy

I. Eligibility

Eligible clergy retirees and surviving spouses of the Texas Annual Conference (TAC) can participate in the Group Health Benefits (GHB) plan provided they meet the requirements of one of the following categories contained in this section of this policy. If the requirements of a particular category are met, the retiree will receive a contribution provided by the Texas Annual Conference (TAC) toward the cost of their retiree coverage as indicated for that category, with the exception of category four (4) in section C (retirees with first appointment on or after July 1, 2005), which has no TAC contribution.

A. Retirees with 40 years of service

Provided the retiree participated in the Group Health Benefit Plan for at least two years immediately preceding retirement and receives a pension (excluding UMPIP) from the General Board of Pensions, the retiree pays the 65 and over rate for himself (regardless of age) and the appropriate rate for eligible dependents (under or over age 65). The 65 and over retiree rate is subsidized approximately 50% by the TAC.

B. Retirees with less than 40 years of service and first appointment prior to July 1, 2005

Clergy who participated in the Group Health Benefit Plan for at least two years immediately preceding retirement and receive a pension (excluding UMPIP) from the General Board of Pensions can continue to participate in the GHB plan by paying the appropriate rates (single or family/under or over age 65). The 65 and over retiree rate is subsidized approximately 50% by the TAC.
C. **Retirees with first appointment on or after July 1, 2005**

Clergy receiving their first appointment with the Texas Annual Conference on or after July 1, 2005, must satisfy the following:

1. Must have participated in the Group Health Benefit Plan for 10 years for the retiree to be eligible to receive a TAC contribution toward the cost of their 65 and over retiree medical coverage.
2. Receive a pension (excluding UMPIP) from the General Board of Pensions.
3. For clergy hired on or after July 1, 2005 who qualify, the TAC contribution toward the 65 and over retiree medical coverage cost (and surviving spouse coverage) is according to the following schedule:

<table>
<thead>
<tr>
<th>Months of Service</th>
<th>Years of Service</th>
<th>Conference Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 119</td>
<td>2 - 9</td>
<td>0%</td>
</tr>
<tr>
<td>120 - 179</td>
<td>10 - 14</td>
<td>25%</td>
</tr>
<tr>
<td>180 - 239</td>
<td>15 - 19</td>
<td>30%</td>
</tr>
<tr>
<td>240 - 299</td>
<td>20 - 24</td>
<td>35%</td>
</tr>
<tr>
<td>300 - 359</td>
<td>25 - 29</td>
<td>40%</td>
</tr>
<tr>
<td>360 - 419</td>
<td>30 - 34</td>
<td>45%</td>
</tr>
<tr>
<td>420+</td>
<td>35+</td>
<td>50%</td>
</tr>
</tbody>
</table>

4. Clergy hired on or after July 1, 2005 who participated in the Group Health Benefit Plan for at least two years (up to and through the 9th year) immediately preceding retirement and receive a pension (excluding UMPIP) from the General Board of Pensions can continue to participate in the GHB plan on a participant pay all basis. There is no Conference contribution for this category.

D. **Surviving Spouse**

Surviving spouses will receive a contribution toward their 65 and over retiree medical cost based on whether their spouse’s appointment was before or after July 1, 2005. Once a dependent qualifies as a surviving spouse, they are allowed to remain in the group until death or remarriage.

II. **Billing Categories**

Following are the billing categories (The amount of TAC contribution is dependent on whether a retiree’s first appointment was before or after July 1, 2005):
### III. Other Requirements

1. **Medicare Enrollment**
   - Participants must enroll in Medicare part A and B when they become eligible.

2. **Reinstatement of Eligibility for Active Clergy with Break in Service**
   - Any clergy with a break in service (period during which they were not covered by the Group Health benefit plan) would not be eligible for the retiree benefit for themselves or their surviving spouse. Active clergy have the option of paying all past arrearages to have their retirement benefits reinstated.

3. **Loss of Eligibility for Retiree Health Coverage**
   - Retirees will be considered as having left the plan unless they participate in one of the GHB Committee approved plans (currently the Conference Boon-Chapman PPO, Group Health Benefit sponsored Humana Medicare Advantage plan, or a U.S. Military plan) and pay the appropriate monthly contribution.
   - Once a retiree leaves the Group Health Benefit Plan (defined as not being enrolled in the Boon-Chapman PPO or Humana Medicare Advantage plan), he or she is not able to return to the Group Health Benefit Plan. A retiree on a U.S. Military plan can only return to the Conference plan if their current plan ceases to exist.
   - Surviving spouses who marry will be removed from the plan as of the date of their marriage and will not be allowed to return.
   - Any retiree who chooses to become a permanent resident of another country, which is defined as living in that country for six (6) months or longer, will lose eligibility for benefits under the Texas Annual Conference plan. Eligibility will be reinstated upon permanent return to the United States.
   - This provision does not apply to any form of pastoral work outside of the United States.

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree with 40 years of service or 65 and over</td>
<td>Pay 65 and over rate</td>
</tr>
<tr>
<td>Retiree/Spouse 65 and Medicare Primary</td>
<td>Pay 65 and over family rate</td>
</tr>
<tr>
<td>Retiree 65 and Dependent(s) Under 65</td>
<td>Pay retiree 65 with under 65 dependent rate</td>
</tr>
<tr>
<td>Retiree 65 with Dependent/Medicare Primary</td>
<td>Pay 65 and over family rate</td>
</tr>
<tr>
<td>Retiree Under 65</td>
<td>Pay the Direct Billing rate</td>
</tr>
<tr>
<td>Surviving Spouse 65 and over</td>
<td>Pay 65 and over rate</td>
</tr>
<tr>
<td>Surviving Spouse under 65</td>
<td>Pay surviving spouse under 65 rate</td>
</tr>
<tr>
<td>Surviving Spouse under 65 and Dependents Under 65</td>
<td>Pay surviving spouse and dependents under 65 rate</td>
</tr>
</tbody>
</table>

Note: See rate schedule for contribution amounts
4. Change in Plan Enrollment
   • Retirees enrolled in the Group Health Benefit sponsored Humana Medicare Advantage plan can only return to the PPO plan during open enrollment or unless the Medicare Advantage plan ceases to exist.

5. Retired Clergy Couples
   • At the time of retirement clergy couples can elect to be a dependent of one or the other rather than two separate individual enrollments.

6. Contributions for Retiree Group Health Plans
   • The GHB office collects contributions using direct electronic funds transfer (EFT) and the office must have a signed authorization form on file.
   • The amount of the over 65 retiree contribution is based on a comparison of projected contributions anticipated compared to projected costs for the same future period of time.
   • Retirees who retired prior to January 1, 1992 and their surviving spouses (contingent annuitants) receive a credit from the Board of Pensions toward the cost of their health care coverage.
     The surviving spouse credit is 75% of retiree amount. See rate sheet for specifics.
   • In the event there is a contradiction between this policy and the plan document, this policy shall control.
   • The above is to comply with the overall GHB Committee decision and is periodically reviewed and updated by the committee.

   Revised December 2, 2010

The Investment Committee continued to use Smith Barney in 2010 to invest the assets of the Endowment Fund. With the improvement of market conditions, the fund gained $123,247 and has a current value (as of 12/31/2010) of $1,207,314.

For 2010 the endowment fund earned an 11.37% return which is consistent for similar investments.

The Endowment Fund trustees considered allocating the Endowment Fund to the retiree liability and decided that such an action was premature given the numerous changes being made and contemplated for the retirees.

All invested funds reflect the Social Investment Guidelines as provided for by the General Board of Pensions and follows the Investment Policy Statement adopted by both the Group Health Benefits Committee and the Board of Pensions.
TEXAS ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Group Health Benefits Plan
Houston, Texas

Financial Statements

December 31, 2010
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Independent Auditors' Report .......................... 1 - 2
Statement of Net Assets Available for Plan Benefits ...... 3
Statement Changes in Net Assets Available for Plan Benefits 4
Statement of Cash Flows .................................. 5
Notes to Financial Statements ......................... 6 - 11
To the Group Health Benefits Committee,
Texas Annual Conference of the United Methodist Church:

We have audited the accompanying Statement of Net Assets Available for Plan Benefits of the Group Health Benefits Plan of the Texas Annual Conference of the United Methodist Church (a Texas not-for-profit corporation) as of December 31, 2010, and the related statement of changes in net assets available for plan benefits and cash flows for the years then ended. These financial statements are the responsibility of the Annual Conference's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in the notes to the financial statements, prior to the year ended December 31, 2010, the organization prepared its financial statements on the modified cash receipts and disbursements method of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Management determined during the year ended 2010 to prepare its financial statements on the accrual basis of accounting. The change in basis of accounting resulted in the retroactive application of the incurred but not reported claims reserve and accounts payable to the 2010 beginning net asset. The 2010 change in these liabilities is recorded in the 2010 statement of changes in net assets available for plan benefits.

Furthermore, as more fully described in notes to the financial statements, the change in basis of accounting also affected the accrual for postretirement benefit liability. Generally accepted accounting principles require the cost of retirees' health care costs to be recognized over the employees' respective service periods and a liability to be recognized. Prior to the year ended December 31, 2010, the Plan did not record the postretirement liability. Management determined during the year ended 2010 to change accounting principles to record the liability for post retirement benefits in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America. The amount of accrued postretirement benefit liability at December 31, 2009 is not reasonably determinable and management has elected to record the impact of the change in the 2010 statement of changes in net assets available for plan benefits.

We did not perform any auditing procedures with respect to information summarized in the notes to the financial statements "Accrued Postretirement Benefits," which was certified by the third-party actuary, except for comparing such information with the related information included in the financial statements. The plan administrator has obtained a certification from the actuary as of and for the years ended December 31, 2010 that the information provided to the plan administrator by the actuary is complete and accurate.
In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to audit the accrued postretirement benefit, the financial statements referred to above present fairly, in all material respects, the financial position of the Group Health Benefits Plan of the Texas Annual Conference of the United Methodist Church as of December 31, 2010 and the change in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ratliff & Associates, P.C.

February 18, 2011
# TEXAS CONFERENCE GROUP HEALTH BENEFITS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2010

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,397</td>
</tr>
<tr>
<td>Apportionment receivable from affiliates</td>
<td>438,010</td>
</tr>
<tr>
<td>Investments - at market</td>
<td>9,693,916</td>
</tr>
<tr>
<td>Investments - Joint reserve with Board of Pensions</td>
<td>1,588,352</td>
</tr>
<tr>
<td>Designated investments - at market</td>
<td>1,207,314</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>12,982,989</strong></td>
</tr>
</tbody>
</table>

## Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postretirement benefit liability</td>
<td>28,199,000</td>
</tr>
<tr>
<td>Incurred but not reported reserve</td>
<td>1,773,922</td>
</tr>
<tr>
<td><strong>Accounts payable</strong></td>
<td><strong>92,591</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>30,065,513</strong></td>
</tr>
</tbody>
</table>

## Net Assets Available for Plan Benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General reserves</td>
<td>(19,878,190)</td>
</tr>
<tr>
<td>Joint reserve with Board of Pensions</td>
<td>1,588,352</td>
</tr>
<tr>
<td>Board designated - Permanent</td>
<td>1,207,314</td>
</tr>
<tr>
<td><strong>Total reserve fund</strong></td>
<td><strong>(17,082,524)</strong></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements.*
REPORTS
TEXAS CONFERENCE GROUP HEALTH BENEFITS PLAN
Statements of Changes in Net Assets Available for Plan Benefits
For the Year Ended December 31, 2010

Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apportionments - retiree health</td>
<td>$3,368,144</td>
</tr>
<tr>
<td>PPO receipts</td>
<td>7,321,002</td>
</tr>
<tr>
<td>HMO receipts</td>
<td>982,711</td>
</tr>
<tr>
<td>PFFS - Retirees</td>
<td>448,457</td>
</tr>
<tr>
<td>Dental and vision receipts</td>
<td>75,903</td>
</tr>
<tr>
<td>Retiree drug subsidy</td>
<td>72,208</td>
</tr>
<tr>
<td>Stop loss payments</td>
<td>500,033</td>
</tr>
<tr>
<td>Insurance refunds</td>
<td>197,418</td>
</tr>
</tbody>
</table>

Total receipts $12,965,876

Disbursements

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of claims</td>
<td>8,435,086</td>
</tr>
<tr>
<td>IBNR reserve</td>
<td>453,555</td>
</tr>
<tr>
<td>HMO insurance premiums</td>
<td>1,074,807</td>
</tr>
<tr>
<td>PFFS - Retirees</td>
<td>847,688</td>
</tr>
<tr>
<td>Claims administration fees</td>
<td>455,133</td>
</tr>
<tr>
<td>Insurance premiums / stop loss</td>
<td>563,506</td>
</tr>
<tr>
<td>Adoption reimbursements</td>
<td>9,200</td>
</tr>
<tr>
<td>Program sponsorship</td>
<td>110,000</td>
</tr>
<tr>
<td>Early retirement - Group Health Benefits</td>
<td>1,487</td>
</tr>
<tr>
<td>Employee assistance program</td>
<td>26,699</td>
</tr>
<tr>
<td>Disease management and wellness incentives / program sponsorship</td>
<td>286,033</td>
</tr>
<tr>
<td>Sustentation relief</td>
<td>36,988</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>351,682</td>
</tr>
</tbody>
</table>

Total disbursements $12,651,864

Excess receipts over disbursements $314,012

Investment income (loss):

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve investment income net of advisory fees</td>
<td>1,128,334</td>
</tr>
<tr>
<td>Joint reserve investment income (loss)</td>
<td>204,212</td>
</tr>
<tr>
<td>Permanent endowment investment income net of fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>123,247</td>
</tr>
</tbody>
</table>

Net investment income $1,455,793

Transfer of joint reserves to Board of Pensions $126,504

Change in basis of accounting for retiree benefit liability $28,199,000

Change in Net Assets $26,555,699

Net Assets Available for Benefits

| Beginning balances | $9,473,175 |

Ending balances $17,082,524

The accompanying notes are an integral part of these financial statements.
TEXAS CONFERENCE GROUP HEALTH BENEFITS PLAN
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows from Operating Activities
- Cash received $13,081,674
- Cash paid for operating expenses (12,181,718)
- Cash transferred to Board of Pensions (126,504)
Net cash provided by operating activities $773,452

Cash Flows from Investing Activities
- Additions to investments, net (1,397,164)
Net cash utilized by investing activities (1,397,164)

Net decrease in cash and cash equivalents (623,712)

Cash and cash equivalents at beginning of year 679,109
Cash and cash equivalents at end of year $55,397

Reconciliation of Decrease in Net Assets to Net Cash Provided by Operating Activities

Change in net assets $26,555,699
- Adjustments to reconcile change in net assets to net cash provided by operating activities:
  - Change in basis of accounting for retiree benefit liability 28,199,000
  - Decrease in receivables 115,798
  - Investment appreciation (1,455,793)
  - Increase in IBNR 453,555
  - Increase in accounts payable 16,591

Net cash provided by operating activities $773,452

The accompanying notes are an integral part of these financial statements.
1 - Nature of Organization

The Texas Annual Conference of the United Methodist Church (the “Conference”) administers pension and health insurance benefits through agencies of the Conference. The Texas Conference Group Health Benefits Plan (the “Plan”) is an agency that provides group health benefits insurance to clergy, laypersons and their dependents who work for the Conference. The Texas Conference Board of Pensions (“Pensions”) is an agency that provides pension and retirement benefits to clergy and their dependents who work for the Conference. The Plan and Pensions are administered by employees of the Texas Annual Conference.

In 1985, the Plan became a self-funded plan managed by the Conference Group Health Benefits Committee. Claims are administered by a third party administrator, who is contracted to process claims, make benefit payments and provide other services as needed. The fund is insured by individual and aggregate stop loss coverage for eligible claim benefits in excess of $250,000.

As an agency of the Conference, the Plan is exempt from state and federal income taxes. The Conference bears the burden of unfunded reserve liabilities should there be a cash shortfall in claims payment.

2 - Summary of Significant Accounting Policies

A summary of the Plan’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting - The accompanying financial statements are presented on the accrual basis. Under this basis, insurance premiums are generally recognized when earned and expenses are generally recognized when incurred. The Plan recognizes apportionment revenues in the month billed to the churches.

Revenues and Support - Revenues and support for the Plan are primarily derived from benefit contributions for clergy and laypersons who work for the Conference, and apportionments from participating churches. Apportionments are collected by the Conference and disbursed to the Plan in the subsequent month.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Accrued postretirement benefit is the most significant estimate contained in these financial statements.

Cash Equivalents - For purposes of the Statement of Cash Flows, the Plan considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Investments - All investments are measured at fair value based upon the exit price model.

Concentrations of Credit Risk - The Plan is an integral part of the Texas Annual Conference. During 2010 the Conference had average balances in excess of FDIC insured limits. As of December 31, 2010, the combined cash balances of the Conference exceed federal limits. The Plan mitigates against potential losses by monitoring the viability of the financial institutions which hold its funds. The Conference has instructed its bank to sweep excess funds into overnight Treasury investments further reducing risk of loss.
2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status - The Texas Annual Conference is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an other than private foundation.

Generally accepted accounting principles ("GAAP") provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise’s financial statements. GAAP requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Conference is exempt from filing an annual Form 990 and conducts no activities which may be considered unrelated business income. The Conference believes that all significant tax positions utilized by the Conference will more likely than not be sustained upon examination.

3 - Reserve Fund

The deficit in the general reserve of the total reserve fund presented in the accompanying financial statements is based on actual and actuarial estimates of claims incurred in excess of premiums and apportionments earned through December 31, 2010. The third-party actuarial reports a postretirement benefit liability of $28,199,000 for the year ended December 31, 2010 (see Postretirement Benefit Liability note below). In addition, the third-party administrator reports estimated incurred but not reported claims reserve ("IBNR") requirements of $1,773,922 at December 31, 2010. The IBNR for 2010 is based on a calculated 25% of medical claims and 5% of prescription drug claims for the respective year. The estimated reserve balances comprehend the following assumptions: (1) there is a three-month lag time in claims outstanding, (2) there is full payment of premiums and (3) no plan termination is anticipated. The estimated reserve amounts are statistical estimates and actual claims could vary from these amounts.

Joint Reserve - The Plan maintains a joint reserve which is managed jointly by the Group Health Benefits Committee and Board of Pensions. The balance of the reserve from time to time may be recorded on the records of both the Plan and Pensions. At December 31, 2010 the Joint Reserve totaling $1,588,352 is reported entirely by the Plan.

Board-Designated Permanent Endowment Fund - The reserve fund includes segregated funds totaling $1,207,314 as of December 31, 2010, which have been designated by the Group Health Benefits Committee as a Permanent Endowment Fund (see Permanent Endowment note below).

4 - Related Party Transactions

As an agency of the Conference, the Plan and Pensions occupy office space owned by the Conference. For the year ended December 31, 2010, expenses paid by the Plan and Pensions to the Conference for employee wages amounted to $526,107, of which the Plan was responsible for $256,321. All facility expenses are paid by the Conference.

For the year ended December 31, 2010, the Plan transferred $164,215 to Pensions to cover the deficit in the Sustentation Fund. In addition, Pensions transferred $24,300 and $15,411 to the Plan for the Pre-82 retiree subsidy and administrative expenses.

The Plan manages a reserve fund jointly shared by the Plan and Pension (see Joint Reserve note above).
5 - Accrued Postretirement Benefit

The Plan provides health insurance benefits to clergy, laypersons and their dependents who work for the Conference. Generally accepted accounting principles require the cost of retirees’ health care costs to be recognized over the employees’ respective service periods and a liability to be recognized. Prior to the year ended December 31, 2009, the Plan did not record the postretirement liability. Management determined during the year ended 2010 to change accounting principles to record the liability for post retirement benefit in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America. The amount of accrued postretirement benefit liability at December 31, 2009 is not reasonably determinable and management has elected to record the impact of the change in the 2010 Statement of Activities.

The following table sets forth the future obligations at December 31, 2010.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated postretirement benefit obligation measured at July 1, 2010</td>
<td>$27,040,000</td>
</tr>
<tr>
<td>Net periodic postretirement benefit costs, July 1 to December 31, 2010</td>
<td>1,159,000</td>
</tr>
<tr>
<td>Postretirement benefit liability</td>
<td>$28,199,000</td>
</tr>
<tr>
<td>Estimated contributions for 2010</td>
<td>$997,000</td>
</tr>
<tr>
<td>Estimated benefits paid for 2010</td>
<td>$997,000</td>
</tr>
</tbody>
</table>

Assumptions measured at July 1, 2010:

<table>
<thead>
<tr>
<th>Description</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.26%</td>
</tr>
<tr>
<td>Expected long-term rate of return on plan assets</td>
<td>N/A</td>
</tr>
<tr>
<td>Current health care cost trend rate (Medical/Rx/PFFS)</td>
<td>8.0%/9.0%/15.0%</td>
</tr>
<tr>
<td>Ultimate health care cost trend rate</td>
<td>5.0%</td>
</tr>
<tr>
<td>Year that ultimate trend rate is reached</td>
<td>2016</td>
</tr>
<tr>
<td>Average remaining service</td>
<td>12</td>
</tr>
</tbody>
</table>

The accrued postretirement benefit obligation will be subject to an actuarial valuation on an annual basis that will coincide with the beginning of the plan year January 1, 2011.

6 - Investments

The Plan invests in high grade corporate, US government securities, corporate equity securities and local church mortgages through United Methodist organizations and other professional investment managers. The Plan’s objective is to preserve principal while obtaining maximum earnings with investments that are appropriate under the United Methodist Social Principles. The nature of these investments is however, subject to market risk. Investments, stated at market, as of December 31, 2010 were as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Invested</th>
<th>Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Board of Pensions</td>
<td>$7,668,376</td>
<td>$884,753</td>
</tr>
<tr>
<td>Smith Barney – cash reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Overnight cash sweeps</td>
<td>55,397</td>
<td>1,597</td>
</tr>
<tr>
<td>Texas Methodist Foundation</td>
<td>2,025,540</td>
<td>241,984</td>
</tr>
</tbody>
</table>

$9,749,313                                  $1,128,334
6 - Investments (Continued)

<table>
<thead>
<tr>
<th>Invested</th>
<th>Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,588,352</td>
<td>$204,212</td>
</tr>
<tr>
<td><strong>$1,207,314</strong></td>
<td><strong>$123,247</strong></td>
</tr>
</tbody>
</table>

Investments are composed of the following:

Cash and cash equivalents: $55,397
Multiple asset fund: $9,256,728
Equity securities: $3,232,854

**Total:** $12,544,979

7 - Permanent Endowment Funds

As of December 31, 2010 the Permanent Endowment Fund of the Plan totaled $1,207,314. The Plan had designated the Permanent Endowment Fund’s assets as permanent endowment funds to support the overall mission of the Plan. Since the permanent endowment funds resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Plan has a spending policy of appropriating for distribution each year up to 90 percent of its board-designated endowment fund’s net income. In establishing this policy, the Plan considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Plan expects the current spending policy to allow its general endowment fund to grow at a rate over and above that necessary to offset the rate of inflation in the United States over time. This is consistent with the Plans’ objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

To achieve that objective, the Plan has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 90 percent, while growing the fund if possible. At least 10% of the funds net annual income shall be added to the endowment at the close of each year. Accordingly, the Plan expects its endowment assets, over time, to produce an average rate of return over and above that necessary to offset the rate of inflation in the United States over time. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.
7 - Permanent Endowment Funds (Continued)

Composition of and changes in endowment net assets for the year ended December 31, 2010 were as follows:

Board-designated endowment net assets, beginning of year $1,084,067
Additions -
Investment income:
  Net appreciation (depreciation) 123,247
  Amounts appropriated for expenditure -
Board-designated endowment net assets, end of year $1,207,314

8 - Financial Instruments

Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the organization’s assumptions used to measure assets and liabilities at fair value. A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Investments are detailed in the note above. Equity securities are Level 1 inputs and multiple asset funds are Level 2 inputs.

9 - Change in Accounting Principle

During the year ended December 31, 2010, management decided to change from the modified cash basis of accounting to the accrual basis of accounting which is a preferable and superior method of accounting. Beginning net assets for the year 2010 were adjusted for the following accrual items:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning net asset general reserves – as reported at December 31, 2009</td>
<td>$8,237,120</td>
</tr>
<tr>
<td>2009 Incurred but not reported reserve</td>
<td>(1,320,367)</td>
</tr>
<tr>
<td>2009 Accounts payable</td>
<td>(76,000)</td>
</tr>
</tbody>
</table>

Beginning net asset general reserves adjusted $6,840,752

2010 accruals for incurred but not reported reserve and account payable were properly stated at December 31, 2010. See Statement of Net Assets Available for Plan Benefits.

In addition, management decided to record the postretirement liability (see accrued postretirement benefits note above). Since the retrospective application requires assumptions about management’s intent in a prior period that cannot be independently substantiated and requires significant estimates of amounts, the entire effect of the change is reported in the Statements of Changes in Net Assets Available for Plan Benefits.
10 - Subsequent events

The Plan has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued.
The Texas Conference Board of Pensions brings this report to the 2011 Annual Conference in full and appreciative recognition of the sacrificial giving, careful planning and dedicated stewardship of predecessor Annual Conferences and Conference Boards of Pensions. We owe a debt of gratitude to our laity and to our clergy who have established the pension infrastructure on which the Texas Conference now stands. We are grateful as we make this report for the work they have done and for the opportunity to continue to work on the pension programs of the Texas Annual Conference and the United Methodist Church.

The report is divided into the following sections:

Section I Basic Recommendations to be acted on by this conference
  1. Conference Board Funds
  2. Pension Fund Apportionments
  3. Funding Pensions for Past Service Rate
  4. CRSP Funding Pensions for Current Service

Section II Conference Board of Pensions Assets for Past Service and Benefits

Section III Discussion on the Apportionment and the Past Service Rate

Section IV Pre-1982 Years of Service

Section V Housing Resolution

Section VI Comprehensive Protection Plan Summary

Section VII Adoption Agreement – Clergy Retirement Security Program (CRSP)

Section VIII Electronic Funds Transfer

Section IX The Sustentation Fund

Section X Intentional Interim Ministers

Section XI 2011 Update from the Board of Pensions
  1. Pre-92 Retiree Subsidy
  2. Early Retirement Incentive Plan
  3. CPP Premium Relief Program
  4. Sustentation Fund Changes
  5. Retiree Medical Expenses
  6. Post-Retirement Health Care Liability
  7. Managing the Post-Retirement Health Care Liability
  8. Pre-82 Funding Plan Acceptance
  9. Pension Unrestricted Reserve Review

Addendum A 2011 Benefit Amounts for the Comprehensive Protection Plan

Addendum B Pre-82 Funding Plan Approval Letter from the GBOP

Addendum C 2010 Board of Pensions Performance vs. Budget

Addendum D 2011 Board of Pensions Forecast

Addendum E 2012 Board of Pensions Forecast
Section I. Basic Recommendations

1. Conference Board – 2012 Budget
   a. Administrative Funds
      1) Meeting Expense $250
      2) Office Expense 0
   b. Program Funds
      1) Retiree Luncheon 9,000
      2) Pre-Retirement Seminar 400
      3) Retired Ministers Retreat 100
      4) Commemorative Plaques 2,050
      5) Retiree Video 11,200
      6) Promotion & Interpretation (Benefits Tour) 0
      7) Board Members & D.S’s. Education & Development 0
   $22,750.00
   Budget Total $23,000.00

2. Pension Fund Apportionment – 2011 Budget
   a. Apportionment for Pension Fund $900,000
   b. That all pastors and local churches be reminded of ¶639.4.a of The 2008 Book of Discipline: When the apportionment of the pastoral charges for the pension and benefit program of the Annual Conference has been determined, payments made thereon by each pastoral charge shall be exactly proportionate to payments made on the General Board of Pensions and Health Benefits Plan Compensation of the ordained minister or clergy serving it.
   c. That the apportionment for Pension Fund shall be spread among the churches on the prevailing decimal basis for all apportionments and that remittances are made to the office of the Conference Treasurer.

3. Funding Pensions for Past Service Rate
   Past Service is that service rendered prior to January 1, 1982, by clergy members and Full-Time Local Pastors which has been approved for pension credit. Funding for pensions for past service is provided through income from gifts, earnings on pension reserves, a stabilization fund and Pension Fund Apportionments.
   BE IT RESOLVED
   1) That the 2012 Past Service Rate for approved service rendered by ordained Ministers and Full-Time Local Pastors be set at $799.00.
   2) That the rate for Surviving Spouses be set at 75% of the Past Service Rate.
   3) That the 2012 Past Service Rate becomes effective January 1, 2012.

4. CRSP Funding Pensions for Current Service
   Current Service is that service rendered on and after January 1, 2012, by clergy. Funding for pensions for current service is the responsibility of the salary-paying unit to which the appointment is made. The funding for pensions and a protection umbrella is through the Clergy Retirement Security Program (CRSP) administered by the General Board of Pensions. The Adoption Agreement on CRSP will provide more specific detail and will
be printed in the Conference Journal.

WHEREAS, the United Methodist Church began in 2007 a new pension program for all years of service beginning January 1, 2007,
THEREFORE, BE IT RESOLVED,
That we affirm the action taken at 2006 session of the Texas Annual Conference which placed the church contribution for each clergy participant according to the following CRSP Funding Plan:

A) Defined Benefit (DB)
   i. Projected Total Cost to Texas Annual Conference (TAC) would be:
      \[ 9.5763\% \times 62,781 \text{ (DAC)} \times 564.50 \text{ (Eligible Participants)} + \text{ interest } + \text{ amortization} = 3,672,512 \text{ (Total DB)} \]
   ii. Plan Compensation of Eligible Participant \div \text{ Total TAC Plan Compensation} = \text{ “Decimal”}
   iii. Funding for Eligible Participant = “Total DB $” \times “Decimal”

B) Defined Contribution (DC)
   1. 3\% \times \text{ Plan Compensation of Eligible Participant}
   2. UMPIP – 1\% \times \text{ Plan Compensation of Eligible Participant}

C) Comprehensive Protection Plan (CPP)
   3\% \times \text{ Plan Compensation of Eligible Participant}
   (not to exceed $3,766.86)

D) Reserve Fund
   1\% \times \text{ Plan Compensation of Eligible Participants}

E) Sustentation Fund
   .5\% \times \text{ Plan Compensation of Eligible Participant}

NOTE:
1) The "contribution base" (Plan Compensation) of a clergyperson’s salary consists of:
   1. taxable cash salary
   2. housing related allowances
   3. salary-reduction contributions to Internal Revenue Code section 125 or 403(b) plans, and
   4. when a parsonage is provided, 25\% of the sum of 1, 2 and 3; or housing allowance in lieu of a parsonage

2) The Denominational Average Compensation in 2012 will be $62,781. Thus, the maximum CPP contribution by any Texas Conference participant will be 3\% of twice the DAC or $3,766.86.

3) The minimum level for participating in CPP at the normal 3\% level is a contribution base equal to 60\% of the Denominational Average Compensation. In 2012 this 60\% will be $37,668.60. Thus, a cash salary of $30,134.88 will be necessary to reach this 60\% requirement since $30,134.88 plus 25\% ($7,533.72) for housing = $37,668.60.

4) By special arrangement, ministers on leave of absence and ministerial members or full-time local pastors with a contribution base of less than 60\% of the Denominational Average Compensation in 2012 may participate in CPP by payment of 4.4\% of the Denominational Average Compensation, or $2,762.36, annually, $230.20 monthly. Participants under these special arrangements receive death benefit and disability protection.
Section II. Conference Board of Pensions Assets

<table>
<thead>
<tr>
<th></th>
<th>2010 Investment Earnings</th>
<th>Balance as of December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Account</td>
<td>$ 3,409</td>
<td>$ 650,564</td>
</tr>
<tr>
<td>Corpus-Retirement Endowment</td>
<td>818,523</td>
<td>6,425,186</td>
</tr>
<tr>
<td>Superannuate Endowment</td>
<td>17,523</td>
<td>137,554</td>
</tr>
<tr>
<td>Heartspring &amp; CDs</td>
<td>31,422</td>
<td>$ 503,237</td>
</tr>
<tr>
<td>Pension Unrestricted Reserve</td>
<td>4,476,856</td>
<td>35,627,509</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 5,347,733</strong></td>
<td><strong>$ 43,344,050</strong></td>
</tr>
</tbody>
</table>

Notes to table of assets:
1. The Board of Pensions received royalties from oil and gas leases in the amount of $43,332 which were deposited in the Heartspring account.
2. 95% of the investment earnings in 2010 and 2011 from the 2 endowments is being pledged toward the Post-Retirement Health Care Liability (see Section XI, paragraph G).
3. Balance column does not reflect cash of $351,546; apportionment receivable of $219,383; or $50,000 of liabilities.
4. Interest earned on operating cash ($787 in 2010) is excluded from the disclosed investment earnings of $5,347,733.

Section III. Discussion on the Apportionment and the Past Service Rate

1. Pension Fund Apportionment
   It should be noted that through 1998 the Conference Claimant Apportionment Request for $1,425,000 had remained unchanged since 1991 when the Past Service Rate was $319.00 and the $1,425,000 was equivalent to 12.16% of the Total Texas Conference 1991 budget. The request for 1999 was $1,400,000 and this constituted the first reduction since 1991, with a further reduction to $900,000 in 2007. The request for the year 2012 remains at $900,000.

2. Past Service Rate
   The recommended 2012 Past Service Rate (PSR) of $799.00 is in keeping with the Disciplinary recommendations (¶1506.7) "that such rate be not less than (emphasis added) 1% of the Conference Average Compensation (CAC) as computed by the General Board of Pensions." The CAC for 2012 is $75,136 and the 2012 PSR of $799.00 is equivalent to 1.06% of the CAC.

Section IV. Pre-1982 Years of Service
Pension credit is given for full time service ¶1506.4 (a). The 2008 Book of Discipline notes the qualifications and restrictions. Less than full time service, students and part-time local pastors are not eligible for pension credit. (Full-time local pastors are eligible for pension credit for full time service).

The Board of Pensions of the Texas Annual Conference recognizes this paragraph as the standard guidelines for determining years of service and pension credit for years of service.

Section V. Housing Resolution

RESOLUTIONS RELATING TO RENTAL/HOUSING ALLOWANCES FOR RETIRED OR DISABLED MINISTERS

The Texas Annual Conference (the “Conference”) adopts the following resolutions relating to rental/housing allowances for retired or disabled clergypersons of the Conference:

WHEREAS, the religious denomination known as The United Methodist Church (the “Church”), of which this 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”);

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;

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

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

NOW, THEREFORE, BE IT RESOLVED:

THAT an amount equal to 100% of the pension or disability payments received from plans authorized under The Book of Discipline of The United Methodist Church (the “Discipline”), which includes all such payments from the General Board of Pension and Health Benefits (“GBOPHB”), during the year 2011 by each active, retired or disabled Clergyperson who is or was a member of the Conference, or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and

THAT the pension or disability payments to which this rental/housing allowance applies will be any pension or disability payments from plans, annuities, or funds authorized under the Discipline, including such payments from the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB plan, annuity, or fund authorized under the Discipline, that result from any service a Clergyperson rendered to this Conference or that an active, retired or 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 thereunder 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.

The housing/rental allowance exclusion is available only to clergy, not to surviving spouses, but the death of a minister during the year does not invalidate the exclusion for the entire year. The exclusion is still available for the part of the year the minister was alive.

Since neither the General Board of Pensions nor the Texas Annual Conference gives legal tax advice, each minister should consult with his or her own attorney, CPA, or other tax advisor.

Section VI. Comprehensive Protection Plan Summary

The current Comprehensive Protection Plan Adoption Agreement was signed by the Texas Conference in 2007 to be effective in 2008. It shall be effective until amended by the Conference and agreed to by the Administrator in accordance with the provisions of the Comprehensive Protection Plan. Every year the benefits are outlined by the General Board of Pensions and included in the Board of Pensions report. 2011 Benefit Amounts for the Comprehensive Protection Plan can be found in Addendum A to this report.

Section VII. Adoption Agreement – Clergy Retirement Security Program (CRSP)

The Clergy Retirement Security Program (CRSP) Adoption Agreement was adopted by the Texas Conference as defined in the Clergy Retirement Security Program Plan Document, and agreed to by the General Board of Pension and Health Benefits for the Plan Year commencing January 1, 2007. It shall be effective until amended by the Conference and agreed to by the Board in accordance with the provisions of the Clergy Retirement Security Program. Previous Adoption Agreements shall remain in effect for the Plan Years to which they apply.

Section VIII. Electronic Funds Transfer

An important aspect of the CRSP pension structure is that each Annual Conference is responsible for all pensions-related billing and collections, beginning January 1, 2007. The Board of Pensions, therefore, requires that the Texas Annual Conference utilize Electronic Funds Transfer for pension collections. The Board of Pensions has negotiated an Electronic Funds Transfer (EFT) agreement with Whitney Bank, the banking institution for the Texas Annual Conference.

Section IX. The Sustentation Fund

1. Statement of Intent

The Sustentation Fund of the Texas Annual Conference is a fund representing a tangible expression of a collegial relationship among clergy under appointment in the conference to provide transitional aid. The Sustentation Fund will provide temporary financial assistance to clergy who are placed on Leave of Incapacity, Leave of Absence, Emergency Assistance, and to assist local congregations in times of clergy transition. Sustentation Fund payments shall be the responsibility of each local congregation, shall be part of the benefit program through the Conference Board of Pensions, and shall not exceed ½ of 1% of each clergy’s total compensation.
2. **Eligibility for Membership**

Clergy under appointment who participate in the General Board of Pensions program administered by the Texas Annual Conference are eligible.

A. **Structure**

1. The Joint Committee on Incapacity is to be considered as the Sustentation Fund Committee and shall be the supervising agency for the Sustentation Fund. The chair of the committee shall call meetings at least annually in which the operations of the Sustentation Fund shall be reviewed and reported to the Executive Session of the Texas Annual Conference.

2. The Conference Benefits Officer (CBO) of the Texas Annual Conference shall have direct responsibility for the administration of the Sustentation Fund.

3. The Conference Benefits Officer (CBO) of the Texas Annual Conference shall be the custodian of the permanent records of the Sustentation Fund.

4. The Fiscal Officer of the Texas Annual Conference shall manage all resources of the Sustentation Fund by deposit, investment, and dispersal of all funds.

B. **Disclaimer**

The Sustentation Fund shall not accept responsibility nor does its existence constitute responsibility by the Texas Annual Conference or any of its agencies for any resources beyond the benefits specifically identified in these guidelines which cannot, do not, and will not be extended beyond the range of (12) months length from the beginning of such benefits.

This limitation on the payment of premiums for Group Health Benefits for clergy Incapacity Leave shall not apply. On recommendation of the Cabinet, and at the determination of the Sustentation Fund Committee based on available resources, assistance in the payment of Group Health Benefits may be extended beyond the original twelve (12) month period.

C. **Benefits**

The Sustentation Fund is limited to providing cash benefits for the following purposes:

1. For Payment of required CPP contributions for CPP participants who are on Incapacity Leave and on Leave of Absence when payment of CPP is authorized by the Cabinet.

2. **Group Health Benefits**

   a. For assistance in payment of Group Health Benefits premiums for persons on Incapacity Leave. This assistance will be based on the following schedule:

      - **First 12 months on Incapacity Leave**
        - 100% of Single Coverage premiums, 70% of Family Coverage

      - **Second 12 Months on Incapacity Leave**
        - 75% of Single Coverage premiums, 60% of Family Coverage premiums

      - **Third 12 Months and Thereafter**
        - 60% of Single Coverage premiums, 50% of Family Coverage premiums

   b. For assistance in payment of Group Health Benefits premiums for persons on Leave of Absence as requested by the Cabinet. This assistance during the Leave of Absence will be based on the following schedule:

      - **First 3 Months of Single Coverage premiums**
        - 100% of Single Coverage premiums, 70% of Family Coverage premiums

      - **Second 3 Months Period**
        - 75% of Single Coverage premiums, 60% of Family Coverage premiums

      - **Third and Fourth 3 Months Period**
        - 60% of Single Coverage Premiums, 50% of Family Coverage premiums
3. For payment of benefits to persons re-entering General Ministry on recommendation from and requisition by the Committee on Conference Relations and the Cabinet with concurrence by Sustentation Fund Committee. Pre-approved items will include, but may not be limited to such services as vocational assessment, counseling, temporary housing, medical insurance protection and shall not exceed $15,000 per year.

4. For Emergency Assistance as defined by the Cabinet in concurrence with the Sustentation Fund Committee.

5. For providing interim clergy support to local congregations.

D. Funding and Budgeting *(See Section XI.4. for changes in Sustentation Fund)*

1. The Sustentation Fund shall be funded by contribution of the salary paying unit on behalf of each eligible participant of the Texas Annual Conference on an amount equal to 1/2 of 1% of Plan Compensation, which is the basis of the calculation of Pensions through the General Board of Pension and Health Benefits.

2. Up to 50% of the Sustentation Funds shall be designated for Interim clergy support to local congregations in accord with provisions in the Addendum on Intentional Interim Ministers.

3. Up to 25% of the Sustentation Funds shall be for Group Health Benefits support.

4. Up to 25% of the Sustentation Funds shall be for all other benefits.

E. The Process of Collection of Sustentation Fund Resources

1. The Center for Clergy Excellence shall bill each local congregation with eligible clergy serving under appointment.

2. Contributions to the Sustentation Fund shall be in accord with the established procedures of the Texas Annual Conference for pension billing.

**REVIEW – Sustentation Fund**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
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<tr>
<td>Balance Forward January 1, 2010</td>
<td>$53,347.95</td>
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<tr>
<td>2010 Receipts</td>
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<tr>
<td>Total</td>
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<tr>
<td>Disbursements</td>
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</tr>
<tr>
<td>Balance December 31, 2010</td>
<td>$192,849.51</td>
</tr>
</tbody>
</table>

**Section X. Intentional Interim Ministers**

A. Settings for Intentional Interim Ministers

1. Short Term (generally three to six months, but up to a year)
   a. Sabbaticals of up to six months in length
   b. Health issues
   c. Ministerial transitions, such as retirement, transfers, appointments to ministry of Superintendency

2. Long Term (generally one to three years)
   a. Death of a Pastor
   b. Ending of the appointment of a beloved or long-tenured pastor
   c. Traumatic departure of a Pastor
   d. Unhealthy or conflicted congregation
   e. Other factors that contribute to a disruption in congregational life
B. Compensation
1. A covenant for compensation will be signed at the initial meeting with the Pastor-Staff Parish Relations Committee.
2. The District Superintendent and the Center for Clergy Excellence will negotiate the compensation package and prepare the covenant to be signed.
3. Short Term Interim Ministers will be compensated at a level no less than the Conference Equitable Compensation.
4. Long Term Interim Ministers shall be compensated at a minimum level no less than the local congregation’s pastoral compensation, but not less than the Conference Average Compensation.
   a. If the local congregation’s pastoral compensation is below the Conference Average Compensation, then the Sustentation Fund of the Texas Annual Conference will provide funding for the difference.
   b. Benefits provided to clergy under appointment in the Texas Annual Conference shall also be provided to the IIM.
5. Housing will be considered as part of the compensation package, negotiated and included in the covenant.

Section XI. 2011 Update from the Board of Pensions

1. Pre-92 Retiree Subsidy
   The Board of Pensions approved continuing the pre-92 retiree Group Health Benefits subsidy that is provided to retirees who retired prior to 1992. Currently there are 27 Clergy and 20 Surviving Spouses. The financial obligation for the Pre-92 Retiree Subsidy is $27,720.

2. Early Retirement Incentive Plan (ERIP)
   Under this plan, eligible retirees receive a $30,000 cash stipend and up to a $400 credit per month toward their group health personal contribution for 36 months. The purpose of the Early Retirement Incentive Plan was to address the problem of having more clergy than available appointments. Obligations for 2011 (final year of program) total $98,482.

3. CPP Premium Relief Program
   In July 2009, the General Board declared a CPP “Premium Holiday” for three years starting in either 2010 or 2011. As explained by the General Board of Pensions and Health Benefits, “the premium holiday provides relief to conferences, does not jeopardize the financial soundness of the CPP, does not require General Conference 2012 action, retains a 100% funding target in the pension plans and is in keeping with the fiduciary responsibility of both the board of directors and all plan sponsors.”

   The Texas Annual Conference elected to begin receipt of the “premium holiday” beginning in 2010. The premium holiday is projected to provide funding relief of $1.038 million, $1.069 million, and $1.101 million towards the funding requirements for 2011, 2012 and 2013 respectively.

4. Sustentation Fund Changes
   The Sustentation Fund was established in 2006 to provide funding for Interim Clergy Support (50%), Group Health Benefits Support (for clergy on Incapacity Leave – 25%) and Emergency Relief (25%). An increase in Group Health Benefits costs for clergy on Incapacity Leave has caused the Group Health Benefits portion of the Sustentation Fund to run a deficit, which has
been paid through Group Health Benefits, while there has been a surplus in the other portions of the fund. To provide appropriate funding support for Group Health Benefits for clergy on Incapacity Leave, the Board of Pensions eliminated the percentage allocations of the Sustentation Fund effective January 1, 2011, subject to approval by the Texas Annual Conference.

While the preceding action will eliminate the shortfall in the future, the shortfall that developed over the past several years in the amount of $201,203 has been funded by the Group Health Benefits Committee. The Board of Pensions approved reimbursing the Group Health Benefits Committee for this expense on the basis that it is a Board of Pensions expense, since the collection of sustentation funds is performed through billing by the Board of Pensions.

5. Retiree Medical Expenses
Over 65 retiree medical expenses are projected to be $1,112,640 to the Texas Annual Conference in 2012. The Board of Pensions shall reimburse Group Health Benefits $190/month for single coverage or $360/month for family coverage out of the Pension Unrestricted Reserve in 2012 as explained in the Group Health Benefits report. The Board of Pensions will review annually a request to continue such funding and decide based on current economic conditions whether to continue it.

WHEREAS, the United Methodist Church cares deeply about those who have served the Conference in the past and are in retirement,
WHEREAS, the 2012 cost to provide health care to over 65 retirees is estimated to cost $1,112,640,
WHEREAS, the Board of Pensions through the Group Health Benefits Committee wishes to prevent an increase in health care cost to the churches by funding the over 65 retiree expense out of the Pension Unrestricted Reserve,
THEREFORE, BE IT RESOLVED, in 2012 that the Pension Unrestricted Reserve shall provide to Group Health Benefits a monthly payment of $190 for a single over 65 retiree enrollment and $360 for a family over 65 retiree enrollment.

6. Post-Retirement Health Care Liability
As reported in the Group Health Benefits Report to Annual Conference in 2010, new auditors identified the need to quantify the post-retirement health care liability as required by the Financial Accounting Standards Board (FASB). The evaluation has been completed and the actuaries of the Hewitt actuarial consulting firm have determined that the total estimated post-retirement health care liability for the Texas Annual Conference is $27,040,000 as of July 1, 2010.

This liability will be actuarially reevaluated periodically to determine the impact of various changes. Further details can be found in the Group Health Benefits Report.

7. Managing the Post-Retirement Health Care Liability
The Board of Pensions approved allocating 95% of the investment earnings in 2010 and 2011 from the Superannuate Trust and the Corpus Retirement Trust to reduce the post-retirement health care liability. A separate account will be created to accumulate these funds.
8. Pre-82 Funding Plan Acceptance
The funding plan for the pre-82 plan has been approved by the General Board of Pensions (see Addendum B. Pre-82 Funding Plan Approval Letter from the General Board). Contributions to the Pre-82 plan will continue until the General Board determines it is 100% funded at which point contributions will cease. Contributions will start once again in the event the General Board determines the plan is not 100% funded.

9. Pension Unrestricted Reserve Review
The Board of Pensions has asked the Controller for Pensions and Group Health Benefits to review the purpose, performance and accomplishments of the Pension Unrestricted Reserve as part of the Quadrennial evaluation as provided for in the resolution adopted at Annual Conference 2007. The Board of Pensions Report to Annual Conference 2012 will include his evaluation.

Addendums to Report

Addendum A  2011 Benefit Amounts for the Comprehensive Protection Plan
Addendum B  Pre-82 Funding Plan Approval Letter from the GBOP
Addendum C  2010 Board of Pensions Performance vs. Budget
Addendum D  2011 Board of Pensions Forecast
Addendum E  2012 Board of Pensions Forecast

<table>
<thead>
<tr>
<th></th>
<th>95% of 2010 investment earnings</th>
<th>2011 (estimated @ 5%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superannuate Trust</td>
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<tr>
<td>Investment Income</td>
<td>$16,647</td>
<td>$5,743</td>
<td>$22,390</td>
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<td></td>
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<td></td>
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<tr>
<td>Corpus Retirement Trust</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Investment Income</td>
<td>$777,596</td>
<td>$268,260</td>
<td>$1,045,856</td>
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<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Totals</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$794,243</td>
<td>$274,003</td>
<td>$1,068,246</td>
</tr>
</tbody>
</table>

85% of 2010 investment earnings 2011 (estimated @ 5%)

On behalf of the Board of Pensions, I would like to thank Rev. Gail Ford Smith, Director, Center for Clergy Excellence; Mark Hellums, Controller, Pension and Group Health Benefits; Lydia Fay Lopez, Benefits Administrator / HIPAA Privacy Officer; Barbara Kilby, Executive Assistant; Monica Obregon, GHB, Accounts Receivable / Data Assistant; and Patty Oliver, Pensions, Accounts Receivable / GBOP Data Assistant; for providing outstanding dedication and skillful application of their talents in this difficult and changing field. I would also like to thank each of the members of the Board of Pensions for their work in crafting the solutions we have identified to date.
The 2011 Denominational Average Compensation (DAC) is $61,716.

The following information generally describes the benefit amounts payable under the terms and conditions of the Comprehensive Protection Plan (CPP) to eligible participants and their beneficiaries. For more information about the terms of CPP, please see the CPP Summary Plan Description available at www.gbophb.org/TheWell/Root/CPP/3097.pdf. Although all efforts have been made to ensure the accuracy of this document, in the event of a discrepancy between this document and the CPP Plan Document, the plan document always governs.

Active Participant Death Benefits—Payable upon the death of an eligible active participant in 2011:
- $50,000 payable in 12 monthly installments or one lump sum
- Annual surviving spouse annuity benefit of $12,343.20 (20% of the DAC), less the annuity benefit payable from the Clergy Retirement Security Program (CRSP) and other Church-related sources
- Annual surviving child benefit of $6,171.60 (10% of the DAC) payable in 12 monthly installments
- Annual surviving child educational benefit of up to $12,343.20 (20% of the DAC) payable in equal installments

Retired Participant Death Benefits—Payable upon the death of a retired participant in 2011:
- $18,514.80 (30% of the DAC) payable in one lump sum
- Annual surviving child benefit of $6,171.60 (10% of the DAC) payable in 12 monthly installments
- Annual surviving child educational benefit of up to $12,343.20 (20% of the DAC) payable in equal installments

Spouse Death Benefit—Payable upon the death of a spouse of an active or retired participant in 2011:
- $12,343.20 (20% of the DAC) payable in one lump sum

Surviving Spouse Death Benefit—Payable upon the death of a surviving spouse of a deceased active or retired participant in 2011:
- $9,257.40 (15% of the DAC) payable in one lump sum

Child Death Benefit—Payable upon the death of a child of an active or retired participant in 2011:
- $6,171.60 (10% of the DAC) payable in one lump sum

Disability Benefits
The disability benefit equals 70% of plan compensation for the plan year in which the first payment is effective, with plan compensation capped at 200% of the DAC. The disability benefit is reduced by any disability benefits payable under the Social Security Act.

Eligible participants receiving CPP disability benefits may also receive retirement plan contributions. A contribution equal to 3% of compensation (as defined by CRSP) will be credited, in monthly installments, to the participant's CRSP defined contribution account.

Notes:
1 Ages 17 and younger. Benefits are paid through the month in which the child attains age 18.
2 Ages 18 through 24 and attending school full-time. Half of the annual benefit may be paid if the child is attending a secondary school. If the child enters a post-secondary institution of higher learning prior to age 18, the post-secondary educational benefit may become effective at that time.
3 Ages 18 and younger; ages 19 and older if dependent upon the participant or upon the surviving spouse of the participant due to a behavioral or physical disability that existed prior to age 19, or ages 24 and younger and receiving a surviving child benefit
4 Other reductions may apply as determined by the General Board of Pension and Health Benefits.
August 5, 2010

VIA EMAIL
Mark Hellums
5215 Main Street
Houston, TX 77002-9792

RE: 2011 Funding Plan for the Texas Annual Conference

Dear Mr. Hellums:

Attached is a copy of the funding plan for 2011 submitted for the portion of Supplement One to the Clergy Retirement Security Program attributable to the Texas Annual Conference.

The total liability as of January 1, 2009, for 2011 is $61,807,999 based on the following key actuarial assumptions:

- 7.0% interest
- RP-2000 mortality table
- Past service Rate (PSR) of $783 and
- 2% average increase in the Past Service Rate until PSR to Conference Average Compensation (CAC) ratio hits 1%, then 4% thereafter

In the opinion of The General Board of Pension and Health Benefits of The United Methodist Church, the attached funding plan meets the funding requirements of Paragraph 1506.8 of The Book of Discipline of The United Methodist Church 2008. This opinion applies only to the attached funding plan.

Sincerely,

Jeanne Featherstone
Actuarial Services Department

cc: Gail Ford Smith, Conference Benefits Officer, Texas Annual Conference
    Paula Whitbeck, General Board of Pension and Health Benefits

Enclosure
Texas Annual Conference of the
United Methodist Church
Board of Pensions
Statements of Changes in Net Assets Available for Plan Benefits
For the 12-month YTD period ending December 2010

<table>
<thead>
<tr>
<th>Actual YTD December 2010</th>
<th>Budget YTD Actual B / (W) December 2010</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRSP receipts</td>
<td>6,681,505</td>
<td>6,868,768</td>
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<tr>
<td>Apportionments</td>
<td>789,618</td>
<td>900,000</td>
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<td>Other receipts service</td>
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<tr>
<td>charges</td>
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<tr>
<td>Royalties received</td>
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<td>39,000</td>
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<tr>
<td>Total income</td>
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<td>7,807,768</td>
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<tr>
<td><strong>Operating expenses</strong></td>
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<tr>
<td>Retirement benefits</td>
<td>5,254,186</td>
<td>5,212,606</td>
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<td>funded</td>
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<td>Retiree Life Insur.</td>
<td>49,290</td>
<td>50,000</td>
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<td>(UNUM)</td>
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<tr>
<td>County Taxes</td>
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<td>(3,435)</td>
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<td>Administrative expense</td>
<td>322,188</td>
<td>408,946</td>
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<tr>
<td>Sustentation funding</td>
<td>363,405</td>
<td>206,054</td>
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<tr>
<td>Total expenses</td>
<td>5,992,504</td>
<td>5,877,606</td>
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<tr>
<td>Operating income over expense</td>
<td>1,541,710</td>
<td>1,930,162</td>
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<tr>
<td><strong>Investment income (loss)</strong></td>
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<tr>
<td>Investment income on reserves</td>
<td>4,512,473</td>
<td>1,547,163</td>
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<tr>
<td>Investment income on permanent endowment</td>
<td>836,047</td>
<td>286,335</td>
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<td>Net investment income (loss)</td>
<td>5,348,520</td>
<td>1,833,498</td>
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<tr>
<td><strong>Transfer from / (to)</strong></td>
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<tr>
<td>Group Health Benefits</td>
<td>126,504</td>
<td>(87,644)</td>
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</table>

Beginning Reserve Fund 36,848,245
Change in Reserve Fund 7,016,734
Ending Reserve Fund 43,864,979
Notes:

a. In addition to DC and UMIP payments made through December 2010, comprehends 12 months DB expense accrual based on 2010 funding commitment of $3,564M to the General Board of Pensions.

b. Includes payment of $164,215 made to the conference office in March 2010 to fund the shortfall within the GHB Sustentation Fund as of the 2009 close; Transfer was made in June from GHB Investments (GHB & Pensions Unrestricted Reserve) to Pension Investments (Pension Unrestricted Reserve) to offset expense borne by the Pensions Plan.

c. Pension investments have produced YTD returns of approximately 14.59% thus producing gains (increase in reserves) of $5.349M through December 2010 YTD. The 14.59% is based on a culmination of the 12 monthly returns (as reported by each manager) / divided by the aggregate portfolio market value as of 1/1/10. The return does not constitute a “true” weighted average return for the year.

d. Reflects transfer receipt from GHB of $164,215 (sustentation deficit funding) partially offset by transfers to GHB of $24,300 and $13,411 to fund the (1) Pre-92 retiree subsidy and (2) admin expenses charged to GHB post June 1, 2010.
Texas Annual Conference of the United Methodist Church
Board of Pensions
Statements of Changes in Net Assets Available for Plan Benefits
2011 Forecast

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>2011 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRSP receipts</td>
<td>6,668,394</td>
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<tr>
<td>Apportionments</td>
<td>900,000</td>
</tr>
<tr>
<td>Other receipts &amp; service charges</td>
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<tr>
<td>Royalties received</td>
<td>40,000</td>
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<tr>
<td>Total income</td>
<td>7,608,394</td>
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<table>
<thead>
<tr>
<th>Operating expenses</th>
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<tbody>
<tr>
<td>Retirement benefits funded</td>
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<tr>
<td>Retiree Life Insurance (UNUM)</td>
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<tr>
<td>County Taxes</td>
</tr>
<tr>
<td>Administrative expenses</td>
</tr>
<tr>
<td>Sustentation funding</td>
</tr>
<tr>
<td>Total expenses</td>
</tr>
</tbody>
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Operating income over expense (1,455,510)

<table>
<thead>
<tr>
<th>Investment income (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income on reserves</td>
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<tr>
<td>Investment income on permanent Endowment</td>
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</tbody>
</table>

Net investment income (loss) 2,167,503 e.

<table>
<thead>
<tr>
<th>Transfer from / (to) Group Health Benefits</th>
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</thead>
<tbody>
<tr>
<td>(228,922) f.</td>
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<table>
<thead>
<tr>
<th>Beginning Reserve Fund</th>
<th>43,864,979</th>
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<tbody>
<tr>
<td>Change in Reserve Fund</td>
<td>483,071</td>
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<tr>
<td>Ending Reserve Fund</td>
<td>44,348,050</td>
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</table>

2011 Forecast Details:

a. Based on FTE of 557.25 and CAC of $73,816 for 2011. Assumes collection percentage of 16.2% versus a complete 17.0% in 2011. A full collection of 17.0% assumes 100% collection rate as follows: 8.5% DB, 3.0% DC, 3.0% CPP, 1.0% UMPIP, 1.0% Reserve Fund and 0.5% Sustentation Fund.
b. Comprised of the following funding commitments: CRSP DB of $3.858M, MPP Annuities of $0.0911M, Pre-1982 Plan of $1.689M, CRSP DC of $1.234M and UMPIP funding of $0.411M.
c. 100% of administrative expense for Pension and GHB activities to be paid from Pension reserves in 2011.
d. Based on FTE of 557.25, CAC of $73,816 for 2011 and 0.5% collection rate for Sustentation.
e. Reflects projected return of 5.0% Pension investments during 2011. Actual 12-31-10 asset baseline of $43,344M.
f. Reflects the following transfers of cash to the GHB operating account from Pension operating account:
   • $27,720 for Pre-92 Retiree Subsidy
   • $164,215 for Group Health Sustentation deficit (as of 2009 close) that will be “refunded” to GHB Plan pending approval of Board of Pensions and TAC 2011.
   • $36,987 for Group Health Sustentation deficit (which accrued in fiscal 2010) that will be “refunded” to GHB Plan pending approval of Board of Pensions and TAC 2011.
Operating Income (a.)  

CRSP receipts  
-DB 3,605,213.12  
-DC 1,272,428.16  
-UMPIP 424,142.72  
-CPP 933,113.98  
-Reserve Fund 424,142.72  
-Sustentation Fund 212,071.36  
TOTAL CRSP 6,871,112.06  

Apportionments 900,000.00  
Royalties received 40,000.00  
TOTAL INCOME 7,811,112.06  

Operating expenses  
Retirement benefits funded  
-DB (b.) 4,374,682.00  
-DC 1,272,428.16  
-UMPIP 424,142.72  
TOTAL BENEFITS FUNDED 6,071,252.88  

UNUM 50,000.00  
Sustentation funding 212,071.36  
Administration Expense 722,910.65  
TOTAL EXPENSE 7,056,234.89  

Operating income over expense 754,877.17  

Investment Income (loss) 2,221,267.95  

Transfer from / (to) Group Health Benefits (c.) (1,140,360.00)  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Reserve Fund</td>
<td>44,348,049.85</td>
</tr>
<tr>
<td>Change in Reserve Fund</td>
<td>1,835,785.12</td>
</tr>
<tr>
<td>Ending Reserve Fund</td>
<td>46,183,834.97</td>
</tr>
</tbody>
</table>
**2012 Forecast Details:**

a. Based on FTE of 564.50 and CAC of $75,136 for 2012. Assumes collection percentage of 16.2% versus a complete 17.0% in 2012. The components are comprised as follows:
   - DB 8.5%
   - DC 3.0%
   - UMPIP 1.0%
   - CPP 2.2%
   - Reserve Fund 1.0%
   - Sustentation Fund 0.5%

b. Comprised of the following funding commitments for DB plans: CRSP DB of $3,673M, and Pre-1982 Plan of $0.702M.

c. Reflects the following transfers of cash to the GHB operating account from Pension operating account:
   - $27,720 for Pre-92 Retiree Subsidy
   - $1,112,640 for Group health stipend of $190 per retiree health participant (assumes 488 participants X $190 X 12 months).
TEXAS ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Board of Pensions
Houston, Texas

Financial Statements

December 31, 2010 and 2009
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<th>Page</th>
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<td>Statements Changes in Net Assets Available for Plan Benefits</td>
<td>3</td>
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<tr>
<td>Statements of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>5 - 10</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS' REPORT

To the Board of Pensions,
Texas Annual Conference of the United Methodist Church:

We have audited the accompanying statements of net assets available for plan benefits of the Board of Pensions of the Texas Annual Conference of the United Methodist Church (a Texas not-for-profit corporation) as of December 31, 2010 and 2009 and the related statements of changes in net assets available for plan benefits and cash flows for the years then ended. These financial statements are the responsibility of the Annual Conference's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

We did not perform any auditing procedures with respect to information summarized in the notes to the financial statements “Plan Funding Requirements” and “Plan Funded Status,” which was certified by the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan’s investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009 that the information provided to the plan administrator by the trustee is complete and accurate.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to audit the investments held by the trustee, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Pensions of the Texas Annual Conference of the United Methodist Church as of December 31, 2010 and 2009 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ratliff & Associates, P.C.

February 18, 2011
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
BOARD OF PENSIONS  
Statements of Net Assets Available for Plan Benefits  
December 31, 2010 and 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$351,546</td>
<td>$99,463</td>
</tr>
<tr>
<td>Apportionment receivable</td>
<td>219,383</td>
<td>198,845</td>
</tr>
<tr>
<td>Certificates of deposit and other investment accounts</td>
<td>503,237</td>
<td>372,638</td>
</tr>
<tr>
<td><strong>Assets held by the General Board of Pensions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit account</td>
<td>650,564</td>
<td>633,895</td>
</tr>
<tr>
<td>Superannuate endowment</td>
<td>137,554</td>
<td>120,031</td>
</tr>
<tr>
<td>Corpus-Retirement Endowment Trust</td>
<td>6,425,186</td>
<td>5,606,663</td>
</tr>
<tr>
<td>Pensions unrestricted reserve</td>
<td>35,627,509</td>
<td>29,916,710</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>43,914,979</td>
<td>36,948,245</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>50,000</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Net Assets Available for Plan Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General reserves</td>
<td>37,302,239</td>
<td>31,121,551</td>
</tr>
<tr>
<td>Permanent endowment funds</td>
<td>6,562,740</td>
<td>5,726,694</td>
</tr>
<tr>
<td><strong>Total net assets available for plan benefits</strong></td>
<td>$43,864,979</td>
<td>$36,848,245</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements.*
### Operating Income

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRSP billings/MPP billings</td>
<td>$6,681,505</td>
<td>$6,555,408</td>
</tr>
<tr>
<td>Apportionments - retiree health</td>
<td>789,618</td>
<td>741,534</td>
</tr>
<tr>
<td>Other receipts and service charges</td>
<td>19,759</td>
<td>-</td>
</tr>
<tr>
<td>Royalties received</td>
<td>43,332</td>
<td>39,058</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>7,534,214</td>
<td>7,336,000</td>
</tr>
</tbody>
</table>

### Operating expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefits funded</td>
<td>5,254,186</td>
<td>6,176,725</td>
</tr>
<tr>
<td>Retiree life insurance (UNUM)</td>
<td>49,290</td>
<td>51,099</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>325,623</td>
<td>10,515</td>
</tr>
<tr>
<td>Early retirement</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Sustentation funding</td>
<td>363,405</td>
<td>196,478</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>5,992,504</td>
<td>6,534,817</td>
</tr>
</tbody>
</table>

**Operating income over expense**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,541,710</td>
<td>801,185</td>
</tr>
</tbody>
</table>

### Investment income (loss):

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income on reserves</td>
<td>4,512,474</td>
<td>6,021,826</td>
</tr>
<tr>
<td>Investment income on permanent endowment</td>
<td>836,046</td>
<td>1,212,759</td>
</tr>
<tr>
<td><strong>Net investment income (loss)</strong></td>
<td>5,348,520</td>
<td>7,234,585</td>
</tr>
</tbody>
</table>

### Transfer of joint reserves from (to) Group Health Benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>126,504</td>
<td>(410,000)</td>
</tr>
</tbody>
</table>

### Increase in Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,016,734</td>
<td>7,625,768</td>
</tr>
</tbody>
</table>

### Net Assets Available for Plan Benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balances</td>
<td>36,848,243</td>
<td>29,222,477</td>
</tr>
<tr>
<td><strong>Ending balances</strong></td>
<td>$43,864,979</td>
<td>$36,848,245</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements.*
Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received</td>
<td>$7,513,676</td>
<td>$7,306,330</td>
</tr>
<tr>
<td>Cash paid for operating expenses</td>
<td>(6,042,504)</td>
<td>(6,436,196)</td>
</tr>
<tr>
<td>Cash transferred from (to) Group Health Benefits</td>
<td>126,504</td>
<td>(410,000)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>1,597,676</td>
<td>460,134</td>
</tr>
</tbody>
</table>

Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to investments, net</td>
<td>(1,345,593)</td>
<td>(782,324)</td>
</tr>
<tr>
<td>Net cash utilized by investing activities</td>
<td>(1,345,593)</td>
<td>(782,324)</td>
</tr>
</tbody>
</table>

Net increase (decrease) in cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>99,463</td>
<td>421,653</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$351,546</td>
<td>$99,463</td>
</tr>
</tbody>
</table>

Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>$7,016,734</td>
<td>$7,625,768</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net assets to net cash provided by operating activities:

- Increase (decrease) in apportionment receivable           | (20,538) | (29,670) |
- Investment (appreciation) depreciation                    | (5,348,520)| (7,234,585)|
- Increase (decrease) in accounts payable                  | (50,000)  | 98,621   |

Net cash provided by operating activities                 | $1,597,676| $460,134 |
1 - Nature of Organization

The Texas Annual Conference of the United Methodist Church (the “Conference”) administers pension and health insurance benefits through agencies of the Conference. The Texas Conference Board of Pensions (the “Plan”) is an agency that provides pension and retirement benefits to clergy and their dependents who work for the Conference. The Texas Conference Group Health Benefits Plan (“Benefits”) is an agency that provides group health benefits to clergy, laypersons and their dependents who work for the Conference. The Plan and Benefits are administered by employees of the Texas Annual Conference.

The Texas Conference Board of Pensions through the pension plan administration office is responsible for receiving the apportionments and benefit plan collections from churches and Conference agencies. Funds are then paid over to the General Board of Pensions of the United Methodist Church. The General Board is the Plan trustee and oversees investments and investment policy. Individual participant accounts and pensions funding obligations are maintained by the General Board. It was not practical to audit the funds held by the General Board and as such was not within the scope of the audit report.

The Clergy Retirement Security Plan consists of three elements. Prior to 1982 the Pre-82 plan was a defined benefit pension plan which, in 2010, paid $767 annually for each year of service under the plan. As of January 1, 2010, the participant demographic data was as follows for the Pre-82 plan: 137 Actives, 36 Others, 530 Retirees and 216 Contingent Annuitants.

In 1982 the Texas Annual Conference adopted a defined contribution plan, the Ministerial Pension Plan, (MPP) whereby contributions made on behalf of participants are invested and accumulated for distribution at retirement. By its terms, this plan is funded fully. The MPP also features a Comprehensive Protections Plan which provides disability and death benefits to eligible ministerial members.

In 2007 the Clergy Retirement Security Plan (CRSP) was adopted. The CRSP consists of six elements:
A) Defined Benefit Plan - 8.5% of eligible compensation;
B) Defined Contribution Plan - 3% of eligible compensation;
C) Comprehensive Protection Plan - 3% of eligible compensation;
D) Reserved Fund - 1% of eligible compensation;
E) Sustentation Fund - .5% of eligible compensation;
F) UMIP - 1% of eligible compensation.

2 - Summary of Significant Accounting Policies

A summary of the Conference's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting - The financial statements are a summary of the activity of the organization. The financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned or billed to the Churches, and expenses are recorded when incurred.

Revenues and Support - Revenues and support for the Board of Pensions are primarily derived from retirement contributions for clergy who work for the Conference, and apportionments from participating churches. Apportionments are collected by the Conference and disbursed to the Board of Pensions in the subsequent month.
2 - Summary of Significant Accounting Policies (continued)

**Use of Estimates** - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Total past service funding liability is the most significant estimate contained in these financial statements.

**Cash Equivalents** - For purposes of the Statement of Cash Flows, the Plan considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**Investments** - All investments are measured at fair value based upon the exit price model.

**Concentrations of Credit Risk** - The Plan is an integral part of the Texas Annual Conference. During 2010 the Conference had average balances in excess of FDIC insured limits. As of December 31, 2010, the combined cash balances of the Conference exceed federal limits. The Plan mitigates against potential losses by monitoring the viability of the financial institutions which hold its funds. The Conference has instructed its bank to sweep excess funds into overnight Treasury investments further reducing risk of loss.

**Income Tax Status** - The Texas Annual Conference is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as any other than private foundation.

Generally accepted accounting principles ("GAAP") provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise’s financial statements. GAAP requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Conference is exempt from filing an annual Form 990 and conducts no activities which may be considered unrelated business income. The Conference believes that all significant tax positions utilized by the Conference will more likely than not be sustained upon examination.

3 - Plan Funding Requirements

The Actuary for the General Board of Pension and Health Benefits of the United Methodist Church has determined the 2012 and 2011 funding liability of the Clergy Retirement Security Plan attributable to the Texas Annual Conference as of January 1, 2010 and 2009, respectively, to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-82 Defined Benefit</td>
<td>$702,170</td>
<td>$1,688,755</td>
</tr>
<tr>
<td>Ministerial Pension Plan (MPP)</td>
<td>$910,594</td>
<td></td>
</tr>
<tr>
<td>Clergy Retirement Security Program (CRSP-DB)</td>
<td>$3,672,512</td>
<td>$3,858,171</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,374,682</strong></td>
<td><strong>$6,457,520</strong></td>
</tr>
</tbody>
</table>

Total contribution due by plan sponsors depend on the funded status of the plans.
3 - Plan Funding Requirements (continued)

The Texas Annual Conference is responsible for minimum annual funding requirements. For the Pre-82 Defined Benefit and MPP plans, no funding was required for 2010 or 2009. The future funded status of these plans is affected by actual investment performance, mortality rates, and changes in past service rates and any other actuarial assumption changes.

Assets available for plan funding as of December 31, 2010 and 2009 were as follows:

<table>
<thead>
<tr>
<th>On deposit with General Board of Pensions:</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit account</td>
<td>$650,564</td>
<td>$633,895</td>
</tr>
<tr>
<td>Pensions unrestricted reserve</td>
<td>35,627,509</td>
<td>29,916,710</td>
</tr>
<tr>
<td>Plan receivables</td>
<td>219,383</td>
<td>198,845</td>
</tr>
<tr>
<td>Cash and other investments</td>
<td>854,783</td>
<td>472,101</td>
</tr>
<tr>
<td><strong>Total available for plan funding</strong></td>
<td><strong>$37,352,239</strong></td>
<td><strong>$31,221,551</strong></td>
</tr>
</tbody>
</table>

4 - Plan Funded Status

**Pre-82 Defined Benefit** - The Actuary for the General Board of Pension and Health Benefits of the United Methodist Church has determined the funding liability of the Pre-82 Plan of the Clergy Retirement Security Plan attributable to the Texas Annual Conference as of January 1, 2010, for 2012 to be $59,052,355. That liability is determined on the following assumptions: 1.0% interest; RP-2000 mortality table; past service rate of $799 per year of service and 2% average increase in the past service rate. Assets deposited and segregated with the General Board of Pensions amounted to $40,496,489 (the Pre-82 account) as of January 1, 2010 for 2012. Other Defined Benefit Service Money on deposit at that date amounted to $12,803,264. Total Pre-82 assets are $53,269,753. The funded status at that date was a deficit of $5,782,602 or 90% funded.

On a denominational-wide basis (across all conferences), the funding liability as of January 1, 2010 for 2012 was approximately $2.414 billion.

**Ministerial Pension Plan (MPP)** - The Actuary for the General Board of Pension and Health Benefits of the United Methodist Church has determined the funding liability of the MPP attributable to the Texas Annual Conference as of January 1, 2010, for 2012 to be $55,305,310. On a denominational-wide basis, the funding liability (based on current annuities) as of January 1, 2010 for 2012 was $2.106 billion. Assets deposited with the General Board of Pensions amounted to $2.181 billion. The funded status was a surplus of $75 million or 104% funded

**Clergy Retirement Security Program (CRSP)** - The Actuary for the General Board of Pension and Health Benefits of the United Methodist Church has determined the funding liability of the CRSP attributable to the Texas Annual Conference as of January 1, 2010, for 2012 to be $10,823,064. On a denominational-wide basis, the funding liability as of January 1, 2010 for 2012 was $428 million. Assets deposited with the General Board of Pensions amounted to $406 million. The funded status was a deficit of $22 million or 95% funded.
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
BOARD OF PENSIONS
Notes to Financial Statements
December 31, 2010 and 2009

5 - Related Party Transactions

As an agency of the Conference, the Plan and Benefits occupy office space owned by the Conference. For the year ended December 31, 2010, expenses paid by the Plan and Benefits to the Conference for employee wages amounted to $526,107, of which the Plan was responsible for $269,786. Employee wages expenses paid by the Plan and Benefits totaled $278,722 for the year ended December 31, 2009. All facility expenses are paid by the Conference.

For the year ended December 31, 2010, Benefits transferred $164,215 to the Plan to cover the deficit in the Sustentation Fund. In addition, the Plan transferred $24,300 and $13,411 to Benefits for the Pre-82 retiree subsidy and administrative expenses. For the year ended December 31, 2009, Benefits paid early retirement incentives $410,000 on behalf of the Plan and received a transfer from the Plan to fund the payments.

Benefits manages a reserve fund jointly shared by Benefits and the Plan.

6 - Permanent Endowment Funds

As of December 31, 2010 and 2009, the Permanent Endowment funds of the Texas Conference Board of Pensions consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superannuate Endowment</td>
<td>$137,554</td>
<td>$120,031</td>
</tr>
<tr>
<td>Corpus - Retirement Endowment Trust</td>
<td>6,425,186</td>
<td>5,606,663</td>
</tr>
</tbody>
</table>

Total $6,562,740 $5,726,694

The Board of Pensions has designated the Corpus-Retirement Endowment Trust assets as permanent endowment funds to support the overall mission of the Board of Pensions. The Superannuate Endowment is a fund set aside for retiree benefit payments. Since the permanent endowment funds resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Board of Pensions has a spending policy of appropriating for distribution each year up to 95 percent of its board-designated endowment fund’s net income. In establishing this policy, the Board of Pensions considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Board of Pensions expects the current spending policy to allow its general endowment fund to grow at an average of 5 percent annually. This is consistent with the Board of Pensions’ objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
BOARD OF PENSIONS
Notes to Financial Statements
December 31, 2010 and 2009

6 - Permanent Endowment Funds (continued)

To achieve that objective, the Board of Pensions has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 95 percent, while growing the fund if possible. At least 5% of the fund’s net annual income shall be added to the endowment at the close of each year. Accordingly, the Board of Pensions expects its endowment assets, over time, to produce an average rate of return of at least 5% percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Changes in endowment net assets for the years ended December 31, 2010 and 2009 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment net assets, beginning of year</td>
<td>$5,726,694</td>
<td>$3,876,656</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>754,752</td>
</tr>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Appreciation (depreciation)</td>
<td>$30,046</td>
<td>1,213,240</td>
</tr>
<tr>
<td>Amounts appropriated for expenditure</td>
<td>-</td>
<td>(117,954)</td>
</tr>
<tr>
<td>Board-designated endowment net assets, end of year</td>
<td>$6,562,740</td>
<td>$5,726,694</td>
</tr>
</tbody>
</table>

7 - Investments

The Board of Pensions invests in high grade corporate, US government securities, corporate equity securities and local church mortgages through United Methodist organizations and other professional investment managers. The Plan’s objective is to preserve principal while obtaining maximum earnings with investments that are appropriate under the United Methodist Social Principles. The nature of these investments is however, subject to market risk. Investments, stated at market, as of December 31, 2010 and 2009, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 Invested</th>
<th>2010 Income (Loss)</th>
<th>2009 Invested</th>
<th>2009 Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Board of Pensions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit account</td>
<td>$650,564</td>
<td>$3,409</td>
<td>$633,895</td>
<td>$(355,706)</td>
</tr>
<tr>
<td>Unrestricted reserve</td>
<td>35,627,509</td>
<td>4,476,855</td>
<td>29,916,710</td>
<td>6,384,881</td>
</tr>
<tr>
<td>Trust account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(40,078)</td>
</tr>
<tr>
<td>Pensions collection</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>Pensions collection – Heartspring</td>
<td>503,237</td>
<td>31,422</td>
<td>372,638</td>
<td>31,658</td>
</tr>
<tr>
<td>Overnight cash sweeps</td>
<td>351,546</td>
<td>788</td>
<td>99,463</td>
<td>1,028</td>
</tr>
<tr>
<td>Smith Barney pension collection</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>$37,132,856</td>
<td>$4,512,474</td>
<td>$31,022,706</td>
<td>$6,021,826</td>
</tr>
</tbody>
</table>
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
BOARD OF PENSIONS
Notes to Financial Statements
December 31, 2010 and 2009

7 - Investments (continued)

Designated Investments:
Retirement Endowment Trust:
General Board of Pensions:
Corpus account 6,425,186 818,523 5,606,663 1,189,910
Superannuate endowment 137,554 17,524 120,031 22,848

Investments at December 31, 2010 and 2009 are composed of the following:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$351,546</td>
<td>$99,463</td>
</tr>
<tr>
<td>Money market funds</td>
<td>15,097</td>
<td>527,844</td>
</tr>
<tr>
<td>Multiple asset funds</td>
<td>42,190,249</td>
<td>35,760,635</td>
</tr>
<tr>
<td>Stable value funds</td>
<td>1,138,704</td>
<td>361,458</td>
</tr>
<tr>
<td>Total investments</td>
<td>$43,695,596</td>
<td>$36,749,400</td>
</tr>
</tbody>
</table>

8 - Financial Instruments

Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Investments are detailed in the Note above. Multiple Asset Fund and Stable Value Fund are all Level 2 inputs.

9 - Reclassifications

Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year’s format. Net asset and changes in net assets are unchanged due to these reclassifications.

10 - Subsequent events

The Plan has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued.
The Center of Congregational Excellence purpose is to connect and equip local congregations and new church start leaders with the resources for congregational revitalization, transformation and vitality in communities they serve. The major focus continues to be new church development and congregational transformation. This Center is also accountable for the duties and tasks performed in the following ministry areas:

- Extravagant Generosity – Chairperson – Nathan Hodge
- Passionate Worship Ministries – Chairperson – Craig Gilbert
- Faith-Forming Relationship & Spiritual Formation – Chairperson – Nancy Heintz
- Radical Hospitality & Evangelistic Ministries – Chairperson – Lorna Bradley
- Age Level and Camping Ministries – Chairperson – Matt Idom
- Lay Leadership Development – Chairperson – Corky Fowler
- Conference Youth Council – President – Marquice Hobbs
- Young Adult Ministry Council – Chairperson – Christie Hale
- Board of Laity – Conference Lay Leader – Leah Taylor
- Ethnic Local Church Concerns – Chairperson – Rick Nance
- Small Membership Church – Chairperson – Carolyn Huntsman
- United Methodist Women – President – Thebe Worden
- United Methodist Men – President – Kenneth Tielke

Individual reports for each of these ministries will follow.

NEW FAITH COMMUNITIES & TRANSFORMATION:

The districts are in the process of developing various strategies for new faith communities; two of which have been completed. The analysis of the population growth pattern in each district has determined the point of emphasize for Church Building and Location committees.

The number of new faith communities as of December 2010 has reached a total of twenty-six. Of those, seven have chartered. Two additional faith communities have begun in 2011. The weekly worship attendance of these new faith communities totals 2200 per Sunday in 2009. The average for 2010 was 2484. We continue to search for mothering congregations that can birth a second campus.

Most of our studies have shown the greatest loss of members and attendance is found in the mid-size churches. We are developing a program for lay and clergy that will emphasize continual learning and collaboration. Churches, like humans, go through a life cycle. We are working to identify those churches that are near the top of their cycle. Once those churches are identified, there will be training, consultations, and coaching offered to continue their upward development.

The Extravagant Generosity Ministry of the Texas Annual Conference provides and promotes programs and resources that encourage stewardship as a biblical lifestyle which leads to extravagant generosity of our congregations and congregants. With the help of Heartspring Methodist Foundation and Texas Methodist Foundation, we have focused on year-round stewardship in local
churches, estate planning, and personal stewardship. These areas are especially important as we face economic challenges locally and globally. We will look at offering regional training this Fall, one in the Houston area and one in the Northern area of the Annual Conference. Events and resources shared by the Extravagant Generosity Ministry are designed to help congregations develop a culture of generosity in their congregation, whereby the necessary resources for ministry are provided for ministry in the community, the annual conference, and benevolent opportunities near and far.

**Passionate Worship**

Dr. Craig Gilbert, Chairperson

The Passionate Worship Committee sponsored a worship conference in January of 2010. This was a successful event that brought in several clinicians in a variety of disciplines. Activities for the remainder of 2010 were put on hold as leadership changed in the committee. We are now getting ready for 2011 with great expectations.

2011 will see a new initiative for developing worship resources for churches in the Conference. This committee will specifically begin by seeking to help small churches with their worship training and resourcing needs. Rather than large worship events, which are provided by a variety of other avenues, we will be looking to work at the district level throughout the conference. We will even reach out to churches at the individual level when the proper programs have been developed.

Overall, I see the future of this committee as bright and substantial. Worship resourcing and training are a needed component in the ministries of our churches and I am proud that our committee will be a part of the growth of these ministries.

**Faith-Forming Relationships & Spiritual Formation**

Ms. Nancy Heintz, Chairperson

The ministry of Faith Forming Relationships and Spiritual Formation offers training and resources for all interested churches within our Conference. Please take a moment to find us on the Conference website as part of Congregational Excellence. Contact Nancy Heintz, heintz@fumc-conroe.org, if you have resource requests or suggestions for the team.

- **Three Conference labyrinths** are still available to circulate throughout the Conference and are being scheduled by Kathy Kothmann (skwk41@verizon.net).
- **Conference Singles Ministry**
  We took 19 singles from 6 different TAC UMC’s to the Mount Sequoyah singles retreat in November.
  We began a monthly listing on the Conference website of singles functions for the TAC churches that have "organized" singles ministries. Contact Sheri Kelley, sherikelley@mdumc.org, if you want to promote your church’s singles events or if you have questions.
- **DISCIPLE Bible Study Task Force** hosted a mini-training event for GHLES with several being trained. The lending library continues to grow with the addition of several more video set donations. With these donations, we have been able to meet the needs of churches seeking to share these transformational studies with their churches and communities. The lending library continues to be a free resource for churches of the Texas Annual Conference. The DISCIPLE Bible Study Task Force is an example to other
conferences through the sharing of information and ideas on how they might bring similar benefits to their conferences. Contact Jill Krone at 903.520.5398 or jill.krone@gmail.com to learn more.

• Charis Spiritual Director Training

Spiritual direction is a one-on-one relationship between a trained director and a directee who seeks guidance in recognizing and responding to God’s presence in their life. We expressly designed the three-year Charis program to combine the ancient Christian tradition of spiritual guidance with the Wesleyan spirituality that informs and inspires our United Methodist faith. Our trained spiritual directors engage in and lead many spiritual formation ministries such as one-on-one companioning, group spiritual direction, work shops, retreats, and days of prayer, to name just a few. Through these ministries of hospitality, each of us endeavors to provide a safe and welcoming space for God’s children throughout the Texas Annual Conference in order to nurture a vital and growing faith that will facilitate transformation in our congregations and beyond. Through the Charis program, we have trained 38 Spiritual Directors in the last five years. Soon after graduating Class 2 in August, 2011, we will begin training Class 3. For more information on Spiritual Directors or the fine art of Spiritual Direction, call Becky Oates, Charis Coordinator, at 979-690-9193 or havenofrest@earthlink.net.

This past year there have been abundant demonstrations of hospitality through churches of all sizes of the Texas Annual Conference engaging their surrounding neighborhoods in ever more creative ways of outreach, welcoming people into community and into living expressions of the grace and love of God. Whether it is through opening the doors of the church for support groups, offering a community block party, hosting a family festival, operating a food pantry, or simply connecting neighbor to neighbor, any way that the church can build relationships with our neighbors breaks down barriers between the church and world. This past year the conference has offered training and support to help congregations think outside the box for ways to offer hospitality to their neighbors. Hospitality remains much more than check list of things to do on Sunday morning. Rather, it is the core fiber woven into the fabric of the lives of disciples. The Radical Hospitality Committee prays for continued outreach in radical ways to connect the world with God’s unconditional love.

This year the Conference Camping Committee set out to gather some very honest feedback from the senior high campers. Not only did our leaders seek to gauge from real data the effectiveness of summer camp, they also desired to follow-up with youth who made significant decisions regarding their faith-walk with Christ. The results are in and the numbers are astounding! Some 745 senior high youth chose to respond.
In late February of 2011, an evaluation retreat, lead by Kevin Witt of the GBOD, led District Camp Coordinators through an evaluation and planning for future Summer Camp sessions, so as to improve and reach more young people for Christ.

The team has participated with and/or led the following training activities this last year:

- **Perkins School of Theology – Lay School of Theology**
  Two sessions were conducted; August 2010 and January 2011. These sessions are conducted at St. Paul’s UMC – Houston. Attendance for each was moderately above average.

- **Greater Houston Leadership Education School**
  Members of the team participated in the design and deployment of the 2010 Greater Houston Leadership Education School which was held in September 2010 at Chapelwood UMC – Houston. Members are in leadership for planning the 2011 event at Memorial Drive UMC – Houston

- **General Training**
  Training resource people were recommended to a number of congregations for specific training desires/needs. Team members have consulted with a number of congregational leaders regarding leadership training needs and available resources.

- **Do No Harm – GCSRW**
  Team members volunteered at this national training event conducted at First UMC – Houston (Downtown). Dr. Burt Palmer coordinated the participation of the TAC delegation at the training.

2010 was another great year for our Small Membership Church Committee. At Annual Conference, five churches were awarded plaques recognizing them as “Exceptional Small membership Churches”. They were First Methodist Jacksonville, Beaumont St. James, Marshall Summit, Pasadena Golden Acres and First Methodist Waller. Houston Christ UMC was named “Small Membership Church of the Year”.

Our Small Membership Church Celebration was held on Tuesday evening of annual conference and was attended by over 100 people. Entertainment was provided, again, by Charlotte Floyd and “Porch Praise”. Speaker for the occasion was Rev. Kevin Otto. Also, at the celebration, we inaugurated our “Margie Jordan Awards for Excellence”…given to honor the memory of Margie Jordan, long time conference specialist for small membership churches. Margie was a
tireless worker with a heart-felt passion for our churches. There were two awards given, Rev. Sam Cutrone received the Pastor’s Award and Brenda Storey was given the laity award. I had the opportunity to meet with several pastors and church members for a time of questions and answers concerning the unique challenges facing our smaller churches.

It is a joy and delight to serve our small membership churches in the Texas Annual Conference. I truly believe they are the backbone, not only of our conference but, of our entire denomination. Our committee is looking forward to 2011 and another great year of working together, sharing the Good news of the Gospel of Jesus Christ to bring salvation to the lost.

Shortly after the annual conference session last summer, the newly elected CYC (Conference Youth Council) members attended a retreat at Lakeview in which they cast a new vision for conference youth ministry, began reworking the bylaws and CYC structure accordingly and elected youth officers. In subsequent meetings at Livingston in September and in Lufkin in December, the youth officers lead the way in:

- finalizing the bylaws
- promoting a Christmas outreach program called “Comforted by the Comforter”
- beginning to promote and coordinate transportation to the national Methodist Youth 2011 event at Purdue University, July 13-17
- establishing lines of communication with CYC members
- offering feedback and assistance to leadership teams coordinating conference wide youth events including the midwinter retreats and the Collide annual conference youth events

As CYC continues to work and learn from the adult leadership teams, the goal for CYC is to become more involved in planning and coordinating these conference wide youth events. See www.txcumc.org/youth for the CYC membership list and other conference and district youth ministry information.

The 2011 Mid-Winter coordinating team of youth directors and young clergy has rebranded the weekend experiences with the name “Ignite”. Check the youth table in the annual conference ministry display area for 2012 Mid-Winter information. Typically, the conference wide 6th grade retreat weekend is in October or November and the junior and senior high weekend retreats are in February or March. Get the Ignite weekends on your church calendar early so that your youth group can plan on joining in on this great youth event!

At annual conference in 2010, the first ever “Collide” youth event began with the Sunday night conference worship service, and then challenged over 300 youth and adults to think globally and missionally during an all night lock-in at Christ Church United Methodist, Woodlands, with life situation simulations and a concert. Collide 2011 is planned to be a Saturday – Sunday night annual conference youth event that involves over 550 youth and adults.

During July 5-16, 2010, the second Texas Youth Academy was held at Southwestern University. Initiated by the Texas Conference in 2009, TYA is a two week intensive discipleship program for Methodist youth in Texas, who have just completed their sophomore or junior years of high school. This comprehensive program communicates the major themes of Christianity such as creation, covenant & baptism, incarnation, passion of Christ, Sabbath, social justice, resurrection, church as witness, reconciliation, and the reign of God; and also deals with the topics of Methodism and exploring personal vocational discernment. Through theological lecture and discussion, diverse worship experiences, worship leadership training, various hands on mission opportunities, guided opportunities to express personal faith through different art forms, and spiritual formation in community,
TYA is meant to be a launching pad for personal discipleship and future service in the church as laypersons or as clergy. The next Texas Youth Academy will be held June 26th – July 9, 2011 at Southwestern University. Additional information, blogs, photos and videos are accessible at www.texasyouthacademy.org.

The district summer camp programs are coordinated at the district levels and continue to bless the youth of our conference each year with faith-forming relationships, spiritual growth and many memorable and meaningful experiences. The full details on the summer camp program can be found in the camping report. For the 2011 Camping schedule, go to www.campingatlakeview.com.

**Proposed amendment to Strategic Mapping Team resolution #2: Youth Ministry.**

which was passed at the session of the Texas Annual Conference in 2007.

from The Center For Congregational Excellence

“(1) That the Model for Ministry be changed to expand the Conference Council on Youth Ministry Conference Youth Council from 9 members (one from each district) to 36 members (two youth and one adult from each district, plus 9 at-large positions.) Youth in each district shall elect two youth, plus one alternate. Each district Nominations Committee shall elect one adult. Following the election of district delegates, the Conference Youth Council will recommend to the Conference Nominations Committee, will recommend 6 youth and 3 adults for at-large positions in order to ensure conference-wide inclusiveness and diversity; (2) that the expanded Conference Council on Youth Ministry develop a new vision for conference youth ministry by the 2008 Annual Conference session.”

**Rationale:**
The recommended changes in the Model for Ministry per said resolution were accidently omitted from the Model for Ministry printed in Annual Conference Journals 2008, 2009 and 2010. The proposed changes to the resolution and the resulting changes in the model of ministry will allow for:

- Reference to the current name of the conference committee- In the Fall of 2007, the Conference Council on Youth Ministry voted to change its name to “Conference Youth Council”

- Greater flexibility for the districts’ adult representative nominating processes

- Compliance with The Book of Discipline- BOD 2008, Par. 649.1 and 649.2 state that
  o “1. In each annual conference there shall be a conference council on youth ministry or other equivalent structure…”
  o “2. Membership- No more than one-third of the membership of the council shall be adults…”

- Greater Conference Youth Council involvement in the recommendation of candidates for at-large membership

*You will also find this resolution in the Resolutions Section of this Pre-Conference Journal.*
Young Adult Ministry Council
Rev. Christie Hale, Chairperson

The Young Adult Ministry Council is charged with the task of equipping congregations for vibrant and fruitful ministries with adults in the 18-35 age group. This year saw a change in leadership with the previous chair, Rev. Taylor Meador Fuerst leaving the committee. The Committee is grateful for Taylor’s leadership for the last two years. We continue to work on the conference website which is specifically dedicated to equipping congregations to minister to young adults, and it is located under the Center for Congregational Excellence. The site offers a list of area young adult events, suggested books on ministry with young adults, suggested studies for young adults, and links to many resources including articles, online resources, and websites of young adult ministries within the TAC. The end of 2010 saw a subcommittee tasked with planning and implementing the first annual Conference Young Adult Retreat, which was to be held January 21-23, 2011 at Camp Cho Yeh in Livingston, TX. We are excited about the possibilities as we continue to reach the many young adults in the annual conference. The sessions of the retreat will be recorded and available on the website. We look forward to continuing to strengthen Young Adult ministry in the conference during the coming year.

United Methodist Men
Mr. Ken Tielke, Chairperson

The Texas Conference United Methodist Men are listening, hearing and responding to God’s call to rise up and follow Jesus with every step they take. Men throughout our Conference are calling and asking the questions, emailing each other to reach far beyond their local church, finding ways to establish relationships at retreats and events. They want to know how do I / we establish a local men’s fellowship. What do I need to do to get involved in men’s ministry? How does our men’s group get chartered and connected with mission projects and men’s spiritual growth in our District’s and our Conference? They are anxious to learn, to participate and to become disciples so they can share Christ’s love and make Disciples. This is exciting news and the Texas Conference Board on United Methodist Men, the South Central Jurisdiction on UMMen and the General Commission on UMMen are all responding to the roar.

We started 2010 with only 59 of the churches in our Conference being chartered with the General Commission. At the end of the year, we had 70 churches chartered. That’s an 18.6% growth for the year. Now, 70 churches out of 700 (10%) is totally unacceptable considering the fact that every church is required by the Book of Discipline to have a men’s group called United Methodist Men and be chartered with the General Commission on United Methodist Men. But it appears we are headed in the right direction. More than ever, local church men’s groups are calling for information and assistance in getting organized, finding a purpose, a goal, a mission project, a bible study or fund raising ideas to support their objectives. They want to know who their District UMM leaders are and how to contact them. They are asking for Men’s Retreat information even before it is published and available so they can place it on their calendars and plan ahead.

Last year gave men’s ministry renewed hope and vision with the appointment of our own Gil Hanke to General Secretary of the General Commission in February. The yearly meeting of the National Association of Conference Presidents was held during the first week of March in Nashville and attended by myself (Kenneth Tielke), our Conference Prayer Advocate, Morris McCall and our
Conference UMM Vice-President of Region 3, Ricky Tate. Dan Ramsey, who is the South Central Jurisdiction UMMen President, also attended. The third weekend in April was set aside for our Spring Retreat at Lakeview. Our guest preacher was Rev. Lawrence Young who preached about “Men in Mission.” This was a Conference-wide event with all men invited, but only thirty-five attended. Our Fall Retreat, “moMENtum” was held the third Saturday in September at Atascocita UMC, and sponsored by the Atascocita UMMen. Brett Clemmer of Man in the Mirror Ministries was our featured speaker. The event was attended by one hundred-plus men.

We are looking forward to men’s ministry in 2011 as a time of growth and challenge. There are plans already made for the Spring 2011 Retreat at Lakeview with Rev. Matt Idom as our “in-house” preacher. He will be talking to us about “Men’s Spiritual Life.” In addition, all the men of our Conference are invited to attend the South Central Jurisdiction UMMen Gathering at First UMC in Wichita, Kansas the last weekend in July.

The United Methodist Women of Texas Conference continues to be strong in their work of worship, study and mission. Our Purpose is “to know God and to experience freedom as whole persons through Jesus Christ; to develop a creative, supportive fellowship; and to expand concepts of mission through participation in the global ministries of the church.”

In spite of cold weather, District Training was well attended. The theme was “Radical Hospitality” which the Conference officers stressed in their training. District officers went away feeling wiser and ready to train their local officers.

The theme of the Spring Spiritual Growth meeting was “Passionate Worship.” Bishop Janice Huie was the keynote speaker. Those attending received many spiritual blessings from the music, the message, communion and focus groups.

Many of our ladies attended the Women’s Division Assembly in St. Louis, Missouri. It is held once every four years and is a wonderful experience to be with United Methodist Women from all over the United States. This year the highlight was a Walk for Immigration Reform from the conference center to the park downtown.

The Cooperative School of Christian Mission was held at Lakeview Methodist Center. The theme was “Faith, Hope, and Love in Action.” The studies were “For the Love of God, The Epistles of John,” “Joy to the World: Mission in the Age of Global Christianity,” and “The Beauty and Courage of Sudan.”

The theme of the United Methodist Women’s Annual Luncheon was “Mission, Relationships, and All That Jazz.” The ladies enjoyed a delicious lunch and music by a young saxophonist. The Hazel Decker award was presented to Nancy Price. The take home gift was a love bracelet made by Sandra Richards and ladies of the West District.

“Building Our Future” was the theme of the Fall Annual Meeting. Birthing Kits were brought to the meeting for our Hands On Mission Project. Each year it is exciting to see the ladies loading their kits on the truck to be sent to UMCOR. The yearly business was completed in record time, so the ladies enjoyed a time of fellowship. After lunch interesting focus groups met, and the event ended with a meaningful communion.

This has been a productive and exciting year in the life of Texas Conference United Methodist Women. Conference officers have been blessed to have worked with Christian ladies who have dedicated their lives to God’s work in mission.
The Center for Connectional Resources purpose is to provide fiscal oversight, property management, archives, records, information technology, administrative services, campus ministries, human resource management and safe sanctuary development to undergird the mission and ministry of the Texas Annual Conference. The Center shall conduct management through a systematic and organized approach that allows the teams to focus on achievable goals and attain the best possible results from available resources. We have the obligation to be held accountable for the duties and tasks to be performed.

Ministry areas include:
- Council on Finance and Administration-Marlin Fenn, Chair
- Board of Trustees-Elmer Kennedy, Chair
- Commission on Archives & History-Bill Hardt, Chair
- Committee on Episcopacy-Jim Bankston, Chair
- Committee on Episcopal Residence
- Safe Sanctuary-Bobbie Maltas, Interim Chair
- McMahan Chapel Trustees
- Cemetery Trustees
- Higher Education & Campus Ministry-Stephen Shockley, Chair
- Conference Statistician-Dick White
- Conference Service Center
- Human Resources
- Texas Annual Conference: Comparative Giving
  Independent Auditors Report
  Proposed 2012 Budget

In July, 2010, the Conference Archivist, Dr. Faulk Landrum, supervised the removal of the Conference Archives from the Moody Building at Lon Morris College to climate controlled rental storage units in Jacksonville. The relocation was made necessary by the increased enrollment at Lon Morris and the resultant need for more classroom space.

Dr. Elijah Stansell, head of Connectional Resources, presented the need for permanent, secure, fire-safe storage to the conference officers. After prayerful consideration by the conference leadership, the Commission was directed to begin planning a Heritage Center that would combine museum and archival functions.

Commission members began research on the project. They investigated how the other UM conferences complied with Disciplinary require for fire-safe storage. They investigated possible locations. The Conference experience with hurricanes proved that the facility should be located away from the coastal zone.

The research indicated that the best place for the Conference Heritage Center would be on a lot offered by Chappell Hill United Methodist Church. A rationale for the Heritage Center and resolution to that effect are appended at the end of this report.
Although resolving the status of the archives was the most pressing business of the Commission during 2010-2011, it was able to continue its programs and service to local churches and individuals. It examined the applications for historic site designation from Grace UMC, Greggton First UMC, and Pasadena First UMC and forwarded resolutions of support for those site designations for annual conference action.

The survey of parsonage life from the perspective of preacher’s children is now available via the conference web site. Commission member Bonnie Sandberg, who headed the PK project, invites other pk’s to record their own experience via the interactive feature of the site.

The Texas Annual Conference Commission on Archives and History continues to provide leadership beyond the annual conference. A large delegation from our conference attended the South Central Jurisdiction Convocation of Archivists at Central Methodist University in Fayette, Missouri, in July, 2010. The Texas Annual Conference had the honor of hosting the annual meeting of the Texas United Methodist Historical Society at Chappell Hill UMC. The theme, Robert Alexander and His World, 1811-2011, was devoted to the bicentennial of the birth of Robert Alexander, the first of the three officially commissioned Methodist missionaries to Texas, a charter member of the Texas Conference, a General Conference Delegate, and a beloved figure in our conference.

A Conference Heritage Center

Throughout its 171 year history the Texas Conference has attempted to keep its foundational documents secure. There is evidence of the existence of a “conference trunk” as early as 1866. In that year the custodian of the trunk, the Rev. J. W. Fields, transferred to the newly-created Trinity Conference (today’s North Texas Conference) and relinquished his custody of the trunk containing the historical materials of the conference. The custom of keeping the archives in a trunk continued until well into the 20th century. Care of the trunk was entrusted to a retired preacher who would bring the trunk to annual conference and allow the examination of its contents. The trunk survives and is part of our collection.

Several times in our conference’s history historically-minded preachers and laity would come together and form a Texas Conference Historical Society. The celebration of the centennial of the Texas Revolution in 1936 was one such occasion. The Historical Society that formed during that period was able remain organized after the centennial celebrations were concluded. The Society eventually achieved a semi-official conference status. Its president made reports to annual conference which were printed in the Journals. It solicited funds from the conference for historical projects such as maintenance of McMahan’s Chapel, subsidizing published histories, and locating and cleaning tombstones of pioneer preachers. It was a membership organization rather than an official committee of the conference. It promoted history, but did not have responsibility for the archives.

When the Central Building at Lakeview was built, the Texas Conference Historical Society was able to secure one room dedicated to our conference’s history. The room contained museum display cases with historical documents.

Soon after the establishment of the Heritage Room in the Central Building, General Conference action made the Heritage Room inadequate. At the Uniting Conference of 1968 the Methodist Church and the Evangelical United Brethren merged to become the United Methodist Church. The section dealing with archives in the new 1968 Discipline followed EUB practice. After 1968 each annual conference was required to have a fire-safe archival facility. The operation of that facility would be under the supervision of a Commission on Archives and History.

The first response of the Texas Conference in meeting this new requirement was to put the archives in the Heritage Room at Lakeview. It soon became obvious that custody of the archives was not an appropriate ministry for Lakeview. The room in the Central Building was inadequate, and Lakeview’s human resources were devoted to promoting spiritual experiences for its campers—not
for archival work.

The next stop for the archives was the library at Lon Morris College. Such an arrangement was a great improvement over Lakeview. The archives were housed in space specifically built for archival use. One of the professional librarians at Lon Morris divided his time between the archives and his regular library duties. The archives were now safe, secure, and under the supervision of a professional in the field.

After an accreditation team criticized Lon Morris for its inadequate library space for the size of its student body, the archives room in the library was incorporated into the general library space. The archives were moved to a double classroom in an academic building. The conference ended its relationship with the professional librarian who acted as conference archivist.

The new situation in the academic building had its advantages and disadvantages. It had not been built to archival standards, and it was below grade (a major problem!). On the other hand, it was spacious, accessible, and Lon Morris provided the space, telephone, internet, heating, air conditioning, electricity, maintenance, insurance, janitorial service, and pest control gratis.

In 2010 increased enrollment at Lon Morris created a need for the space in the academic building to be used for instructional purposes. In July 2010, Dr. Faulk Landrum supervised the removal to the archives to A-1 storage units in Jacksonville. The archives are safe but are inaccessible to the archivist and other researchers.

Our mandate is to preserve the official records of the conference so they can be consulted to resolve disputes, prove years of service for pension benefits, and provide boards, commissions, and districts with authoritative records of their past actions. Since the archives are, for all practical purposes, closed, we cannot do an adequate job of receiving and processing records that are being generating now. We are running the risk of creating an unnecessary gap in the historical record.

As this brief historical sketch demonstrates, the record of the Texas Conference in caring for its foundational documents does not match the excellence our conference demonstrates in so many other areas of ministry. The current situation of inaccessibility in rental storage units gives us an opportunity to provide a solution that will honor the saints who have gone before us and will also relieve succeeding generations from having to deal with a similar undesirable situation. That solution is building a facility specifically designed for archival use and owned by the conference itself rather than one of the conference institutions.

To that end, the Commission on Archives and History respectfully submits the following resolution.
A RESOLUTION PRESENTED TO THE
TEXAS ANNUAL CONFERENCE
FROM ARCHIVES & HISTORY

WHEREAS, The Discipline (¶ 641.1-4) of the United Methodist Church requires each annual conference to maintain a fire safe archive for the foundational documents of the conference and other items of historical importance, and

WHEREAS, the archives of the Texas Annual Conference are now housed in rental units not designed for archival storage, and

WHEREAS, the usefulness of the archives is severely compromised by the lack of an archival building

THEREFORE BE IT RESOLVED THAT

The Texas Annual Conference shall build a Heritage Center that would combine both museum and archival functions.

BE IT FURTHER RESOLVED THAT

The Heritage Center should be a building of approximately 3000 square feet of useable space built according to the standards described in Manual for Annual Conference Commissions on Archives and History, 2009-2012, published by the General Commission on Archives and History of the United Methodist Church, Madison, NJ, 2009.

BE IT FURTHER RESOLVED THAT

The Heritage Center be located on the building lot offered by Chappell Hill United Methodist Church to Bishop Huie in a letter dated October 17, 2010.

Commission on Archives and History
January 24, 2011

You will also find this resolution in the Resolutions Section of this Pre-Conference Journal.
A RESOLUTION PRESENTED TO THE
TEXAS ANNUAL CONFERENCE
FROM ARCHIVES & HISTORY

WHEREAS the General Commission on Archives and History of the United Methodist Church is charged by the General Conference of the United Methodist Church with the tasks of preserving, protecting, and recognizing historic Methodist historic sites and structures, and . . .

WHEREAS the General Commission on Archives and History of the United Methodist Church has implemented a program to recognize United Methodist Historic Sites, and . . .

WHEREAS Grace United Methodist Church, a church in the Central South District of the Texas Annual Conference, has completed the application process prescribed by the General Commission on Archives and History for registration as a United Methodist Historic Site.

THEREFORE BE IT RESOLVED that the Texas Annual Conference, meeting in regular session, endorse the application of Grace United Methodist Church of Houston, Texas, for recognition as a United Methodist Historic Site.

BE IT FURTHER RESOLVED that a copy of this resolution together with the completed application, signatures of the presiding Bishop of the Texas Annual Conference, the Conference Secretary, and the Chair of the Texas Annual Conference Commission on Archives and History, and necessary photographs of Grace United Methodist Church, be forwarded to the General Commission on Archives and History of the United Methodist Church, P O Box 127, 36 Madison Ave., Madison, NJ 07940.

You will also find this resolution in the Resolutions Section of this Pre-Conference Journal.
A RESOLUTION PRESENTED TO THE
TEXAS ANNUAL CONFERENCE
FROM ARCHIVES & HISTORY

WHEREAS the General Commission on Archives and History of the United Methodist Church is charged by the General Conference of the United Methodist Church with the tasks of preserving, protecting, and recognizing historic Methodist historic sites and structures, and . . .

WHEREAS the General Commission on Archives and History of the United Methodist Church has implemented a program to recognize United Methodist Historic Sites, and . . .

WHEREAS GREGGSTON United Methodist Church, a church in the North District of the Texas Annual Conference, has completed the application process prescribed by the General Commission on Archives and History for registration as a United Methodist Historic Site.

THEREFORE BE IT RESOLVED that the Texas Annual Conference, meeting in regular session, endorse the application of Greggston United Methodist Church of Longview, Texas, for recognition as a United Methodist Historic Site.

BE IT FURTHER RESOLVED that a copy of this resolution together with the completed application, signatures of the presiding Bishop of the Texas Annual Conference, the Conference Secretary, and the Chair of the Texas Annual Conference Commission on Archives and History, and necessary photographs of Greggston United Methodist Church, be forwarded to the General Commission on Archives and History of the United Methodist Church, P O Box 127, 36 Madison Ave., Madison, NJ 07940.

You will also find this resolution in the Resolutions Section of this Pre-Conference Journal.
A RESOLUTION PRESENTED TO THE
TEXAS ANNUAL CONFERENCE
FROM ARCHIVES & HISTORY

WHEREAS the General Commission on Archives and History of the United Methodist Church is charged by the General Conference of the United Methodist Church with the tasks of preserving, protecting, and recognizing historic Methodist historic sites and structures, and . . .

WHEREAS the General Commission on Archives and History of the United Methodist Church has implemented a program to recognize United Methodist Historic Sites, and . . .

WHEREAS Pasadena First United Methodist Church, a church in the South District of the Texas Annual Conference, has completed the application process prescribed by the General Commission on Archives and History for registration as a United Methodist Historic Site.

THEREFORE BE IT RESOLVED that the Texas Annual Conference, meeting in regular session, endorse the application of Pasadena First United Methodist Church of Pasadena, Texas, for recognition as a United Methodist Historic Site.

BE IT FURTHER RESOLVED that a copy of this resolution together with the completed application, signatures of the presiding Bishop of the Texas Annual Conference, the Conference Secretary, and the Chair of the Texas Annual Conference Commission on Archives and History, and necessary photographs of Pasadena First United Methodist Church, be forwarded to the General Commission on Archives and History of the United Methodist Church, P O Box 127, 36 Madison Ave., Madison, NJ 07940.

You will also find this resolution in the Resolutions Section of this Pre-Conference Journal.
The Board of Trustees of the Texas Annual Conference, incorporated under the law of the State of Texas, submits the following report of its activities on behalf of the Texas Annual Conference for the Conference year 2010-2011.

1. The following properties were sold or listed for sale in 2010 with the Texas Annual Conference of the UMC reserving mineral rights:
   - 1039 Acres land, North Harris County has been listed for sale at $3.50 per square foot. This property was originally purchased by the Methodist Board of Missions then transferred to the Conference. Attempts have been made to start two new churches at his site without success. Taxes and maintenance are high on this property. Proceeds from the anticipated sale will go into the New Church Start Endowment Fund.

2. The following properties were merged in 2010:
   - Caledonia UMC merged with Garrison UMC to form Garrison UMC on May 16, 2010 in the East District.
   - Baytown, Grace merged with Baytown Cedar Bayou to form Cedar Bayou Grace UMC on June 1, 2010 in the South District.
   - Port Arthur, Aldersgate Trinity merged with Temple UMC to form United Methodist Temple on April 4, 2010 in the Southeast District.
   - Huntsville, St. James merged with St. Luke UMC to form Grace UMC on April 19, 2010 in the West District.

3. The following properties were closed in 2010:
   - Adkins Memorial Methodist 1st Church, Houston, was officially closed based on abandonment on May 31, 2010 in the Central South District. Elijah Stansell Jr. and Attorney Wayne Haglund are working to clear up an obstacle before this property may be sold.
   - Vida Nueva closed on May 30, 2010 in the Central South District.
   - Pasadena, Golden Acres closed on December 31, 2010 in the South District.
   - Note 2009 Closing: Cason UMC closed on December 29, 2009 in the North District.

4. The following item was a transfer in 2010:
   - Approximately 5 acres West of Canton, containing a cemetery and small building was approved to be donated to the Wesley Chapel Cemetery Association.
   - Omen Property near Arp was approved to be donated to the Arp Volunteer Fire Dept for a substation site in ’08. They are having some difficulty regarding the deed boundaries.
   - Ebenezer Methodist Episcopal Church, Jasper County: This old building and small property located in deep East Texas woods was approved to be donated to their Cemetery Association.

5. The Following Oil, Gas, and Mineral Leases in Shelby County were accepted in 2010:
   - 2 acres, ¼ royalty, 3 year lease with $2,000.00 bonus.
   - 2.57 acres, ¼ royalty, 3 year lease with $2,570.00 bonus.

6. The Board of Trustees is continuing to work on the Safety Workmen’s Compensation program in order to provide Workmen’s Compensation insurance to participating churches.

7. The Board of Trustees requests the continuance of the Legal Fund at a level of $50,000 per the recommendation of the General Council on Finance and Administration.
## Conference Statistician’s Report

**Rev. Dick White, Statistician**

### 2010 Total

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Dick White, Statistician

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2010 was a financially challenging year for many congregations in our conference. The economic recovery has not happened as quickly as we had hoped. Due to economic constraints we funded apportioned ministries at 84.56%. This compares to 91.5% in 2009, 88.7% in 2008, and 88% in 2007. Nearly 35% of Fair Share Goals were received in 2010.

We paid 78% of our General and Jurisdictional Church apportionments to support connectional ministry beyond our Annual Conference. However, utilizing contingency funds we were able to pay 100% of our World Service apportionment.

Please see the proposed Texas Conference budget for 2012 in the following pages of the Preconference Journal. It reflects a 1.67% decrease from the 2011 budget. Our hope is that this will provide some breathing room for congregations recovering from the strains of the economy while preserving the integrity of our mission and ministry.

Moving forward, we anticipate that the Quadrennial Assessment report next year will provide guidance for the budget in forthcoming years. Also, we look forward to the Extravagant Generosity and Conference Ministry Task Force conclusions helping us more effectively connect the extravagant generosity of our people with the meaningful and life-giving ministries our conference carries out.

The Texas Conference is filled with generous people. In addition to over $21 million paid for conference and district apportioned and Fair Share ministries, another $1.8 million was sent to the conference treasurer for mission and ministry beyond the local congregation. More than $19 million was given to other heart touching ministries beyond what was received by the Conference Treasurer.

We are a people intent on making disciples and transforming the world to the glory of God. We’re creating new and transformed congregations. We’re developing leaders to guide us in the decades ahead. We are leading powerful, life changing ministries in places where poverty and illness challenge the well-being of God’s people. These are challenging times, but we are people who step up to challenges and, by the grace of God, grow stronger through them.

2012 BUDGET

The proposed Texas Conference budget for 2012 is printed in the Pre-Conference Journal. The CFA will meet in May to refine the proposed budget if necessary. The Budget presented at Annual Conference will reflect those adjustments and any additional adjustments from Annual Conference actions.

SPECIAL DAYS WITH OFFERINGS

The Council recommends the observance in 2012 of the following Special Days, and encourages each church to take an appropriate offering:

- Human Relations Day
  - January 15, 2012
- Wesley Community Center
  - February 19, 2012
One Great Hour of Sharing March 18, 2012
Native American Ministries Sunday April 22, 2012
Golden Cross Sunday May 6, 2012
Methodist Retirement Services May 13, 2012
Peace with Justice Sunday June 3, 2012
Christian Education Sunday August 26, 2012
World Communion Sunday October 7, 2012
United Methodist Student Day November 25, 2012

TRAVEL REIMBURSEMENT
In 2011, automobile travel shall be reimbursed at .26 cents per mile for one person, .29 cents per mile for two persons riding in the same car, and .31 cents per mile for three persons riding in the same car for members of Councils, Boards, Commissions, and Committees on Conference business. Travel expense other than by automobile shall be vouchered for no more than the least expensive air fare available or the conference mileage allowance, whichever is least. Reimbursements for lodging shall be accompanied by appropriate receipt. Reimbursement for meals purchased for additional persons requires a receipt. We strongly urge travel pools to all meetings so as to conserve travel expense funds.

PASTOR’S REPORT TO THE ANNUAL CONFERENCE
We recommended that the deadline for MAILING 2011 apportionment payments and benevolent gifts to the Conference Treasurer be Friday, December 9, 2011. After that date, monies collected for apportionments and benevolences shall be placed in the hands of the District Auditor or the District Secretary when the pastor’s report is turned in at the District Report Day.

JANUARY 2012 REPORT DAY is set for January 9 and 10, 2012.

BONDING
The Treasurer of the Texas Annual Conference is bonded in the amount of $1,000,000. This fidelity bond is provided by the General Council on Finance and Administration at no cost to the Annual Conference.

In accordance with Par. 258.4b of the 2008 Book of Discipline, the local churches should have their treasurers adequately bonded.

THE CONFERENCE OPERATING RESERVE
The Operating Reserve Fund has been established to ensure the financial support of all councils, boards, commissions, committees or causes participating in the budget of the conference without the necessity of borrowing funds.

In keeping with the recommendations of the General Council on Finance and Administration, the Reserve Fund should be maintained at a level equal to ten (10) percent of the Annual Conference budget, and the CF&A so recommends.

ANNUAL AUDIT
The books of the Texas Annual Conference, including the Conference Treasurer, have been audited by the firm of Ratliff and Associates, Certified Public Accountants. A copy of the audit of 2010 business is printed herein.

All groups and organizations which receive funds from the Texas Annual Conference are required by the Discipline (Par. 617.2, 2008 Book of Discipline) to file annually a copy of their audit with the Council on Finance and Administration not less than 30 days prior to the session of the Annual
It is recommended that each District Committee on Finance work with the District Superintendent in providing an annual audit of all District funds and that a copy of the same be forwarded to the Conference Council on Finance and Administration for record. (Par. 423.14 2008 Book of Discipline).

Local church Committees on Finance are reminded that Par. 258.4c (2008 Book of Discipline) requires an annual audit of the financial records of the local church and all its organizations and shall report the same to the Charge Conference.

INVESTMENT OF CONFERENCE FUNDS

The Conference Treasurer shall execute the policies established by the Conference Council on Finance and Administration, and in consultation with the Conference Investment Coordinating Committee, with regard to the investment of funds and the regulation of cash flow.

a. All funds shall be invested following the Guidelines of the General Council on Finance and Administration wherever they may be relevant or applicable.

b. The objectives for the investment of conference funds shall include:
   (1) The preservation of the principal value of the investment
   (2) The investment should provide a reasonable rate of return
   (3) The investment should be invested, so far, as is practical, with those agencies whose management policies are consistent with the Social Creed of the United Methodist Church.

c. The Treasurer shall report annually to the Conference Council on Finance and Administration the location and amounts of invested funds, and the earnings gained.

UTILIZATION OF INTEREST EARNINGS

It shall be the policy of the Council for yearly interest earnings, together with unspent balances from the Texas Conference Administration Fund and Conference Benevolences, to be directed as follows:

a. that adequate funds be placed in the Operating Reserve to maintain the recommended balance of ten percent of the current Conference Apportionment Budget, and that

b. the remainder to be applied to the Annual Conference’s apportionment to the General Church, after accounting for all remittances from the local churches and other sources, up to a total amount representing 100% of the total General Church apportionments, and that

c. an amount necessary to maintain a balance of $50,000 in the Methodist Center Capital Fund for major repairs to the United Methodist Center in Houston, and that

d. an amount not larger than $10,000 annually to achieve and maintain a balance of $50,000 in the Conference Litigation Fund as recommended by GCF&A, and that

e. the remainder be placed in the Methodist Building Depreciation Reserve Fund.

THE EMERGING LEADERS’ ENDOWMENT

By this trust agreement, the Texas Annual Conference of the United Methodist Church, a Texas non-profit corporation ("Texas Annual Conference" or the “Conference”), as "trustor," establishes the Emerging Leaders’ Endowment. Trustor grants, assigns and delivers to the persons identified in Paragraph B-1, as "trustees," the property described in Attachment A. Attachment A, which is captioned "Initial Contributions to the Emerging Leaders’ Endowment," is incorporated by reference as a part of this trust agreement.

This trust agreement and the trust established by it are irrevocable. Except as provided in Paragraph
A-7, no person shall have the right to revoke or amend this trust agreement or any of its provisions.

A. EMERGING LEADERS’ ENDOWMENT

A-1. Creation. The property described in Attachment A shall constitute the initial trust estate of a trust to be used in accordance with this trust agreement to provide financial support and incentives to designated programs of, and participants in, the Emerging Leaders Initiative of the Texas Annual Conference (“Emerging Leaders Initiative”). There shall be annual reporting of the activities, transactions, and business of this trust estate to the Texas Annual Conference through the Conference Council on Finance and Administration.

A-2. Additional Contributions. Property acceptable to the trustees may be contributed to the trust from time to time in the future by trustor or any other person. It is contemplated that churches, foundations, businesses and friends of the Texas Annual Conference may desire to make contributions to the Emerging Leaders’ Endowment to facilitate its purpose.

A-3. Purpose. The Emerging Leaders’ Endowment is intended to qualify as a charitable "supporting organization" described in section 509(a)(3) of the Internal Revenue Code that is operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Texas Annual Conference. Specifically, the trust estate of this trust shall be used in a manner to be determined by the trustees, in support of the following:

1. Senior High Youth – The Conference currently provides the opportunity for senior high school youth to participate in the Texas Annual Conference Youth Academy (“TYA”), a two-week Christian Formation academy for students entering their junior or senior year in high school. The academy seeks to foster theological development and vocational discernment in a community of fellow students, mentors (clergy and youth directors), artists-in-residence and seminary faculty;

2. College Students – The Conference currently provides college students with the opportunity to participate in the Texas Annual Conference College Pastoral Internship Project (“CPIP”). The CPIP is a program designed for college students 19 to 24 years of age who are interested in exploring ordained ministry as a career to spend a summer serving as a pastoral intern in a congregation of the Texas Annual Conference. Participants serve in a wide variety of ministry areas in their assigned congregation throughout the ten-week internship. The interns are supervised by the senior pastor of their congregation, while also being advised and supported by a committee of laypersons specifically chosen for this purpose;

3. Young Commissioned Clergy – The Conference currently offers to young commissioned clergy the opportunity to participate in the Texas Annual Conference Ambassadors Grant Program (“AGP”). The AGP reimburses the cost of seminary tuition, fees and books incurred by selected young clergy entering the Texas Annual Conference through commissioning, ordination or transfer. Clergy are eligible to apply for a grant if they are commissioned before their 34th birthday. Eligibility only extends from commissioning until ordination; those who have been ordained are not eligible to receive a grant;

4. Gifted Young Ordained Clergy – The Conference currently supports gifted young ordained clergy through the Advancing Pastoral Leadership (“APL”) program. APL offers ordained clergy who show promise for strategic conference leadership, with no less than 30 potential years of remaining service to the church, the opportunity to learn from a variety of leading pastors and community leaders while developing their capacity for fruitful leadership. Over the 14 week-long leadership training sessions, this five-year program offers focused development and formation in the areas of leadership, organizational change, preaching, engaging the
public square, and stewardship; and

5. **Related Youth and Young-Adult Ministries** – Related projects, programs, and ministries of the Emerging Leaders’ Initiative and their successors, and undesignated funds.

Consistent with the foregoing, and notwithstanding anything herein to the contrary, this trust is to be operated exclusively for charitable purposes, and as such, shall not carry on any activities not permitted to be carried on (i) by a trust exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code or (ii) by a trust to which contributions are deductible under section 170(c)(2) of the Internal Revenue Code. Furthermore, if the Texas Annual Conference ever ceases to be an organization described in sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code, the alternate termination provision of Paragraph A-6 shall apply.

A-4. **Use of Trust Estate.**

(a) **In General.** The trustees may expend, transfer or otherwise apply the trust estate of the Emerging Leaders’ Endowment (including the income there from) in such manner as the trustees, in their discretion, deem advisable to cover program and participant costs related to the Emerging Leaders Initiative.

(b) **Distribution Terms.** The trustees shall distribute trust funds to the beneficiaries no less than annually, with the date and manner of such distributions to be determined by the trustees. The total amount to be distributed to the beneficiaries per year shall be calculated as follows:

(1) Every year the value of the fund will be appraised based on the fund’s value on January 1st of that year. For the first two years of the fund’s existence, 5% of the appraised value of unrestricted funds will be designated for distributions. Beginning the third year of the fund’s existence, the value of unrestricted funds designated for distribution shall be determined by multiplying the distribution rate by the average of the three most recent annual appraisals.

(2) The initial distribution rate is 5%. The Board reserves the right to change the distribution rate based on current market conditions.

(c) **Restricted Contributions.** Notwithstanding Paragraph A-4(a), the trustees shall comply with a restriction imposed by a contributor limiting expenditures hereunder to the “income” generated by the contributed property. (For these purposes, all contributions shall be considered to be restricted contributions, unless the contributor expressly provides otherwise.) Unless the trustees expressly agree otherwise in writing at the time of a restricted contribution, the provisions of the The Uniform Prudent Investor Act of Texas shall govern the determination of the expendable income generated by such restricted contribution and the contributed property need not be segregated in a separate account. If the trustees ever decide to terminate the Emerging Leaders’ Endowment by expending or transferring the entire trust estate in accordance with Paragraph A-4(a), any portion of the trust estate that cannot be expended because of applicable contribution restrictions shall be transferred to the Texas Annual Conference, as an endowment fund, the future income of which shall be used by the Texas Annual Conference to carry out one or more of its charitable purposes.

A-5. **Trust is Perpetual.** Unless the trust estate of the Emerging Leaders’ Endowment is completely exhausted by expenditures or transfers authorized under Paragraph A-4, or the alternate termination provision of Paragraph A-6 takes effect, this trust is perpetual and shall continue forever.
A-6. **Alternate Termination Provision.** In the highly unlikely event the Texas Annual Conference ever ceases to be an organization described in sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code, the Emerging Leaders’ Endowment shall terminate, and the entire trust estate shall be distributed to such one or more other charitable organizations described in section 501(c)(3) of the Internal Revenue Code and also in section 509(a)(1) or 509(a)(2) of the Internal Revenue Code as the trustees select; provided that any such organization shall be connected or affiliated with the United Methodist Church. The preceding sentence shall not apply if the Texas Annual Conference is lawfully merged or consolidated with another unincorporated religious association (such as another annual conference of the United Methodist Church), because that successor association shall thereafter replace the Texas Annual Conference for all purposes of this trust agreement.

A-7. **Power of Amendment.**

(a) **IRS Compliance.** The trustees shall have the power, by written instrument filed with the trust records, to amend this trust agreement if such an amendment is necessary in order to insure that the Emerging Leaders’ Endowment qualifies as a charitable "supporting organization" described in section 509(a)(3) of the Internal Revenue Code.

(b) **General Conference.** Following each General Conference, the trustees shall amend this trust agreement if necessary to conform to any changes in the Book of Discipline of the United Methodist Church.

(c) **Other Amendments.** Subject to the restrictions on charitable trusts as set forth in Paragraph A-3, the trustees may amend this trust agreement at any time in order to further the purpose of the Emerging Leaders’ Endowment. However, the trustees may not amend or supplement any provision of this trust agreement which governs the rights, duties, liabilities, or general powers of a trustee or trustees.

B. **OFFICE OF TRUSTEE**

B-1. **Initial Trustees.** The initial trustees of the Emerging Leaders’ Endowment shall be each of the persons appointed by presiding Bishop of the Texas Annual Conference, with such trustee appointments to be confirmed by the Conference. The initial trustees are those persons whose names are listed on Attachment B hereto, entitled “Initial Trustees of the Emerging Leaders’ Endowment.” Attachment B is incorporated by reference as a part of this trust agreement. As provided in Paragraph C-1, these trustees constitute the initial Board of Trustees (the “Board”) of the Emerging Leaders’ Endowment.

B-2. **Number.** The number of trustees shall be nine (9), except during such times as when a trustee has been removed or resigned, and a new trustee has not yet been appointed. The presiding Bishop of the Conference, or the presiding Bishop’s designee, shall be an ex-officio non-voting member of the Board.

B-3. **Annual and Regular Meetings.** The Board shall meet annually at a time and date to be determined by the Board. The annual meeting may be held on a different date at the direction of the Board or the Chairperson of the Board (Chairperson). At the annual meeting of the Board, the Board may establish by resolution the regular meetings of the Board for the following year. Unless established by resolution at the annual meeting, notice of a regular meeting of the Board shall be given at least fifteen calendar days prior to the date of the meeting.

B-4. **Removal of Trustee.** A trustee’s election is valid for all purposes unless and until he or she is removed as provided herein. Grounds for removal shall be: (a) repetitive, unexcused absences from
Board and committee meetings; and (b) an immoral or illegal act; as follows:

(1) The Trusteeship Committee shall have the authority to recommend to the Board that a trustee be removed for repetitive, unexcused absences from Board meetings. The Trusteeship Committee shall give written notice of its recommendation to the affected trustee and shall hold a hearing regarding any such recommendation. The affected trustee shall be given two weeks notice of the hearing and an opportunity to appear and present witnesses and evidence at the hearing. The findings of the Trusteeship Committee shall be presented in writing to the Board. Upon a vote of two-thirds of the voting members of the Board, the trustee shall be removed from office.

(2) Upon a vote of two-thirds of the voting members of the Board setting forth an immoral or illegal act by a Board member, the Trusteeship Committee shall be charged with investigating the allegations. The Trusteeship Committee will hold a hearing regarding such allegations. The trustee accused of wrongdoing shall be given two weeks notice of the hearing and the opportunity to appear and to present witnesses and evidence at the hearing. The findings of the Trusteeship Committee shall be presented in writing to the Board. Upon a vote of two-thirds of the voting members of the Board, the trustee shall be removed from office.

B-5. Successor Trustees. Successor trustees of the Emerging Leaders’ Endowment shall be elected, after consultation with the then-presiding Bishop of the Conference, by majority vote of the trustees, subject to confirmation by the Conference.

B-6. Resignation of Trustee. A trustee may resign without the necessity of any court proceeding by giving at least 30 days’ written notice (if not waived) to each of the other persons then serving as trustee of the Emerging Leaders’ Endowment.

B-7. Vacancies. Vacancies may be filled for the remainder of the unexpired term of any trustee by the then-presiding Bishop of the Conference, subject to confirmation by the Conference. If the number of trustees is reduced through removal, death, disability, or resignation below the number required for a quorum, vacancies may be filled by a majority of the remaining trustees then serving. A full term for which a trustee shall be elected is three years; provided however, of the initial trustees one-third shall have a one-year term, one-third shall have a two-year term, and one-third shall have a three-year term. One-third of the total membership of the Board shall normally be elected each year.

B-8. Clergy Members. One-third of the trustees and their successors in office shall be elected clergy members of the Conference, subject to confirmation by the Conference. If the membership on the Board is, for any reason, composed of more or less than one-third clergy, that fact shall not affect the regularity or validity of (a) the Board or any committee thereof, or (b) any action taken by the Board or any of its committees or under its or their authority.

B-9. Term Limitations. No trustee shall serve more than nine consecutive years as a trustee, without a break in service of one or more years.

B-10. Rights and Liabilities.
(a) Bond Not Required. No bond or other security shall be required of any trustee.
(b) Liabilities. This agreement shall always be construed in favor of the validity of any act by or omission of any trustee. A trustee shall not be liable for any act or omission except in the case of gross negligence, bad faith or fraud. Specifically, in assessing the
propriety of any investment of the trust estate, the overall performance of the entire
trust estate shall be taken into account.
(c) Compensation. No trustee shall be entitled to receive compensation for serving in that
capacity.

C. ADMINISTRATION

C-1. Board of Trustees. The persons serving as trustees of the Emerging Leaders’ Endowment
at any given time shall constitute a “Board of Trustees” which shall be responsible for the admin-
istration of the trust. Meetings of the Trustees require no less than 14 days advance notice. A 2/3
majority of the members of the Board of Trustees may also adopt (or amend) written bylaws gov-
erning the administration of the Emerging Leaders’ Endowment. These bylaws may delegate any
of the powers possessed by the Board of Trustees to certain of its members or to other designated
persons, but may not conflict with the provisions of this trust agreement.

C-2. Investment of Trust Assets. The trustees shall invest the trust estate of the Emerging
Leaders’ Endowment through one or more investment accounts managed by (i) the Heartspring
Foundation, (ii) the Texas Methodist Foundation, (iii) The General Board of Pensions or (iv) such
other investment manager(s) as selected by the trustees and approved by the Texas Annual
Conference.

C-3. General Powers of Trustees. To carry out the trust purposes, but subject to any limitations
stated elsewhere herein, the trustees shall have the following powers, which may be exercised free
from court supervision, and which shall exist until all of the trust estate has been distributed:
(a) Trust Estate. The trustees may invest and reinvest all or any part of the trust estate in
property of any description and may retain as a part of the trust estate any property
acquired at any time and in any manner. Specifically, and without regard to the provi-
sions of any applicable state law, the trustees may retain, or invest and reinvest in,
property unproductive of income, shares of open or closed end investment trusts or
companies, wasting assets, and any other property, regardless of location and without
regard to any requirement of diversification as to kind or amount. Notwithstanding any
other provision of this paragraph C-3(a), the trustees shall invest the trust estate in
accordance with the Investment Policy Statement of the Emerging Leaders’
Endowment, a copy of which is attached to this trust document as Attachment C and
incorporated by reference.
(b) Business Interests. The trustees may continue operation of any business entity, in any
business form, with all or any part of the trust estate, and may reorganize or liquidate
any such entity at any time.
(c) Transfers, Loans. The trustees may lease, sell, transfer, or encumber in any manner
(including with purchase money mortgages) all or any part of the trust estate, and may
loan or borrow money in any manner (including by joint and several obligations) with
or without security.
(d) Agents, Employees. The trustees may employ and compensate agents and other
employees and may delegate to them any and all discretions and powers.
(e) Claims, Controversies. The trustees may maintain and defend any claim or controversy
by or against the trust without the joinder or consent of any beneficiary.
(f) Additional Powers. In addition, the trustees shall have all rights, privileges and powers
now or hereafter granted to trustees in Texas, including those granted under the Texas
Trust Code. Any subsequent legislation or regulation expanding or limiting the rights, privileges and powers granted a trustee shall apply to the trust hereunder unless the Trustees elect not to have such legislation or regulation apply by a written instrument filed with the trust records. All trust powers may be exercised upon such terms as the Trustees deem advisable.

C-4. **Release and Delegations of Powers.** Any power granted to the Trustees may be released, in whole or in part, temporarily or permanently. Any such power may be delegated by a trustee, in whole or in part, temporarily or permanently, to any other trustee then acting. A release or delegation shall be by written instrument filed with the trust records.

C-5. **Certain Prohibitions.** Notwithstanding any other provision of this trust agreement, the Trustees shall not:

(a) Permit any part of the Emerging Leaders' Endowment's net earnings to inure to the benefit of any private individual, except that the trust estate may be used to pay reasonable compensation for personal services rendered to or for the Emerging Leaders' Endowment affecting one or more of its purposes;

(b) Devote more than an insubstantial part of the Emerging Leaders' Endowment's activities to attempting to influence legislation by propaganda or otherwise;

(c) Participate in, intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; or

(d) Attempt to influence the outcome of any specific election or carry on, directly or indirectly, any voter registration drives.

**D. DEFINITIONS AND GENERAL PROVISIONS**

D-1. **Trust Estate.** "Trust estate" means all assets, however and whenever acquired (including income and accumulated income), which may belong to the trust at any given time.

D-2. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws.

D-3. **Other Terms.** The use of any gender includes the other genders, and the use of either the singular or the plural includes the other.

D-4. **Spendthrift Provision.** No beneficiary shall have the power to anticipate, encumber, or transfer his interest in the trust estate in any manner. No part of any trust estate shall be liable for or charged with any debts, contracts, liabilities or torts of a beneficiary or subject to seizure or other process by any creditor of a beneficiary.

D-5. **Texas Law Applies.** The situs of the trust established under this trust agreement is Texas. Wherever possible, the laws of Texas shall apply to the construction, administration and validity of the trust.
E. ACCEPTANCE BY TRUSTEE

By signing this trust agreement, each undersigned trustee (i) accepts this trust and all of the rights, powers and duties attached to the office of trustee as provided herein, (ii) agrees to serve as trustee of the Emerging Leaders’ Endowment, (iii) acknowledges receipt of the property described in Attachment A, and (iv) agrees to hold and administer the trust estate in accordance with the terms of this trust agreement.

This trust agreement is executed effective as of the ______ day of ___________, 2011.

________________________
Trustee

________________________
Trustee

________________________
Trustee

________________________
Trustee

________________________
Trustee

________________________
Trustee
ATTACHMENT A: INITIAL CONTRIBUTIONS TO THE EMERGING LEADERS’ ENDOWMENT

Cash or other assets in the amount of $[___________], plus investment earnings / losses from [DATE]. The initial gift was deposited with the Heartspring Foundation under their trust document until this trust document could be drafted and approved.

Initial Deposit Summary:

ATTACHMENT B: INITIAL TRUSTEES OF THE EMERGING LEADERS’ ENDOWMENT

1.
2.
3.
4.
5.
6.
7.
8.
9.
Resolution To Texas Annual Conference for
Construction of Disaster Recovery Center

Whereas, Hurricane Katrina directly hit the Louisiana, Mississippi coast line August 29, 2005, the Texas Annual Conference engaged in responding appropriately.

Whereas, Disaster Recovery was launched on September 24, 2005, when hurricane Rita made landfall on Southeast, Texas;

Whereas, On September 13, 2008, Hurricane Ike struck the Texas coast causing great devastation;

Whereas, the Texas Annual Conference in partnership with United Methodist Committee on Relief established a long term recovery effort which concluded December 31, 2010;

Whereas, all of the case loads registered with the recovery centers were completed.

Whereas, from all of these efforts we have accumulated a large volume of tools, recovery equipment, trucks, trailers, portable bathrooms and showers;

Whereas, the rationale for construction is drum majored by “readiness” for a future disaster: not will it occur, but when it occurs;

Whereas, UMCOR has agreed to continue partnership with the Texas Annual Conference as it has done with Florida and Mississippi conferences in erecting a permanent warehouse;

Whereas, the Katrina Account of designated funds now totals $900,188.84. Utilization of these funds for construction and development is recommended by the Council on Finance and Administration.

Whereas, we have identified a potential building site of (six acres) located east of Conroe at Loop 336 and Hwy 105 East now being marketed at $225,000. Purchase of this site is pending the recommended from the Board of Trustees;

And Whereas, UMCOR has tentatively committed $494,858.00 toward the construction of the Disaster Recovery Center;

Therefore, We are requesting the Texas Annual Conference session 2011 to authorize the conference Trustees and CFA to move forward with construction and development.

You will also find this resolution in the Resolutions Section of this Pre-Conference Journal.
### Comparative Giving 2010 Report

**Texas Annual Conference**

**Comparative Giving for the Years Ended December 31, 2009 and 2010**

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>2009 Receipts</th>
<th>2010 Receipts</th>
<th>% Received 2009</th>
<th>% Received 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>World Service</strong></td>
<td>$3,065,658.00</td>
<td>$3,350,845.00</td>
<td>95.75%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Ministerial</strong></td>
<td>$1,060,297.00</td>
<td>$1,147,060.00</td>
<td>85.29%</td>
<td>79.40%</td>
</tr>
<tr>
<td><strong>Black College Fund</strong></td>
<td>$422,997.00</td>
<td>$457,610.00</td>
<td>88.96%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Africa UM University</strong></td>
<td>$94,694.00</td>
<td>$102,412.00</td>
<td>89.62%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Interdenominational Cooperative</strong></td>
<td>$82,664.00</td>
<td>$89,279.00</td>
<td>85.85%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>General Adm Fund</strong></td>
<td>$341,605.00</td>
<td>$363,055.00</td>
<td>88.71%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Jurisdictional Apportionment</strong></td>
<td>$211,159.00</td>
<td>$218,831.00</td>
<td>89.86%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Ctr for Congregational Excellence</strong></td>
<td>$681,747.00</td>
<td>$778,800.00</td>
<td>92.43%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>New Church Transformation Dev</strong></td>
<td>$1,766,683.00</td>
<td>$1,630,826.00</td>
<td>86.16%</td>
<td>79.27%</td>
</tr>
<tr>
<td><strong>Ctr for Clergy Excellence</strong></td>
<td>$886,182.00</td>
<td>$894,359.00</td>
<td>91.88%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Ctr for Missional Excellence</strong></td>
<td>$2,380,494.00</td>
<td>$2,536,153.00</td>
<td>85.33%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Ctr for Connectional Resources</strong></td>
<td>$3,072,045.00</td>
<td>$3,718,466.00</td>
<td>85.34%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Pensions (Conf. Claimants)</strong></td>
<td>$859,469.00</td>
<td>$890,677.00</td>
<td>95.86%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>District Superintendents</strong></td>
<td>$1,825,038.00</td>
<td>$1,891,290.00</td>
<td>94.64%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Episcopal Fund</strong></td>
<td>$832,713.00</td>
<td>$921,685.00</td>
<td>94.21%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Equitable Compensation</strong></td>
<td>$241,589.00</td>
<td>$212,817.00</td>
<td>94.09%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>Medical Benefits Program</strong></td>
<td>$3,503,274.00</td>
<td>$3,630,471.00</td>
<td>99.14%</td>
<td>84.38%</td>
</tr>
<tr>
<td><strong>TOTAL APPORTIONMENTS</strong></td>
<td>$21,328,308.00</td>
<td>$22,034,636.00</td>
<td>91.52%</td>
<td>84.57%</td>
</tr>
<tr>
<td><strong>Fair Share Goals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rio Grande Conference</td>
<td>$23,941.00</td>
<td>$24,752.00</td>
<td>45.94%</td>
<td>42.09%</td>
</tr>
<tr>
<td>Oklahoma Indian Mission</td>
<td>$11,569.00</td>
<td>$11,927.00</td>
<td>55.56%</td>
<td>49.55%</td>
</tr>
<tr>
<td>Conference Advance Sp</td>
<td>$71,664.00</td>
<td>$39,592.00</td>
<td>43.66%</td>
<td>49.55%</td>
</tr>
<tr>
<td>Lon Morris College</td>
<td>$229,196.00</td>
<td>$237,515.00</td>
<td>46.27%</td>
<td>49.55%</td>
</tr>
<tr>
<td>Partners in Mission</td>
<td>$71,664.00</td>
<td>$74,231.00</td>
<td>45.65%</td>
<td>49.55%</td>
</tr>
<tr>
<td>Lakeview Summer Camp Schl</td>
<td>$47,771.00</td>
<td>$222,705.00</td>
<td>50.36%</td>
<td>49.55%</td>
</tr>
<tr>
<td>Texas Methodist College Schl</td>
<td>$286,488.00</td>
<td>$296,921.00</td>
<td>44.05%</td>
<td>49.55%</td>
</tr>
<tr>
<td><strong>TOTAL FAIR SHARE GOALS</strong></td>
<td>$742,293.00</td>
<td>$907,643.00</td>
<td>45.58%</td>
<td>49.55%</td>
</tr>
</tbody>
</table>
### Comparative Giving 2010 Report

#### NON-APPORTIONED ITEMS

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Advance Specials</td>
<td>$ 577.40</td>
<td>$ 505.50</td>
</tr>
<tr>
<td>World Advance Specials</td>
<td>$ 293,467.58</td>
<td>$ 208,492.06</td>
</tr>
<tr>
<td>UM Committee on Relief</td>
<td>$ 84,405.41</td>
<td>$ 934,452.78</td>
</tr>
<tr>
<td>Wesley Community Center</td>
<td>$ 7,010.85</td>
<td>$ 8,158.30</td>
</tr>
<tr>
<td>Christian Education Sunday</td>
<td>$ 1,059.50</td>
<td>$ 1,183.00</td>
</tr>
<tr>
<td>Golden Cross</td>
<td>$ 31,676.51</td>
<td>$ 28,983.80</td>
</tr>
<tr>
<td>Methodist Home, Waco</td>
<td>$ 80,851.21</td>
<td>$ 44,579.82</td>
</tr>
<tr>
<td>Methodist Mission Home, S.A.</td>
<td>$ 49,180.11</td>
<td>$ 32,909.33</td>
</tr>
<tr>
<td>Methodist Retirement Services</td>
<td>$ 20,413.44</td>
<td>$ 18,675.69</td>
</tr>
<tr>
<td>Lon Morris Scholarship</td>
<td>$ 725.00</td>
<td>$ 2,563.00</td>
</tr>
<tr>
<td>Wesley College</td>
<td>$ 35.00</td>
<td>$ 309.00</td>
</tr>
<tr>
<td>Youth Service Fund</td>
<td>$ 782.00</td>
<td>$ 691.00</td>
</tr>
<tr>
<td>Human Relations Sunday</td>
<td>$ 7,776.00</td>
<td>$ 5,930.89</td>
</tr>
<tr>
<td>One Great Hour of Sharing</td>
<td>$ 49,469.29</td>
<td>$ 45,527.55</td>
</tr>
<tr>
<td>Peace With Justice Sunday</td>
<td>$ 9,189.07</td>
<td>$ 6,668.10</td>
</tr>
<tr>
<td>Native American Awareness</td>
<td>$ 8,316.50</td>
<td>$ 7,145.87</td>
</tr>
<tr>
<td>World Communion Sunday</td>
<td>$ 19,291.83</td>
<td>$ 20,723.55</td>
</tr>
<tr>
<td>UM Student Day</td>
<td>$ 7,297.87</td>
<td>$ 7,413.42</td>
</tr>
<tr>
<td>Lydia Patterson Endowment Fund</td>
<td>$ 340.00</td>
<td>$ 163.50</td>
</tr>
<tr>
<td>Russian Initiative</td>
<td>$ 1,000.00</td>
<td>$ 1,045.48</td>
</tr>
<tr>
<td>Lakeview Special Campaign</td>
<td>$ 419.17</td>
<td>$ 1,964.38</td>
</tr>
<tr>
<td>Hurricane Ike Local Relief</td>
<td>$ 23,278.33</td>
<td>$ 1,884.92</td>
</tr>
<tr>
<td>Nothing But Nets</td>
<td>$ 73,989.89</td>
<td>$ 33,310.50</td>
</tr>
<tr>
<td>Other Benevolences:</td>
<td>$ 50,361.04</td>
<td>$ 14,456.82</td>
</tr>
<tr>
<td><strong>TOTAL NON-APPORTIONED ITEMS</strong></td>
<td><strong>$ 820,913.00</strong></td>
<td><strong>$ 1,427,738.26</strong></td>
</tr>
</tbody>
</table>

#### GRAND TOTAL

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>$ 20,679,308.26</strong></td>
<td><strong>$ 20,391,538.26</strong></td>
</tr>
</tbody>
</table>
TEXAS ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Council on Finance and Administration
Houston, Texas

Financial Statements

December 31, 2010
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
COUNCIL ON FINANCE AND ADMINISTRATION

Financial Statements
December 31, 2010

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<td>Statement of Receipts, Disbursements and Changes in Net Assets - Cash Basis</td>
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<td>Notes to Financial Statements</td>
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<td>Independent Auditor’s Report on Supplementary Information</td>
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<td>Statement of Cash Receipts and Disbursements - All Funds</td>
<td>J-129</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS' REPORT

To the Council on Finance and Administration,
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH:

We have audited the accompanying statement of assets, liabilities and net assets — modified cash basis, of the Council on Finance and Administration of the Texas Annual Conference of the United Methodist Church (a Texas not-for-profit corporation) as of December 31, 2010, and the related statement of cash receipts, disbursements and changes in net assets — modified cash basis for the year then ended. These financial statements are the responsibility of the Annual Conference's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 2, the Council prepares its financial statements on the basis of modified cash receipts and disbursements. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Council on Finance and Administration of the Texas Annual Conference of the United Methodist Church as of December 31, 2010, and the cash receipts, disbursements and changes in net assets for the year then ended in conformity with the basis of accounting described in Note 2.

March 15, 2011
## Assets
- Cash and cash equivalents $479,885
- Accounts receivable - affiliates $4,320,388
- Investments $7,656,499
- Endowment investments $2,789,616

**Total Assets** $15,246,388

## Liabilities
- Payroll withholdings $54,340
- Accounts payable - affiliates $2,102,523
- Note payable- Texas Methodist Foundation $763,498

**Total current liabilities** $2,920,261

## Net Assets
- Unrestricted net assets $7,472,038
- Temporarily restricted net assets $3,813,914
- Permanently restricted net assets $1,040,075

**Total net assets** $12,326,027

**Total liabilities and net assets** $15,246,388

*The accompanying notes are an integral part of these financial statements.*
# Texas Annual Conference of the United Methodist Church Council on Finance and Administration

Statement of Cash Receipts, Disbursements, and Changes in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2010

## Receipts

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apportioned receipts</td>
<td>$21,263,287</td>
<td>$</td>
<td>$5,100</td>
<td>$21,268,387</td>
</tr>
<tr>
<td>Other income and receipts</td>
<td>2,188,160</td>
<td>308,794</td>
<td>115,778</td>
<td>2,612,732</td>
</tr>
<tr>
<td>Transfers from other funds</td>
<td>1,899,235</td>
<td>200,000</td>
<td></td>
<td>2,099,235</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td><strong>25,350,682</strong></td>
<td><strong>508,794</strong></td>
<td><strong>120,878</strong></td>
<td><strong>25,980,354</strong></td>
</tr>
</tbody>
</table>

## Disbursements

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash disbursements</td>
<td>24,379,713</td>
<td>283,146</td>
<td></td>
<td>24,662,859</td>
</tr>
<tr>
<td>Transfers to other funds</td>
<td>2,099,235</td>
<td></td>
<td></td>
<td>2,099,235</td>
</tr>
<tr>
<td><strong>Total disbursements</strong></td>
<td>26,478,948</td>
<td>283,146</td>
<td></td>
<td>26,762,094</td>
</tr>
</tbody>
</table>

**Excess of disbursements over receipts:**

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,128,266)</td>
<td>225,648</td>
<td></td>
<td>120,070</td>
<td>(701,740)</td>
</tr>
</tbody>
</table>

## Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balances</td>
<td>8,600,304</td>
<td>3,588,266</td>
<td>919,197</td>
<td>13,107,767</td>
</tr>
<tr>
<td>Ending balances</td>
<td>$7,472,038</td>
<td>$3,813,914</td>
<td>$1,040,075</td>
<td>$12,326,027</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements.*
TENAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
COUNCIL ON FINANCE AND ADMINISTRATION
Notes to Financial Statements
December 31, 2010

1 - Nature of Organization

The Texas Annual Conference (the “Conference”) is the fundamental body of the United Methodist Church. The purpose of the Annual Conference is to make disciples for Jesus Christ by equipping its local churches for ministry and by providing a connection for ministry beyond the local church. The Council on Finance and Administration (the “Council”) is an agency of the Conference. The purpose of the Council is to develop, maintain and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures and management services for the Conference. The Council recommends to the Conference the methods or formulas by which the approved budgeted amounts for clergy support, administration, World Service and Conference Benevolences are to be apportioned to the districts, Annual Conferences or charges of the Conference.

The responsibilities of the Council include the following:
1. Recommend the Conference budget and apportionment formulas;
2. Develop policies governing the investment of Conference funds;
3. Recommend budgetary transfers and changes;
4. Recommend conditions and maximum amounts of borrowings;
5. Supervise the Conference treasurer;
6. Designate depositories;
7. Engage a certified public accountant to audit the accounts of the Conference treasurer within 120 days of year-end; and
8. Provide for fidelity bonding of the Conference treasurer.

2 - Summary of Significant Accounting Policies

A summary of the Council’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting - The financial statements of the Annual Conference are presented on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Conference holds its year-end books open until Church reporting day. Apportionments and receipts which Churches within the Conference remit to the Conference to close their fiscal year and which are received in January are recorded as accounts receivables. Amounts distributed by the Council to other agencies and conferences based on the fiscal budget are reflected as payables. The financial statements are a summary of the cash activity, as modified, of the Conference.

The Conference reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted net assets. Unrestricted net assets bear no donor limitations. The use of these funds is determined by the Conference’s Board of Directors.

Temporarily restricted net assets represent unexpended amounts which are restricted by donors for a specific purpose or time period. When a donor restriction expires, a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted or permanently restricted net assets and reported in the Statement of Activities as net assets released from restriction.

Permanently restricted net assets represent amounts restricted by donors to be maintained in perpetuity, permanently restricted for use designated by the donor, the income from which may be used for restricted or unrestricted purposes.
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
COUNCIL ON FINANCE AND ADMINISTRATION
Notes to Financial Statements
December 31, 2010

2 - Summary of Significant Accounting Policies (continued)

Cash Equivalents - During the year ended December 31, 2010, the Annual Conference maintained deposits with a bank in excess of FDIC insurance limits. The Conference has the bank sweep excess deposits into overnight Treasury Bills to negate this risk.

Other accounts are invested in funds managed by the Heartspiring Foundation and the Texas Methodist Foundation. The underlying investments are in short-term and long-term money market funds and TMF Methodist Loan Fund and are subject to market risk.

Fund Accounting - To ensure observance of the allocations and restrictions placed on funds received, the accounts of the Council are maintained in accordance with the principles of fund accounting. Accordingly, resources collected, invested and ultimately disbursed are classified for accounting and reporting purposes into separate funds, established according to the various boards and agencies of the Annual Conference.

Income Tax Status - The Conference is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. The Conference carries on no activities which would create unrelated business income tax.

Generally accepted accounting principles (GAAP) provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise’s financial statements. GAAP requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Conference is classified as a church, and as such is not required to file an annual Form 990. The Conference conducts no activities which may be considered unrelated business income and believes that all significant tax positions utilized by the Conference will more likely than not be sustained upon examination should one be initiated by the IRS.

3 - Investments

Total investments at December 31, 2010 are as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>7,656,490</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>2,789,616</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$10,446,115</td>
</tr>
</tbody>
</table>

The composition of investments at December 31, 2010 is as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term money market funds</td>
<td>1,184,507</td>
</tr>
<tr>
<td>Long-term money market funds</td>
<td>4,960,195</td>
</tr>
<tr>
<td>Equity</td>
<td>520,037</td>
</tr>
<tr>
<td>Texas Methodist Loan Funds</td>
<td>3,781,376</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$10,446,115</td>
</tr>
</tbody>
</table>

Investment income from these investments for the year ended December 31, 2010 consists of unrealized gains totaling $303,248.
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
COUNCIL ON FINANCE AND ADMINISTRATION
Notes to Financial Statements
December 31, 2010

4 - Mortgage Notes Payable

In 2003 the Conference remodeled and renovated the Methodist Center located at 5215 Main Street, Houston, Texas. During the construction period the deficit was funded with Conference unrestricted net assets. Upon completion the Methodist Building Depreciation Reserve Fund had a deficit of $1,233,053. The Conference, in conjunction with the Board of Trustees of the Texas Annual Conference, entered into a loan agreement dated December 16, 2004, with the Texas Methodist Foundation and HeartSpring Foundation, secured by a deed of trust on the Methodist Center in the amount of $1,200,000. Interest accrues at the Methodist Loan Fund rate plus one-half percent (currently 2.40%). The loan has a 20-year term with monthly payments of principle and interest. Monthly payments are adjusted annually to coincide with the current interest rate.

As of December 31, 2010, the balance of the notes was $763,498. Interest expense for 2010 was $17,855. Scheduled principal reductions for the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$ 56,529</td>
</tr>
<tr>
<td>2012</td>
<td>58,248</td>
</tr>
<tr>
<td>2013</td>
<td>60,020</td>
</tr>
<tr>
<td>2014</td>
<td>61,845</td>
</tr>
<tr>
<td>2015</td>
<td>63,727</td>
</tr>
<tr>
<td>Thereafter</td>
<td>465,142</td>
</tr>
</tbody>
</table>

$ 763,498

5 - Temporarily Restricted Net Assets

Temporarily restricted net assets represent donor-restricted contributions which are purpose or time restricted. Balances as of December 31, 2010 are as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lilly Grant</td>
<td>$ 1,897,940</td>
</tr>
<tr>
<td>Cote D'Ivoire Funds</td>
<td>108,545</td>
</tr>
<tr>
<td>Tax Payment Escrow</td>
<td>34,679</td>
</tr>
<tr>
<td>Other</td>
<td>23,209</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,064,373</td>
</tr>
</tbody>
</table>

6 - Permanently Restricted Net Assets

Permanently restricted net assets represent donor restricted contributions which are to be maintained in perpetuity. As of December 31, 2010, the Conference maintains the Missions Endowment as permanently restricted net assets with a balance of $1,040,075.
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
COUNCIL ON FINANCE AND ADMINISTRATION
Notes to Financial Statements
December 31, 2010

7 - Endowment Investments

The Conference’s endowment investments are composed of funds from contributions permanently restricted by the donor and funds designated by the Council on Finance and Administration. As required by generally accepted accounting principles, net assets associated with permanent restrictions including board designated funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Conference operates under the Uniform Prudent Management of Institutional funds Act (UPMIFA). This Act eliminates the historic dollar value limitation imposed by the previous law, thereby increasing the Conference’s ability to apply a total-return spending rate to its funds. The historic dollar value limitation is replaced with a new standard of prudence. The Conference may apply its spending rate if it is determined to be the prudent course of action, even though application of the spending rate will cause the value of the fund to fall below the value of the original gift. Because UPMIFA allows an organization to spend from an endowment fund without distinctions between permanent and expendable resources, the Financial Accounting Standards Board issued FAS 177-1 to clarify the accounting and disclosure requirements of endowment funds.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Conference to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are determined on an individual account basis. The Conference reports no fund deficiencies in net assets at December 31, 2010.

<table>
<thead>
<tr>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments, December 31, 2009</td>
<td>$1,521,094</td>
<td>$919,197</td>
</tr>
<tr>
<td>Total investment return</td>
<td>28,447</td>
<td>115,778</td>
</tr>
<tr>
<td>Contributions and transfers</td>
<td>200,000</td>
<td>5,100</td>
</tr>
<tr>
<td>Investments, December 31, 2010</td>
<td>$1,749,541</td>
<td>$1,040,075</td>
</tr>
</tbody>
</table>

Return Objectives and Risk Parameters - The Conference has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Conference must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark consisting of the S&P 500 and the Barclay’s Capital Aggregate Bond Index, or other recognized market indexes, while assuming moderate level of investment risk. The Conference expects its endowment funds, over time, to provide an average rate of return of approximately 2% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Conference relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conference’s net assets are invested in a diversified asset allocation consisting of equity-based investments, fixed income-based investments, and alternative assets. Allocations may be adjusted as market conditions warrant, within the parameters of the Conference’s Investment Policy Statement, as amended from time to time.
TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
COUNCIL ON FINANCE AND ADMINISTRATION
Notes to Financial Statements
December 31, 2010

7 - Endowment Investments (continued)

Spending Policy and How the Investment Objectives Relate to the Spending Policy - The Conference has adopted a distribution policy consistent with the Uniform Prudent Management of Investment Funds Act (UPMIFA) of the State of Texas. In establishing this policy, the Conference considered the long-term expected return on its endowment. Accordingly, over the long term, the Conference expects the current spending policy to allow its endowment to grow at a rate that is greater than that of inflation. This is consistent with the Conference’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Conference has the right to recommend against expenditure of earnings or gains in any given year due to factors such as financial market conditions or poor investment performance. Permanently restricted net assets represent funds to be invested in perpetuity subject to the Conference policy and interpretation of UPMIFA, and the income from endowment investments may be spent in accordance with the donor’s restriction, if any. The current policy is that the Mission Endowment must reach a minimum of $5,000,000 before distributions can be made.

8 - Commitments

During 2006, the Conference, in an effort to address declining trends in recent years, entered into a multi-year contract ending in 2010 for coaching and local church planting in the amount of $943,000. Payments under the contract amounted to $45,000 in 2010. The contract has been completed.

The Conference is a guarantor with HeartSpring Foundation on a loan to Lon Morris College in the amount of $1,000,000, expiring in November 2011. The Conference is a guarantor with Whitney Bank on a loan to Shalom Health Ministries in the amount of $150,000, expiring in November 2011.

9 - Correction of Prior Period Financial Statements

During 2010 management discovered certain endowment funds which had been deposited with HeartSpring Methodist Foundation in 2004 but had not been recognized as assets under the control of the Conference in prior years. The beginning net asset balances have been restated to reflect the inclusion of these funds.

10 - Financial Instruments

Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Investments are detailed in Note 3 above. Long and short term money market funds and equity investments are Level 1 inputs. Methodist loan funds are Level 2 inputs.

11 - Subsequent Events

The Conference has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued.
SUPPLEMENTARY INFORMATION
INDEPENDENT AUDITORS’ REPORT ON
SUPPLEMENTARY INFORMATION

To the Council on Finance and Administration:

Our report on our audit of the basic financial statements of the Council on Finance and Administration of the Texas Annual Conference of the United Methodist Church for 2010 appears on page one. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The supplementary information included in this report on pages nine to twelve is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ratliff & Associates, P.C.

March 15, 2011
### Texas Annual Conference of the United Methodist Church
#### Council on Finance and Administration
Statement of Cash Receipts and Disbursements - All Funds
For the Year Ended December 31, 2010

<table>
<thead>
<tr>
<th>Fund Title</th>
<th>Beginning Balance</th>
<th>Prior period Correction</th>
<th>Grants and Other Income</th>
<th>Transfers from Other Funds</th>
<th>Transfers to Other Funds</th>
<th>Disbursements</th>
<th>Year End Transfers</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Church Apportionments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Word Service</td>
<td>-</td>
<td>-</td>
<td>$1,826,981</td>
<td>$558,923</td>
<td>$ (3,385,904)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Episcopal Fund</td>
<td>-</td>
<td>-</td>
<td>797,734</td>
<td>-</td>
<td></td>
<td>(797,734)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interdenominational Coop Fund</td>
<td>-</td>
<td>-</td>
<td>67,968</td>
<td>-</td>
<td></td>
<td>(67,968)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ministerial Education Fund</td>
<td>-</td>
<td>-</td>
<td>683,024</td>
<td>-</td>
<td></td>
<td>(683,024)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General Administrative Fund</td>
<td>-</td>
<td>-</td>
<td>281,615</td>
<td>-</td>
<td></td>
<td>(281,615)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Blacc College Fund</td>
<td>-</td>
<td>-</td>
<td>357,251</td>
<td>-</td>
<td></td>
<td>(357,251)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Afriam UM University</td>
<td>-</td>
<td>-</td>
<td>80,467</td>
<td>-</td>
<td></td>
<td>(80,467)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total General Church Apportionments</strong></td>
<td>-</td>
<td>-</td>
<td>5,095,040</td>
<td>558,923</td>
<td></td>
<td>(5,653,963)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Jurisdictional Apportionments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jurisdictional Administrative Fund</td>
<td>-</td>
<td>-</td>
<td>43,779</td>
<td>-</td>
<td></td>
<td>(43,779)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mt. Jiquoyah</td>
<td>-</td>
<td>-</td>
<td>20,998</td>
<td>-</td>
<td></td>
<td>(20,998)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lydi. Patterson Institute</td>
<td>-</td>
<td>-</td>
<td>92,121</td>
<td>-</td>
<td></td>
<td>(92,121)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Southern Methodist University</td>
<td>-</td>
<td>-</td>
<td>11,315</td>
<td>-</td>
<td></td>
<td>(11,315)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Jurisdictional Apportionments</strong></td>
<td>-</td>
<td>-</td>
<td>168,413</td>
<td>-</td>
<td></td>
<td>(168,413)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Center for Congregational Excellence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry Support</td>
<td>-</td>
<td>-</td>
<td>491,880</td>
<td>100,753</td>
<td>(2,441)</td>
<td>(459,431)</td>
<td>(103,761)</td>
<td>-</td>
</tr>
<tr>
<td>Extravagant Generosity Ministry Team</td>
<td>-</td>
<td>-</td>
<td>1,564</td>
<td>-</td>
<td></td>
<td>(777)</td>
<td>(787)</td>
<td>-</td>
</tr>
<tr>
<td>Passionate Worship Ministry Team</td>
<td>-</td>
<td>-</td>
<td>7,737</td>
<td>-</td>
<td></td>
<td>(4,838)</td>
<td>(2,899)</td>
<td>-</td>
</tr>
<tr>
<td>FaithForming Relationships Ministry Team</td>
<td>-</td>
<td>-</td>
<td>6,091</td>
<td>-</td>
<td></td>
<td>(6,669)</td>
<td>778</td>
<td>-</td>
</tr>
<tr>
<td>Radical Hospitality and Evangelists Ministry Team</td>
<td>-</td>
<td>-</td>
<td>16,461</td>
<td>-</td>
<td>-</td>
<td>(6,007)</td>
<td>(10,394)</td>
<td>-</td>
</tr>
<tr>
<td>Age.-level and Camping Ministry Team</td>
<td>25,900</td>
<td></td>
<td>114,369</td>
<td>3,600</td>
<td>(10,753)</td>
<td>(20,900)</td>
<td>(8,344)</td>
<td>12,12</td>
</tr>
<tr>
<td>Lay leadership Development</td>
<td>-</td>
<td>-</td>
<td>9,383</td>
<td>-</td>
<td></td>
<td>(10,374)</td>
<td>991</td>
<td>-</td>
</tr>
<tr>
<td>New Church Receipts</td>
<td>748,650</td>
<td></td>
<td>2,551,190</td>
<td>872,016</td>
<td>-</td>
<td>(2,037,792)</td>
<td>(107,390)</td>
<td>750,69</td>
</tr>
<tr>
<td>Congregational Transformation</td>
<td>115,910</td>
<td></td>
<td>205,132</td>
<td>45,100</td>
<td>-</td>
<td>(473,602)</td>
<td>107,390</td>
<td>-</td>
</tr>
<tr>
<td>Congregational Consultant</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total for Center for Congregational Excellence</strong></td>
<td>889,559</td>
<td>-</td>
<td>1,080,007</td>
<td>919,716</td>
<td>100,753</td>
<td>(13,194)</td>
<td>(3,020,210)</td>
<td>(12,416)</td>
</tr>
<tr>
<td><strong>Center for Clergy Excellence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry Support</td>
<td>-</td>
<td>-</td>
<td>998,337</td>
<td>67,857</td>
<td>(8,237)</td>
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### Other Funds

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<td>(283,146)</td>
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</tr>
<tr>
<td></td>
<td>4,853,09</td>
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<tr>
<td>Total:</td>
<td>$12,178,17</td>
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<td>$929,640</td>
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<td></td>
<td>$2,268,387</td>
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<td>$2,612,732</td>
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<td></td>
<td>$2,099,235</td>
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<tr>
<td></td>
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<tr>
<td></td>
<td>$24,662,859</td>
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<tr>
<td></td>
<td>$12,326,09</td>
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</tbody>
</table>
The work of our task force is grounded on three significant ideas. First, the people of our churches have giving, generous hearts. Second, the ministries of the Texas Conference are excellent and are making a kingdom difference in the world. And third, when a connection is made between those giving hearts and those excellent ministries, it releases a kind of giving that can only be called extravagant generosity. During this past year we have surveyed the conference to learn more about the attitudes in local churches about conference ministry support. We have defined extravagant generosity as giving beyond expectation for the purpose of serving others. We have developed specific recommendations which we believe will contribute to giving in the spirit of extravagant generosity in support of our conference ministries.

Representatives of our team have met with the bishop and the district superintendents, Center Directors, Core Leadership Team, and the Council on Finance and Administration. Now we seek to spend the year telling our story, sharing our findings, and discussing our recommendations with the pastors, leaders, and members of the churches of our conference. We believe these conversations will help us test the truth of our findings and the wisdom of our recommendations. It is for that purpose our team is asking the conference for authorization to continue doing our work for the coming conference year.
Texas Annual Conference
of the United Methodist Church
Budget

<table>
<thead>
<tr>
<th>General Church Apportionments</th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Service</td>
<td>3,424,352</td>
<td>3,475,717</td>
<td>51,365</td>
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<tr>
<td>Episcopal Fund</td>
<td>961,080</td>
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<td>14,416</td>
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<tr>
<td>Interdenominational Cooperative Fund</td>
<td>90,145</td>
<td>91,497</td>
<td>1,352</td>
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</tr>
<tr>
<td>General Administration Fund</td>
<td>373,667</td>
<td>379,272</td>
<td>5,605</td>
<td>1.50%</td>
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<tr>
<td>Ministerial Education Fund</td>
<td>1,156,829</td>
<td>1,174,181</td>
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<tr>
<td>Black College Fund</td>
<td>461,439</td>
<td>468,361</td>
<td>6,922</td>
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<tr>
<td>Africa U.M. University</td>
<td>103,274</td>
<td>104,823</td>
<td>1,549</td>
<td>1.50%</td>
</tr>
<tr>
<td>Total-General Church</td>
<td>$ 6,570,786</td>
<td>$ 6,669,348</td>
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<table>
<thead>
<tr>
<th>Jurisdictional Apportionments</th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdictional Administration Fund</td>
<td>$ 57,479</td>
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<tr>
<td>Mt. Sequoyah (Operation &amp; Building)</td>
<td>27,569</td>
<td>27,569</td>
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<tr>
<td>Lydia Patterson Institute</td>
<td>120,947</td>
<td>120,947</td>
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<tr>
<td>S.M.U. Campus Ministry</td>
<td>15,118</td>
<td>15,118</td>
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<tr>
<td>Total-Jurisdictional</td>
<td>$ 221,113</td>
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<td>0.00%</td>
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<table>
<thead>
<tr>
<th>Center for Congregational Excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry Support</td>
</tr>
<tr>
<td>Staff &amp; Office Support</td>
</tr>
<tr>
<td>Sub-Total</td>
</tr>
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<table>
<thead>
<tr>
<th>Extravagant Generosity Ministry Team</th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting and Administrative Expense</td>
<td>$ 300</td>
<td>$ 300</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Equipping Events</td>
<td>1,200</td>
<td>1,200</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$ 1,500</td>
<td>$ 1,500</td>
<td>0</td>
<td>0.00%</td>
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<table>
<thead>
<tr>
<th>Passionate Worship Ministry Team</th>
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</thead>
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<tr>
<td>Meeting and Administrative</td>
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<tr>
<td>Equipping Events</td>
</tr>
<tr>
<td>Sub-Total</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Faith-Forming Relationships Ministry Team</th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting and Administrative Expense</td>
<td>$ 200</td>
<td>$ 200</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Leadership Education Events</td>
<td>1,000</td>
<td>1,000</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Single Adults</td>
<td>750</td>
<td>750</td>
<td>0</td>
<td>0.00%</td>
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<tr>
<td>Equipping Events</td>
<td>3,000</td>
<td>3,000</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Technology (magalog)</td>
<td>1,000</td>
<td>1,000</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$ 5,950</td>
<td>$ 5,950</td>
<td>0</td>
<td>0.00%</td>
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</table>

<table>
<thead>
<tr>
<th>Radical Hospitality &amp; Evangelistic Ministry Team</th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting and Administrative Expense</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Ethnic Local Church Concerns</td>
<td>1,000</td>
<td>1,000</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Small Membership Church</td>
<td>5,000</td>
<td>5,000</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Equipping Events</td>
<td>10,250</td>
<td>10,250</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
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<td>$ 17,250</td>
<td>$ 17,250</td>
<td>0</td>
<td>0.00%</td>
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</table>
## Reports J-135

**Texas Annual Conference**  
of the United Methodist Church  
**Budget**

<table>
<thead>
<tr>
<th></th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age-Level and Camping Ministry Team</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting and Administrative Expense</td>
<td>$ 2,000</td>
<td>$ 2,000</td>
<td>-</td>
<td>0.00%</td>
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<tr>
<td>Camping Programs</td>
<td>20,000</td>
<td>12,000</td>
<td>(8,000)</td>
<td>-40.00%</td>
</tr>
<tr>
<td>Children's Ministry Equipping Events</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Family Ministry Equipping Events</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Older Adult Equipping Events</td>
<td>2,000</td>
<td>2,800</td>
<td>800</td>
<td>40.00%</td>
</tr>
<tr>
<td>Older Adult Fellowship</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
<td>0.00%</td>
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<tr>
<td>Conference Youth/Young Adult Director</td>
<td>115,000</td>
<td>-</td>
<td>(115,000)</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Young Adult Equipping Events</td>
<td>2,000</td>
<td>2,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Youth</td>
<td>20,000</td>
<td>31,000</td>
<td>11,000</td>
<td>55.00%</td>
</tr>
<tr>
<td>Youth Intern/Academy</td>
<td>30,000</td>
<td>30,000</td>
<td>-</td>
<td>0.00%</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td>$ 194,000</td>
<td>$ 82,800</td>
<td>(111,200)</td>
<td>-57.32%</td>
</tr>
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</table>

| **Lay Leadership Development** |                      |                       |          |          |
| Meeting and Administrative Expense | $ 500 | $ 500 | - | 0.00% |
| Equipping Events               | 9,150             | 9,150                | - | 0.00% |
| **Sub-Total**                  | $ 9,650           | $ 9,650              | - | 0.00% |

| **Congregational Excellence Development Funds** |                      |                       |          |          |
| Congregational Transformation Dev. Funds | $ 250,000 | $ 250,000 | - | 0.00% |
| New Church Starts-Dev. Funds     | 1,600,000         | 1,600,000            | - | 0.00% |
| **Sub-Total**                    | $ 1,850,000       | $ 1,850,000          | - | 0.00% |

| **Total-Congregational Excellence** | $ 2,668,077 | $ 2,571,877 | (96,200) | -3.61% |

| **Center for Clergy Excellence** |                      |                       |          |          |
| Ministry Staff & Support        | $ 770,212           | $ 532,942             | (237,270) | -30.81% |
| Pension Fund                    | 900,000             | 900,000               | - | 0.00% |
| Equitable Compensation Fund     | 215,050             | 215,050               | - | 0.00% |
| Medical Benefits Program        | 3,668,489           | 3,668,489             | - | 0.00% |
| Committee On Investigations     | 850                 | 850                   | - | 0.00% |
| Board of Ordained Ministry      | 81,175              | 81,175                | - | 0.00% |
| Board of Pensions               | 23,000              | 30,000                | 7,000    | 30.43% |
| Comm. On Equitable Compensation | 1,700               | 1,700                 | - | 0.00% |
| **Sub-Total**                   | $ 5,660,476        | $ 5,430,206           | (230,270) | -4.07% |

| **Clergy Excellence Development Funds** |                      |                       |          |          |
| Clergy Development and Spiritual Formation | $ 39,500 | $ 90,250 | 50,750 | 128.48% |
| Clergy Accountability Ministry Area  | 29,000             | 29,000               | - | 0.00% |
| Birkman                              | 5,000              | 5,000                | - | 100% |
| Clergy Recruitment Ministry Area     | 140,000            | 135,500              | (4,500)  | -3.21% |
| Clergy Support                       | 45,000             | 40,000               | (5,000)  | -11.11% |
| **Sub-Total**                        | $ 253,500          | $ 299,750            | 46,250   | 18.24% |

| **Total-Clergy Excellence** | $ 5,913,976 | $ 5,729,956 | (184,020) | -3.11% |

**Assistant to the Bishop**
Texas Annual Conference of the United Methodist Church

Budget

<table>
<thead>
<tr>
<th></th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff &amp; Office Support</td>
<td>$289,051</td>
<td>$315,736</td>
<td>26,685</td>
<td>9.23%</td>
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<tr>
<td>Core Leadership Team</td>
<td>8,000</td>
<td>8,000</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Annual Conference</td>
<td>250,000</td>
<td>230,000</td>
<td>-20,000</td>
<td>-8.00%</td>
</tr>
<tr>
<td>Lay Leader Support</td>
<td></td>
<td>12,000</td>
<td>12,000</td>
<td>100.00%</td>
</tr>
<tr>
<td>Mission Development Funds</td>
<td>50,000</td>
<td>20,000</td>
<td>-30,000</td>
<td>-60.00%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$597,051</td>
<td>$585,736</td>
<td>-11,315</td>
<td>-1.90%</td>
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<tr>
<td>Communications Committee</td>
<td>500</td>
<td>500</td>
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<td>0.00%</td>
</tr>
<tr>
<td>Communications Office</td>
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<td>330,100</td>
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<tr>
<td>Conference Journal</td>
<td>12,000</td>
<td>31,000</td>
<td>19,000</td>
<td>158.33%</td>
</tr>
<tr>
<td>Conference Secretary</td>
<td>1,200</td>
<td>1,200</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>380,823</td>
<td>362,800</td>
<td>-18,023</td>
<td>-4.73%</td>
</tr>
<tr>
<td><strong>Total-Assistant to the Bishop</strong></td>
<td>$977,874</td>
<td>$948,536</td>
<td>-29,338</td>
<td>-3.00%</td>
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</tbody>
</table>

Center for Missional Excellence

Administration

| Staff & Office support               | 359,231            | 317,030              | -42,201  | -11.75%  |
| **Sub-Total**                        | $359,231           | $317,030             | -42,201  | -11.75%  |

Sending

| Admin., Meetings                     | $2,500             | $1,500               | -1,000   | -40.00%  |
| Partners in Mission                  | 100,000            | 75,000               | -25,000  | -25.00%  |
| Russia initiative                    | 20,000             | 15,000               | -5,000   | -25.00%  |
| Publicity                            | 2,500              | 1,500                | -1,000   | -40.00%  |
| CSGM                                  | 3,000              | 2,000                | -1,000   | -33.33%  |
| School of Mission                    | 5,000              | 5,000                | 0        | 0.00%    |
| Hispanic Ministries                  | 40,000             | 75,000               | 35,000   | 87.50%   |
| UMCOR                                 | 9,500              | 9,500                | 0        | 0.00%    |
| Texas Conference of Churches         | 13,500             | 13,500               | 0        | 0.00%    |
| Texas Impact                         | 25,000             | 25,000               | 0        | 0.00%    |
| Ivory Coast Net Delivery             | 100,000            | -                    | -100,000 | -100.00% |
| Ivory Coast Travel                   | 17,500             | 17,500               | 0        | 0.00%    |
| Ivory Coast Radio Support            | 30,000             | -                    | -30,000  | -100.00% |
| Ivory Coast Partnership              | 10,000             | 10,000               | 0        | 0.00%    |
| Asian Ministry                       | -                  | 2,000                | 2,000    | 100.00%  |
| Bolivia                              | 10,000             | 15,000               | 5,000    | 50.00%   |
| **Sub-Total**                        | $388,500           | $267,500             | -121,000 | -31.15%  |

Social Principles Implementation Team

| Christian Unity                      | $1,700             | $1,000               | -700     | -41.18%  |
| Disability Concerns                  | 4,000              | 3,000                | -1,000   | -25.00%  |
| Religion & Race                      | 1,000              | 5,000                | 4,000    | 400.00%  |
| Church & Society                     | 3,000              | 2,000                | -1,000   | -33.33%  |
| COSROW                               | 1,000              | 1,000                | 0        | 0.00%    |
| Meetings                             | 3,000              | 1,500                | -1,500   | -50.00%  |
| **Sub-total**                        | $13,700            | $13,500              | -200     | -1.46%   |

Restorative Justice
Texas Annual Conference  
of the United Methodist Church  
Budget

<table>
<thead>
<tr>
<th></th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin, Meetings</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Programs</td>
<td>5,000</td>
<td>4,000</td>
<td>(1,000)</td>
<td>-20.00%</td>
</tr>
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<td><strong>Sub-Total</strong></td>
<td>$ 6,000</td>
<td>$ 5,000</td>
<td>(1,000)</td>
<td>-16.67%</td>
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**Mercy Ministries**

<table>
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<tr>
<th></th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin, Meetings</td>
<td>5,000</td>
<td>4,000</td>
<td>(1,000)</td>
<td>-20.00%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$ 5,000</td>
<td>$ 4,000</td>
<td>(1,000)</td>
<td>-20.00%</td>
</tr>
</tbody>
</table>

**Total-Missional Excellence**  
$ 772,431  $ 607,030  (165,401)  -21.41%

**Center for Connectional Resources**

<table>
<thead>
<tr>
<th></th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasurer's Office</td>
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<td>Clergy Per Diem</td>
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</tr>
<tr>
<td>Debt Reduction</td>
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<tr>
<td>Service Center Operating</td>
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<td>277,000</td>
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<td>3.75%</td>
</tr>
<tr>
<td>Computer Hardware/Software</td>
<td>14,500</td>
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<td>-</td>
<td>0.00%</td>
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<tr>
<td>System Integration Project Proposal</td>
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<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Conference Statistician</td>
<td>4,500</td>
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<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Benevolence Interpretation</td>
<td>1,285</td>
<td>1,285</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Area Residence</td>
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<td>15,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Area Residence Reserve</td>
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<td>3,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bishop's Office Fund</td>
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<td>41,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bishop's Area Fund</td>
<td>12,000</td>
<td>12,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Contingency Fund</td>
<td>378,600</td>
<td>524,796</td>
<td>146,196</td>
<td>38.61%</td>
</tr>
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<td>Conference Financial Audit</td>
<td>14,500</td>
<td>13,350</td>
<td>(1,150)</td>
<td>-7.93%</td>
</tr>
<tr>
<td>Gulfside Assembly</td>
<td>15,000</td>
<td>15,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Conference Cemetery</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Lakeview Camping</td>
<td>50,000</td>
<td>-</td>
<td>(50,000)</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Lydia Patterson</td>
<td>26,531</td>
<td>-</td>
<td>(26,531)</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Wiley College</td>
<td>178,134</td>
<td>-</td>
<td>(178,134)</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Perkins</td>
<td>26,531</td>
<td>85,000</td>
<td>58,469</td>
<td>220.38%</td>
</tr>
<tr>
<td>Archives &amp; History</td>
<td>9,675</td>
<td>9,675</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Safe Sanctuary</td>
<td>16,350</td>
<td>18,000</td>
<td>1,650</td>
<td>10.09%</td>
</tr>
<tr>
<td>Clergy Move Expense</td>
<td>200,000</td>
<td>200,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Board of Trustees</td>
<td>56,500</td>
<td>56,500</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Software Updates</td>
<td>55,000</td>
<td>55,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$ 2,527,003</td>
<td>$ 2,460,253</td>
<td>(66,750)</td>
<td>-2.64%</td>
</tr>
</tbody>
</table>

**Campus Ministries**

<table>
<thead>
<tr>
<th></th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus Ministries Support</td>
<td>725,824</td>
<td>725,824</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Campus Ministries Program</td>
<td>487,074</td>
<td>487,074</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Campus Ministries Housing</td>
<td>21,200</td>
<td>21,200</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Campus Ministries Capital</td>
<td>36,210</td>
<td>36,210</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Campus Ministries Administration</td>
<td>37,692</td>
<td>37,692</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total Campus Ministries</td>
<td>1,308,000</td>
<td>1,308,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Total-Connectional Resources**  
$ 3,835,003  $ 3,768,253  (66,750)  -1.74%
Texas Annual Conference
of the United Methodist Church
Budget

<table>
<thead>
<tr>
<th>District Superintendent Fund</th>
<th>2011 Actual Budget</th>
<th>2012 Approved Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.S. Support</td>
<td>1,670,309</td>
<td>1,665,309</td>
<td>(5,000)</td>
<td>-0.30%</td>
</tr>
<tr>
<td>D.S. Reimbursements</td>
<td>135,000</td>
<td>135,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Cabinet Expense</td>
<td>95,000</td>
<td>100,000</td>
<td>5,000</td>
<td>5.26%</td>
</tr>
<tr>
<td>Continuing Education</td>
<td>10,800</td>
<td>10,800</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total District Superintendent Fund</strong></td>
<td><strong>$ 1,911,109</strong></td>
<td><strong>$ 1,911,109</strong></td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

| Total Budget                | $ 22,870,369       | $ 22,427,222         | ($443,147) | -1.94%   |

<table>
<thead>
<tr>
<th>Fair Share Goals</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rio Grande Conference Salary Support</td>
<td>25,000</td>
<td>25,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>OK Indian Mission Conference Support</td>
<td>12,000</td>
<td>12,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Conference Advance Special</td>
<td>40,000</td>
<td>40,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Partners in Mission</td>
<td>75,000</td>
<td>75,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Lakeview Camping Scholarship</td>
<td>300,000</td>
<td>350,000</td>
<td>50,000</td>
<td>16.67%</td>
</tr>
<tr>
<td>Texas Methodist College Scholarships</td>
<td>300,000</td>
<td>300,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Lon Morris College</td>
<td>240,000</td>
<td>240,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>TOTAL FAIR SHARE GOALS</strong></td>
<td><strong>$ 992,000</strong></td>
<td><strong>$ 1,042,000</strong></td>
<td><strong>50,000</strong></td>
<td><strong>5.04%</strong></td>
</tr>
</tbody>
</table>

| **TOTAL**                   | **$ 23,862,369**   | **$ 23,469,222**     | **($393,147)** | **-1.65%** |
The conference Safe Sanctuary Committee has continued to help churches and extension ministries of the Texas Annual Conference remain in “Safe Mode.” In an effort to keep the importance of Safe Sanctuary policies current and implemented, the committee members has attempted to contact every congregation in the annual conference that is non-compliant with the bishop’s directive that each one is required to adopt a Safe Sanctuary Policy by December 31, 2005. Our goal is that every single church meets this requirement by the end of 2011.

Many churches have adopted Safe Sanctuary Policies and implement them by educating clergy and laity about the importance of practicing safety for children, youth, and vulnerable adults. The conference committee has been excited to learn about churches that provide routine training, conduct annual criminal background checks, and review their policies to make sure the documents address potential dangers as they arise. For example, does the Safe Sanctuary policy at your church address the dangers of misconduct on social networking internet sites?

The conference committee is updating Safe Sanctuary information on the conference website, including the on-line test. We are currently developing a DVD to be used in the local church as an introduction to Safe Sanctuary training, as a tool to keep the importance of Safe Sanctuary at the forefront of the congregation’s mind, or as a short commercial presentation at church meetings, etc.

One of Lakeview’s most exciting years has been 2010. Nearly $1 million were received by special gifts and donations during the year. This has enabled some magnificent capital improvements and additions to the Lakeview campus. Among these include the expansion and improvement of Copeland Center and the renovation of the Asbury Building now called the Barton Family Center. Additionally, new endowment funds were established including a scholarship music fund in memory of Dorothy Barton.

Summer District Youth camp attendance for 2010 was up for the 3rd straight year! This, in spite of the sluggish economy, speaks to the wonderful programs provided by the District Camp Leaders and committed financial support of the local churches to ensure children and youth are able to attend.

Fiscally, Lakeview has never been in better operational shape with huge strides made in cost-effectiveness, resource conservation, and good stewardship of assets. Facilities are in better shape than they have been in 15 years with constant planning and visioning being made for the future. The leadership of the Lakeview Board of Directors and Superintendent Von Dawson has enabled such tremendous positioning for a bright future.

We look forward to continued partnership in ministry with the churches and people of the Texas Annual Conference. Thank you for your continued prayers, attendance, and support!
The Trustees of the Texas Methodist Conference Cemetery appreciate the continued support of the Texas Annual Conference. Through conference funding and special gifts, our cemetery remains in good condition with regular care and professional maintenance.

Many of the Trustee’s Master Plan projects have been completed. The next effort will be to replace the main entrance with a durable and decorative iron works entry. The secondary entrance will also receive improvements to match the styling of the main entry way.

The Trustees wish to remind all clergy and their families in the Texas Annual Conference that the cemetery is for you! We provide a respectful and well-managed burial place at an extremely affordable price. Folks may contact the Lakeview office for more information on space purchases.

Thank you for your continued prayers and support on behalf of the Texas Methodist Conference Cemetery!

Established in 1833, McMahan Chapel is the “Mother Church of Texas Methodism” and the first Methodist Church with continuous worship services in the State of Texas. McMahan Chapel Day is always celebrated on the second Saturday of October and includes a worship service and lunch. Check the websites of Texas Annual Conference at www.txcumc.org or the East District at www.easttexasumc.org for updated details.

If you would like to visit McMahan Chapel or bring a group for worship or a tour, please contact Mrs. Bobbie Thompson (936-275-2213) or the East District Office (936-699-2213). The Fellowship Hall is available for small group gatherings, clinics and workshops. From San Augustine, travel about 10 miles east on Texas Highway 21. Turn right on Spur 35 and drive two miles to the Chapel.

We, in the Texas Annual Conference, are blessed to have outstanding Episcopal leadership with Bishop Janice Riggle Huie. Bishop Huie will complete her second quadrennium as our bishop in 2012. Our hope and prayer is that it will be her desire to serve another quadrennium and that the Jurisdictional Episcopal Committee will return her to the Texas Annual Conference for the quadrennium 2012-2016.

Significant leadership from our bishop for this year includes the continuing efforts to grow the church, especially through the Leading Edge Pastors Program which is assisting strong churches in the planting of new church starts. Another initiative of our bishop is the Emerging Leaders Program. This program has put into place a program to encourage young people to hear the call to
ordained ministry as early as high school through the Texas Youth Academy and to continue to nurture and equip these young people through the College Pastoral Internship Project, the Ambassador’s Grant to help with seminary funding, and continuing the mentoring through the Advancing Pastoral Leadership Program.

We are grateful for the leadership of Bishop Janice Riggle Huie and feel that our conference is being spiritually shepherded toward a more caring, evangelistic and missional annual conference.

This past year, Campus Ministry has experienced new beginnings. With the reinstatement of the Campus Ministry at TSU and a new Campus Minister at UT Tyler, we are seeing start-up ministries begin to come into their own. Both of these campus ministries are learning new ways to reach people and bring them to Christ. As with any start-up ministry, there are growing pains. We look forward to the upcoming year in the life of these ministries.

The auditing of each Campus Ministry has proven to be a welcome and needed activity. Several deficiencies have been identified and are being changed for the best practices in accounting. These audits have been scheduled on a three year rotation. Since there are nine campuses, we will audit three a year, unless there is a change in the ministry that dictates that there should be an immediate audit.

Along with the Campus Ministry Audit by Dr. Steve Moore, an Excellence Document was written to aid BHECM and the CM’s in their evaluation of each program. The Excellence Document is a working document that will be utilized to help compare ministries and make recommendations to each. In addition, it provides tools that will be used to evaluate the Campus Ministers as to their fruitfulness and inspirational efforts. This will provide BHECM with the knowledge needed to make decisions about each CM based on known criteria. Each CM will be held to a higher standard and will make every effort to reach goals. These goals are published as well as personal goals and individual goals decided upon by the Board of each CM.

Elijah Stansell and I have met with a number of Campus Ministries to discuss the upcoming changes for the new quadrennial term. Among the schools visited, the discussion centered on benchmarks, short and long term goals of the ministry. Each Local Board is being leaned upon more to become more involved in the Campus Ministry instead of being an Administrative Board. A sense of “Buy-in” is one area that we feel that we can garner support and strength for these Campus Ministries. One model that seems to work is to have three different types of members: Alumni of a Campus Ministry, Local Congregation members and Staff members of the University in which the Campus Ministry is located. Each of these types of people have different levels of “Buy-in”, but they are all concerned about the success of the ministry. This method of Board Development will be a working model that will be monitored for its effectiveness.

Looking forward to 2011-12, BHECM will continue to be more visible to each Campus Ministry. This will be done by meeting periodically with Campus Ministers and their Board of Directors. The BHECM will serve as a liaison between the TAC and local Campus Ministries to help in discussions of the upcoming changes in Campus Ministry. BHECM will continue to have each Board evaluate their Campus Minister and for the Campus Ministers to evaluate their Board. This has helped facilitate growth and identify the strengths and weaknesses of each.
The primary task of the Center for Missional Excellence is to provide and equip clergy leaders, lay leaders and local congregations to carry forth ministries of mercy, justice, and mission so that all persons, both inside and outside of the church, find new ways to experience and extend mercy, justice and wholeness: emotionally, intellectually, physically, financially, socially, and spiritually. Through the four ministry teams: Sending Ministries, Restorative Justice Ministries, Mercy Ministries and Social Principles Implementation Ministries – the Center for Missional Excellence serves as a resource to equip people and local congregations to make disciples for Jesus Christ for the transformation of the world to the glory of God. Throughout 2010, the Missional Excellence Leadership Team, made up of the Director of the Center for Missional Excellence and the chairs of the four ministry teams, has pursued objectives and plans for the Center as a whole and for helping each ministry area more fully understand and live-out their relationship to the vision and mission of the Annual Conference and its connection to the larger global church. This has been accomplished around a spirit of collaboration and collegiality that has resulted in a more cohesive approach to ministry.

In 2010, the Center teams worked together and collaborated to further the work at the district and local church levels. As you will read in the reports that follow, the teams have worked hard to provide effective training and avenues for reaching out to, and building relationships with, individuals and communities both locally and internationally, in witness to the Gospel of Jesus Christ which addresses the whole person in body, mind, and spirit and offers redemption and acceptance into the family of God regardless of a person’s status in life or in the community.

This witness has manifested itself in ministries of justice, including immigration and other social reform, community development, disaster recovery, compassion, advocacy, presence, proclamation, and care for the sick, the prisoner, the hungry and thirsty, the stranger, and those without adequate shelter, clothing, jobs, education, and access to public and social benefits. In this way, the Center seeks to invite, empower, and support the missional life of every pastor, lay person, and congregation as vital to what it means to be a Christian in this world both in our own local communities and around the world, so that all come to a saving knowledge of Jesus Christ and participate in God’s abundance for all people and all of creation.

Sending Ministries of the Texas Annual Conference seeks to involve all local church members in risk-taking mission through inspiration, communication, and education. We exist to encourage and equip local congregations and individuals to go into the world offering the saving grace of Christ in word and deed. The Sending Ministries team, composed of representatives from each District and from other mission-focused organizations such as Partners in Mission (PIM), UMW, and Disaster Response, is available to speak in local churches, to train in the Districts, and to assist and provide resources to help churches get started or expand their mission ministry.

Trainings in 2010 include:
- Sending Ministries partnered with PIM to offer the Mission Forum attended by 211 participants.
In conjunction with PIM, 2 mini-mission forums were offered in the East and South districts attended by over 100 participants.

Districts continue to offer mission opportunities involving all the churches in the District.

- For the second year, Southwest District under the leadership of Randy Lee partnered with Central North and Central South districts to send one thousand boots on the ground to do Ike relief.

Partners in Mission, the primary organization of the TAC committed to sending short term volunteer mission teams, sent 37 medical teams and 1128 construction teams in 2010, for a total of 13,596 participants. Teams worked on thirty-six projects in nineteen countries and twelve states in the US. Many of these teams included Vacation Bible School and Christian education programs for adults, sewing classes, etc. New developments in 2011 through PIM include:
  - PETS (Personal Energy Transporters) constructed and assembled in Bryan, Texas
  - Projects in the Rio Grande Valley, Dulac, Louisiana, Ukraine, and Haiti
  - 40 foot medical container shipped to and arrived in Cote d’Ivoire
  - Multiple teams sent to Haiti (4) filled with future leaders for Disaster Recovery.
  - Ike Disaster offices closed down effective 12/31/10

As part of the Russia Initiative, teams from the Texas Conference went to Tomsk, Siberia, and St. Petersburg to help pastors with their church development and outreach to their community. In Tomsk, the one team ministered to orphans through camping and daily interaction to meet physical and spiritual needs. A second team ministered to orphans in four orphanages. In 2011, a camping ministry will be initiated at the Tomsk UM church. In St. Petersburg, the team supported the successful daily ministry to children’s families and their summer camping program.

Approximately one hundred churches support GBGM missionaries in the TAC. Four of these missionaries visited supporting churches in 2010. One of the goals of the Sending Ministry is to increase support of missionaries who share the gospel daily in word and deed in unfamiliar languages and cultures.

During every annual conference, it is the privilege of the Secretary of Global Ministries in discussion with the Sending Ministry team to provide a Conference Advance Special for the upcoming year. The Texas Annual Conference Advance Special for 2012 will be announced before Annual Conference 2011.

Sending Ministries Report Addendum
Journal 2011

The Sending Ministries team recommends that the Conference Advance Special for 2012 be Justice For Our Neighbors. The purpose of UMCOR’s JFON is to engage and support local congregations in reaching out to and welcoming immigrants in their community by providing free, high-quality immigration legal services.

Parish & Community Development Team
Dr. Will Reed, Chairperson

Purpose of Committee
The Parish and Community Development* Team is to encourage the creation and support of vital community development activities and programs in collaboration with our local churches.
Community Development is broadly defined in the following six focus areas: health, education, workforce development, economic development, community safety, and affordable housing. Toward that purpose the Team has set the following goals for the quadrennium.

1. The Parish and Community Development Team will collaborate with the Missional Excellence Team to provide annual training events and activities for churches focused on community development.
2. Provide timely information to churches through the conference website regarding other community development affinity groups, training events and activities that may be of interest to our churches seeking to engage in community development activities.
3. Identify persons and churches that can consult with other interested churches regarding their successful community development activities and programs. Serve as the liaison and connector between those two.

Toward these goals the Parish and Community Development Team has provided leadership in the Annual Conference by teaching several classes on the subject including a class at the Fall Missions Forum. Members of the committee have also served in individual consultative roles with other churches and with secular organizations and government.

*Faith-based community development may be defined as the involvement of churches and faith-based institutions in projects designed to revitalize their communities, establish sustainable economic development initiatives, attract investments, build wealth, and encourage entrepreneurship. In order to launch their projects, churches and faith-based institutions often form a separate nonprofit community development corporation (CDC) or partner with an existing CDC, foundation, local government, or other faith-based institution.

Restorative Justice Ministries
Mr. Joe Harrington, Chairperson

Restorative Justice seeks to implement Christ’s words, “I was in prison and you visited me” and invites the faith community to embrace ministry with victims, inmates, ex-offenders, criminal justice professionals, and families of all of those impacted by crime.

The Texas Annual Conference has more people in prison in its territory than it has members in the United Methodist Church—a staggering social issue. Jesus Christ calls us to respond. We are a “risk taking” mission!

The participation of every local church is needed to respond to the cry of the needy in this large mission field. That response can take many forms, including baking cookies for Kairos, visiting those in prison or jail, accompanying victims through the process of recovery, and comforting and nurturing families of those impacted by crime. We cannot meet this challenge without the help and support of the entire faith community. The United Methodist Churches RJM team is committed to assisting local church in reaching out through Kairos, Kairos Outside, victim assistance programs, visiting prisons and jails, and other avenues that enable local churches to become more involved.

The District Representatives are available to engage our local communities and advance the message of Restorative Justice through RJM conferences, talking to small groups, addressing congregations in worship, and by reaching out to both victims and those in prison.
REPORTS

School of Christian Missions
Rev. Glyden Bode, Chairperson

Plans are underway for the 2011 school, to be held July 28-30 at Lakeview Methodist Conference Center near Palestine.

Back by Popular Demand:
- Hands-On Mission track. This track will accomplish actual mission work while equipping folks for mission in their local community and beyond.
- Thursday noon – Saturday afternoon schedule to allow greater participation for folks with Sunday morning responsibilities
- Overview mini-workshops for the three major topics
- Each person gets to take two enrichment classes

New This Year:
- PIM Leader Training, during the 4-Hour workshop times
- Hospitality area for informal conversations, relaxation, etc.
- Mission Store available longer

Be sure to stop by the display during annual conference and pick up a brochure and registration information.

Mercy Ministries
Rev. Mark Woodward, Chairperson

Methodist Mission Home was founded in 1895 in the wake of a dramatic and spontaneous conversion experience by Madam M.L. Volino who ran a brothel on San Saba Street. Inspired by a street revivalist, Madam Volino returned to her house in the red light district vowing to begin a new life. Through financial and emotional support of the Methodist community and Travis Park Methodist Church, Volino converted the brothel into a rescue home. By the early 1900's, most of the women who arrived were pregnant and unwed and the Rescue Home became known primarily as a maternity center.

With a beautiful new campus being used to only a portion of its potential, the administration started looking for a new ministry for the Home to fully justify the mission of serving people who have special needs. Upon exploration, it was discovered there was a great need to help young adults who were deaf/hard of hearing to transition to the real world. A new program was developed and the first clients came on campus in early 1974. The initial purpose was to help these individuals develop better communication skills, learn how to live alone, learn how to work, and learn fundamentals of basic living. The end result would help each person be able to compete in the job market and be able to live independently.

The program goals have remained basically the same since 1974, but in 1998, the SCHI started serving people with cognitive and physical disabilities, while specializing in deaf/hard of hearing services. Adoption is our tradition. We have placed more than 5,700 children in loving homes. Birth mothers and adoptive families seek courage and love in our Home as they make life changing decisions. Orphans around the world find the comforts of home with families in Texas.
Children in foster homes are welcomed into permanent homes by adoptive families. Young adults with serious disabilities come to SCHI (Southwest Center for Higher Independence) totally dependent on others. We guide them on their personal journeys -- overcoming fears, learning difficult lessons, and taking responsibility. With new vocational and life skills, SCHI students achieve independence with dignity and pride. The Genesis Cooperative was created eight years ago through our on-campus collaboration with five other non-profits. The MMH campus has been transformed into a vibrant and interactive community - a place where people are enriched and empowered in their spiritual and physical lives. For 115 years God has provided MMH exactly what was needed at exactly the right time.

Golden Cross Ministry
Mrs. Shirley Broome, Chairperson

When the righteous cry for help, the Lord hears and rescues them from their troubles.
Psalm 34:17

When the Texas Annual Conference Golden Cross Ministry hears the cries for help, we respond to help rescue people from their troubles. As affordable health care is not available to everyone, this ministry continues to be a necessary source for help in times of need. We were able to help 26 families this year with problems as simple as an expensive monthly medication and as serious as purchasing a breathing machine to help a father go home from the hospital to heal. We are sincerely grateful for the 120 churches and many individuals that made all of this possible.

We have been diligent this year in our commitment to following the guidelines we created in 2009. We are asking our applicants to help us secure discounts before they have procedures to reduce our costs. We are standing firm with our cost limitations per person because we have a much smaller balance to work with than in years past. Sadly, there are procedures and hospital bills that we cannot pay. There are no enormous discounts allowed us. We cannot do what we once did, we cannot make it all go away, but we make great strides toward relieving burdens for Methodist families and individuals. To continue to do this we depend on your contributions.

The conference designated day for Golden Cross is the first Sunday in May. We ask that your church take a communion offering for Golden Cross Ministry any Sunday that you can work it into your schedule. In years past, a collection of $1.00 per member was given to Golden Cross allowing each member to feel that they had contributed towards the medical assistance for those in need without feeling a burden from giving. Any amount is greatly appreciated because it all adds up to blessings abundant for those we help. We hope you will remember Golden Cross Ministry this year with your offerings and your prayers as we continue helping to heal hurting people.

Social Principles Implementation Ministries SPIM
Rev. T. Randall Smith, Chairperson

SOCIAL PRINCIPLES IMPLEMENTATION MINISTRIES (SPIM) was created in the Conference reorganization process to help individuals and congregations to study, discuss, and embody the social holiness to which we are called as people of The United Methodist Church. The chief instrument for this teaching is The Social Principles of The United Methodist Church (¶¶160-166, The Book of Discipline 2008), a statement of the UMC’s historic concern for social holiness among the faithful and within the culture of which the faithful are a part.
Under the leadership of the Wesley brothers and others in the Methodist Movement in Georgian England, the exhortation of St. Peter, “… as the one who called you is holy, be holy yourselves in all your conduct; for it is written, ‘You shall be holy, for I am holy,’” (I Peter 1:15; Leviticus 11:44) has been always a part of the life of the people called Methodist. Unlike some traditions which see ecclesiastical authority and civil authority as two separate operations of God’s sovereignty, Wesleyans have not embraced such a separation, but have sought a synthesis of revelation and reason which seeks to make visible now, even if only partially, the coming Reign of God with its justice and mercy, its grace and forgiveness, its healing and renewal of life. This is to be sought through both personal and social holiness as the Church seeks to “leaven the loaf” of society.

The first occasion when one of our predecessor bodies (The Methodist Episcopal Church) sought to draw up a response to the issues that beset the social order of a given time was 1908, followed by the ME Church, South, the Methodist Protestant Church, and, eventually, the Evangelical United Brethren Church. In 1972 (following the merger of The Methodist Church and The Evangelical United Brethren in 1968), the General Conference of The United Methodist Church framed a new document, The Social Principles of The United Methodist Church, to guide the new church. Since 1972, subsequent General Conferences have made editorial and substantive changes to the document in a continuing effort to guide and challenge United Methodists to their calling to be, by the grace of God, holy in heart and life and, with grace, to call the world to accountability in light of the coming Reign of God.

In the following reports regarding the work areas of SPIM, we seek to summarize the efforts during 2010 to assist individuals and congregations to grow in grace and holiness in their personal lives and in the life of the communities – local, regional, national, and international – in which they live.

Asian Ministries continue to focus on communication and training this year, as well as building up our existing Asian fellowships and churches. In our efforts to raise up new lay leadership, we provided worship, Bible study, and prayer opportunities in several Asian fellowship entities in the Conference. With an eye toward forming additional Asian fellowship groups, our international pastors and lay coordinators have identified additional laity who would be able and ready to be trained to take on such leadership roles.

Currently, one Vietnamese, three Korean, three Filipino, and two Chinese churches or fellowship groups, are either on their own, or are now being shepherded by sponsoring “mother” churches, form the network of our Asian Ministries in the Conference. Mission trips to China, a Vietnamese-sponsored Vacation Bible School, Saturday prayer and fasting meetings, special culture celebration rallies, and youth and worship rallies were also part of our Asian ministries this past year. Flyers, letters, and emails, sharing ideas and promoting individual programs and projects, were exchanged by churches of the same language and culture, as well as from the committee to other Asian entities. Both individual and group training meetings were conducted.

Most of the Asian churches and fellowships conducted their own individual programs, but there were also intercultural exchanges, such as All-Asian get-togethers, as well as an all-International get-together (this included non-Asian and Asian alike) that were times of eating, intercultural exchange, and a multi-cultural, multi-national, as well as multi-generational worship time.

Plans for the next few years include raising up lay leadership to help form at least one addi-
tional Asian fellowship group in each of the Korean, Vietnamese, and near east Asian communities.

Black Methodists for Church Renewal (BMCR)
Dr. Robert E. McGee, Chairperson

BMCR is an advocacy organization whose focus is to:
- Empower Black Methodists for effective witness and service among pastors and laypersons in the local churches, conferences, and the larger community.
- Encourage and involve Black Methodists and others in the struggle for economic and social justice.
- Initiate, develop and implement strategies for the development, the maintenance and the growth of strong Black local churches.

At the annual Martin Luther King Prayer Breakfast on January 17, 2011, the president shared his 2011 goals for BMCR. They are the following:
- April 22, 2011 - A Good Friday Celebration / Seven Last Words
- Increase Membership in BMCR
- Individuals – 200 - $25.00
- Churches – 20 - $100.00
- Worship Celebration on 5th Sunday – Two times per year July 31, 2011 & October 30, 2011
- Seven persons attended the National BMCR Convention in New Orleans, Louisiana

Board of Church & Society
Rev. Susan Wiley, Chairperson

The Board of Church and Society (BCS) is one of the nine Social Principles Implementation Ministries (SPIIM) organized under the Center for Missional Excellence. Along with the conference commissions and committees on Religion and Race, Status and Role of Women, Christian Unity and Interreligious Concerns, Disabilities, Asian Ministries, Hispanic Ministries, and Native American Concerns, the BCS works in a supportive partnership to provide and equip leaders who carry out ministries of mercy, justice, and wholeness to all persons inside and outside the church, and to pursue implementation of the social principles of the UMC, justice concerns, and other policy statements on Christian social concerns of the TAC.

In the past year, the BCS has spent time in discernment of a better understanding of its charge as it considered the myriad of issues within our society that demand the attentions of a caring Church, including immigration and human trafficking. This has been a slow and prayerful process. In light of that work, the BCS this year has focused on several resolutions to be presented to the TAC.

The particular issues that will be addressed are: 1.) a desire for civil conversation in which we speak to others in the way we would like to be spoken to and listen to others in the way we would like to be heard. This remains our call as United Methodist Christians as we continue in the Wesleyan tradition of engaging in holy conferencing and embracing of the catholic spirit. 2.) in light of recent political rhetoric and attacks specifically directed at The United Methodist Church,
a strong call to reaffirm, in the Wesleyan tradition, our passionate commitment to social justice, recognizing Wesley’s assertion that there is no holiness apart from social holiness. 3.) a call for consideration of the relationship between the Church and the political processes within our society which often overlook and under serve those most in need, those for whom the Church is called to speak.

Commission on Christian Unity & Interreligious Concerns
Rev. Dr. T. Randall Smith, Chairperson

The Texas Conference Commission on Christian Unity and Interreligious Concerns is charged with assisting local congregations and districts to work cooperatively with other expressions of the Church of Jesus Christ, or “communions,” to effect visible unity of mission and purpose in order to witness to the world concerning the truth of Jesus Christ’s unique revelation of the Triune God and to proclaim the present and coming Reign of God as the completion of the Triune God’s loving will for all creation. In addition to this Gospel mandate, the Commission seeks to facilitate and encourage dialog with non-Christian religious communities seeking to listen to and learn from them so that we may work cooperatively with them in those areas of common interest and values.

The Conference CUIC commends those congregations and districts which have creatively sought to pursue ecumenical and interfaith work. Through long-term structures such as Interfaith Ministries of Greater Houston and smaller faith-based social service organizations in counties and communities across the Conference, human need is being addressed through cooperative centers which provide food, clothing, job search, medical, and emergency utility aid. This Commission stands ready to assist other communities in creating ecumenical and interfaith organizations wherever there is a need for them.

In addition, we commend those congregations who have sought to establish ecumenical and interfaith conversations that lead to a better understanding of our differences and our commonalities. We especially applaud those conversations that have been conducted between Jewish, Christian, and Muslim communities of faith. The Commission is prepared to assist congregations in developing such conversations by providing resources and suggesting ways to begin.

We also encourage conversations between and among those communions with whom we have a long history. The United Methodist Church has full communion with the historic African-American Methodist denominations and worship, cooperation and dialog with the AME, AME Zion, and CME denominations are encouraged. Also, conversation and cooperation among the historic Wesleyan communions such as The Wesleyan Church, The Free Methodist Church, the Church of the Nazarene, and the Salvation Army can be extremely productive and useful.

The United Methodist Church is presently in full communion with the Evangelical Lutheran Church in America. We rejoice in the celebration of this unity by the Texas-Louisiana Gulf Coast Synod of the ELCA and the Texas Annual Conference in a worship service at Christ the King Lutheran Church in Houston presided over by Bishop Reinhart of the ELCA with Bishop Huie preaching. We hope to have such a service between our Conference and the Northeast Texas-Northwest Louisiana Synod of the ELCA in the near future.

Another example of ecumenical and interfaith cooperation that the Commission supports is Texas Impact, an interfaith organization representing the majority of the faith communities in Texas. Texas Impact works to bring Texas’ faith communities common concerns about public policy in our state to the legislative process and state agency practices. Presently we are working closely with Texas Impact to make sure that human needs are not abandoned in the budget crisis facing our state.

We encourage the individual members and congregations of our Conference to become
informed about the issues facing our state’s budgeting process. Texas Impact has many resources to help individuals and congregations become informed and become effective conversation partners with legislators and agency personnel.

The Commission is hopeful that our continuing support for the Texas Conference of Churches will be of assistance to that body as it seeks to develop a new approach to ecumenical conversation in our state.

Commission on Religion & Race
Rev. T. Paul Kethley, Chairperson

The United Methodist Church proclaims the value of each person as a unique child of God and commits itself to the healing and wholeness of all persons. The United Methodist Church recognizes that the sin of racism has been destructive to its unity throughout its history. Racism continues to cause painful division and marginalization. The United Methodist Church shall confront and seek to eliminate racism, 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 racial justice at all times and in all places.

(United Methodist Constitution, Article V)

During the past conference year CORR has been able to recruit persons from each of the nine districts to serve. Three members of CORR attended the Jurisdictional Gathering of CORR in Little Rock, Arkansas in September of 2010.

In February of 2011 I received training from the General Commission on Religion and Race related to the work of CORR and the role of CORR in monitoring Annual Conference sessions and meetings for inclusiveness. This training has been passed on to the members of the commission and others who are participating in this task this year. The ministry of monitoring is to help measure our progress and/or our need for improvement as related to inclusiveness in our conference deliberations and decision making.

Our Conference CORR is planning to host the 2012 gathering of the Jurisdictional CORR Chairpersons. This event will include both training for the future work of CORR and a time of reflection and planning for our common ministry in the future.

Committee on Disability Concerns
Rev. Bill Jobe, Chairperson

We continue to encourage congregations to hold a Disability Awareness Sunday each year. The “official” date set for our Conference is the second Sunday in October which will be October 9th in 2011. Congregations may choose other dates as best fits their schedules. The committee can provide several resources to help congregations plan and hold a Disability Awareness Sunday. Members of the committee are available to visit and help plan these Sundays and to conduct a Disability Awareness Survey.

We pray that congregations will take a special offering for a Disability Awareness Grant. These funds will be used to support and encourage congregations within our Conference to develop programs and projects that affect the lives of persons with disabilities who attend our churches.

We will be asking each District to name a Disability Awareness Coordinator to serve on our committee and take information back and promote disability awareness in their districts. We ask each district to share stories about their disability ministries through articles in the Cross Connection and posted on our own conference disability concerns website (www.txcumc.org/dis-
abilitiesconcerns). At some time or another, all of us will have a disability – vision, hearing, mobility, health, age, etc. Join us in this important ministry of the church!!

**Committee on Native American Ministries (CONAM)**
Rev. Bob Pierce, Chairperson

**WORSHIP** - Our ongoing main focus continues to be “Third Sunday Worship/Fellowship”. It was featured on the 2010 Native American Ministry Sunday Poster by GBOD and GBGM as a best practice. We provide an open worship service and dinner each month for Native Americans and their advocates from throughout the Houston metro area. Services are held at St. Mark’s UMC, Patterson St., Houston, and are led by invited Native American Clergy, Lay Speakers and song leaders. CONAM offers worship and fellowship in a culturally-focused, dynamic, spirit-filled evening together. We regularly attract 30-50 attendees, and include birth, marriage, new member and tribal recognitions celebrations.

**POWWOW** - The most significant strategic change for this year has been the elimination of expensive Contest Powwows in favor of a much lower cost Benefit Powwow. This has allowed us to better focus on Ministry and Mission with and for Native Americans by reducing our costs of production so we can use our funds for outreach. We are partnering with the Gulf Coast Tia Piah (Kiowa Gourd Dance) Society of Pasadena, Texas, for a joint Benefit Powwow on May 21, 2011. We are very excited about the invitation and mutuality being developed between our groups. We have been attending their monthly meetings and dance circles in preparation for this new opportunity. We are providing a booth with information about our ministry and mission opportunities at the Rice University Powwow as a way of being connected to additional local Native American groups in the community.

**MISSION** – CONAM missioners have served at home and in partnership with others: CONAM provided several missioners to help the Community UMC of Nome, Alaska, building platforms for large shelter/tents to be used by youth and children’s programs and a guardrail around their “Fish Camp” to protect small children, as well as general painting and winterizing their facilities. As a follow up to the hands-on site work we provided the funding to purchase two of their much needed heavy-duty tents for “Faith and Culture” ministry programs there. CONAM missioners helped with cleaning and repairing the FUMC, Houston, and McCaskle Retreat Center Kitchen which will be used for future outdoor programs for Native Americans in our Conference. CONAM has provided for a new entrance ramp at St. Mark’s, Patterson St, Houston, providing access for the disabled.

**MINISTRY** - CONAM funds are supporting:
One year of financial support to supply the food pantry of Hooten Billy Memorial United Methodist Church of Oklahoma City (OIMC, Pastor Walter Quetone) in order to help them get back to a self-sustaining program serving Native Americans with great need in their community. A small scholarship for Native American student, Cameo Buckles, is being given to help her attend a Community College in our area. Meals for Native American attendees in a Lay Speakers School in Alaska taught by one of our CONAM members.

**MEMBERSHIP** - Our activities and efforts continue to raise awareness of our UMC Social Principles especially as they relate to Native American ministry. We are strongly endorsed and
supported by the leadership of OIMC (Oklahoma Indian Missionary Conference) and the NACP (Native American Comprehensive Plan) of The United Methodist Church. We continue to assist Texas Annual Conference congregations with their Native American Awareness Sunday programs and to offer a Speakers Bureau for presentations at schools, civic groups and churches. We currently sponsor two Native American Lay Speakers in training. One of our members serves as the Native American Chaplain for the Texas Department of Criminal Justice.

FUTURE PLANS - We look forward to a new year of challenge and change as we continue to develop and live into our role of transforming lives and making disciples within the Native American Community in the Texas Annual Conference and well beyond. We thank you for the commitment of sponsorship, space, financial support and participation that you have so generously provided.

Committee on Status & Role of Women (COSROW)
Rev. Kim Meyers, Chairperson

Our 2010 Annual Conference display shared information about some of the resources available from General COSROW for local churches and information from some of the research being done by General COSROW about clergy families. Monitoring was done at 2010 TAC with a small number of COSROW and CORR volunteers. Some observations came through with consistency, yet we continue to need to improve the process. General COSROW and CORR will offer a national training on effective monitoring practices February 18 - 19, 2010 in Houston. I will attend this training along with the chair of CORR, and then we will train volunteers who will do monitoring at our 2011 Annual Conference. We plan to use non-delegate monitors this year to allow all delegates to focus on conference business. CORR and COSROW will meet together March 10, 2011 to plan for Annual Conference.

Finding a way to reach the local church level with information about inclusive language and gender inclusiveness has been difficult. The team hopes to develop more effective strategies for this and other educational goals in the year ahead.

General COSROW sponsored a national conference on Sexual Ethics called “Do No Harm 2011,” held Jan. 26-29 in Houston. “Do No Harm 2011” was a denomination-wide summit on sexual abuse prevention attended by United Methodist laity, clergy, bishops, Safe Sanctuary practitioners and Crisis Response Team leaders to improve policies, procedures, prevention education and response to reduce incidents of sexual misconduct by church leaders—particularly clergy. Texas Annual Conference COSROW members Rev. Marilyn Meeker Williams and Rev. Kim Meyers participated in this event, as did Rev. Diane McGehee, Director for the Center for Missional Excellence. Planning is beginning for our 2011 Annual Conference display. A focus being considered is to share information on the topics of domestic violence and sexual misconduct along with resources that can be used by local congregations.

Committee on Hispanic Ministries
Rev. Arturo (Artie) Cadar, Chairperson

The TAC’s Hispanic Ministries Committee is currently in the process of rebuilding to equip churches for significant spiritual and congregational growth in 2011, and for the future. We are currently redefining our Kingdom concept, vision, and mission as a committee and
ministry area in order to:

- Become better disciples and witnesses of Jesus Christ in the eyes of the ever-growing Hispanic community in our conference to win lives for Jesus Christ
- Maximize and better protect our spiritual and financial investments in clergy, laity, and social justice programs in Hispanic communities
- Effectively recruit and train clergy and laity who are passionate about Hispanic communities and ministries
- Focus our mission field initiatives on existing Hispanic congregations with the highest potential for congregational and local community growth
- Identify, approach, and partner with existing churches in neighborhoods where the demographics clearly tell us that we should be proactively ministering to Hispanics in some capacity.
- Significantly increase our worship and spiritual growth efforts, while continuing to support Hispanics with social justice programs that make a palpable difference in the quality of the lives of Hispanics in the TAC

Over the last two years we have experienced significant growth in Hispanic Ministries in churches like Friendswood UMC and First Conroe UMC, and we’ve also seen some growth in churches like Mission Milby (Servants of Christ Parish) and Fair Haven UMC in the Spring Branch area. We believe that the growth achieved by these Hispanic congregations has been driven by a set of common denominators that include, strong support from the “mother” churches, committed leadership from gifted and passionate pastors, and supportive and faithful lay leaders that engage their respective congregations in spirit-filled worship, while maintaining strong ties to the local Hispanic community through diverse outreach programs.

The core leadership team of the Hispanic Ministries committee believes that the recent missional success of the above mentioned Hispanic congregations is not only highly encouraging, but also deserving of a renewed effort to increase support for, and investments in, Hispanic Ministries in the TAC. Such effort will require us to become a high priority ministry area for the Center of Missional Excellence, and to develop closer and more results-driven working relationships with selected Senior Pastors and District Superintendents, as well as, with the directors of the Centers for Clergy and Congregational Excellence. With the same purpose in mind, we will also further explore partnering opportunities with the Office for Hispanic/Latino Ministry from the General Board of Global Ministry (a.k.a. National Hispanic Latino Plan), and with the Evangelical Methodist Churches in the Latin America region.

We trust, above all, that as we move into this new phase of Hispanic Ministries in the TAC, disciples will be made and God will be glorified in Hispanic communities in our mission fields.

TACCOR (Texas Annual Conference Committee on Relief)
Rev. Clay Whitaker, TAC Disaster Response Consultant

In partnership with UMCOR, TACCOR works in all phases of disasters, both within the bounds of our Annual Conference and beyond. This work includes preparedness, response, relief and recovery. Key areas where TACCOR served this past year include: 1) Ike Recovery; 2) Early Responder/Disaster Preparedness; 3) District Disaster Trailers; and 4) Ongoing Projects.

Ike Recovery
As of December 31, 2010, our offices for Ike Recovery closed. Final statistics are as follows:
Number of Homes Completed: 165
Number of Teams: 729
We in the Texas Annual Conference will forever be indebted to Eddie Hilliard, our Executive Director, and his extraordinary staff for their brilliant oversight and coordination of these wonderful relief and recovery efforts made in the name of Christ! We also celebrate the grace of God at work through over 10,000 volunteers (not to mention all those who contributed by offering countless prayers)! What a blessing to know that we helped make it possible for 165 families to return to their homes! Thanks be to God!

**Early Responder/Disaster Preparedness**

In 2010, we offered nine Early Responder Training opportunities in six of our nine districts. In all, 105 people received Early Responder Certification, which brings the total of Early Responder participants throughout the TAC to 590! Our original goal was to have 25-50 participants per district. That goal has been met and, in most districts, exceeded.

We strongly urge that every UMC in the Texas Annual Conference develop and have in place its own disaster response plan. We recommend the H.O.W. (Houses of Worship) curriculum put out by Interfaith Ministries of Greater Houston (IMGH) as a sound guide in the preparation process. Our goal is for every district to host at least one district-wide opportunity for both Early Responder Training and Disaster Preparedness for the Local Church.

**District Disaster Trailers**

District Disaster Response trailers, fully equipped, are available in each of our 9 Districts. All respective UM Churches are eligible to use them. Locations for DR Trailers are:

- **Central South:** St. Luke's UMC, Houston
- **East:** First UMC, Lufkin
- **Northwest:** First UMC, Lindale
- **Southeast:** First UMC, Groves
- **West:** First UMC, Brenham
- **Central North:** The Foundry UMC, Houston
- **North:** First UMC, Daingerfield
- **South:** Old River Terrace UMC, Channelview
- **Southwest:** First UMC, Sugar Land

**On-going Projects**

**Coordinating the collection and disbursement of relief supplies.**

The January 2010 Haiti earthquake resulted in huge donations of relief supplies. Two deliveries utilizing U-Haul’s largest 26’ trucks were made to UMCOR-Sager Brown, one in February, and one in March. Deliveries will continue.

In July, floods devastated border towns in SW Texas. Christ UMC, Sugar Land, became an emergency collection site, and the delivery was made to Pharr, Texas, in early August.

The Fall UMW Retreat at Lakeview was another occasion to collect a large amount of relief supplies, primarily health kits, but some cleaning buckets as well. Along with the supplies being kept at Old River Terrace, these supplies filled another 26’ U-Haul truck to the hilt and were delivered to UMCOR-Sager Brown.

**Ensuring Participation in Conference-wide Missions Events.**

TACCOR offers a display table for the following events: Annual Conference, School of
Christian Missions, District Mini-Mission Forums, and PIM Missions Forums. The TACCOR Display Table is available to churches upon request. TACCOR sent representatives to the SCJ Disaster Academy at Mt. Sequoyah (Sept, 2010), and the annual UMCOR Academy hosted at Sager Brown (Nov, 2010).

**Quarterly TACCOR meetings.**

TACCOR held 5 meetings in 2010 at First UMC, Huntsville. Dates: April 27, June 22, August 24, October 25, and December 7, the last being a ‘called’ meeting to begin preparations for the Feb. 19, 2011 Tabletop Disaster Simulation Scenario.

**Participation with Other Disaster-Related Groups.**

We continue to participate with other groups, civil and faith-based alike, in all disaster-related efforts. In Houston, we are active in VOA D (Voluntary Organizations Active in Disasters) and HIDRA (Houston Interfaith Disaster Response Alliance). These groups are comprised of representatives from all denominations and faiths. We are constantly looking for ways to effectively network together so that all human suffering in the midst of disaster will be at a minimum.

**Closing Thoughts**

In partnership with UMCOR, “One Great Hour of Sharing” remains a top priority. This offering, shared by UM Churches across the nation, provides most of the operating and administrative funds for UMCOR. One Great Hour of Sharing makes it possible for 100% of all other mission-designated giving to go for the cause specified. Every congregation throughout the TAC is encouraged to participate in this wonderful opportunity.

TACCOR will continue to work hard in implementing the Texas Conference Disaster Response Plan which was completed in March of 2009. With the Lord’s help, we want always to be ready to bring Christ’s love to those in need, regardless of the disaster.

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**Texas/Cote d’Ivoire Partnership**

Rev. Rick Goodrich, Chairperson

*The partnership between the Texas Annual Conference and the Cote d’Ivoire UMC in 2010 was filled with great blessings and great disappointments.*

The blessing began in March when Bishop Janice Riggle Huie and Rev. Rick Goodrich went to Cote d’Ivoire to train the new board of Directors for the UMC Radio Station, The UMC schools, and the Methodist Hospital at Dabou. After the training, the new boards met to approve their bylaws and to elect and install their new boards and officers. Rev. Goodrich returned to Cote d’Ivoire in April and in October to attend additional board meetings of the schools and the Methodist Hospital and to meet with members of the CIUMC Cabinet.

The blessings continued with two PIM work teams going to the Methodist Hospital in Dabou to do repairs to the wards, including electrical work, plumbing, painting, new window screens, and curtain dividers between beds for privacy. This was groundbreaking as the CIUMC had never hosted work teams before and it was a wonderful learning experience for both sides of the partnership.

A third blessing was the shipment of a 40-foot container to the hospital through Medical Bridges in Houston. Beds, incubators, portable x-ray machine, wheelchairs, desks, IV poles as well as surgical and medical supplies were included in the container.

The fourth blessing was the collection and distribution of funds to various ministries in CI.
The radio station received $40,000 from the TAC to support their 24/7 operations, which began in March. The TAC matched a grant of $5,000 from Duke Divinity School for the purchase and shipment of books for ISTHA, the CIUMC seminary. The CIUMC schools received $16,371 for the purchase of land for a new school and nearly $24,000 was raised for the adoption of 40 children for one year. (There are still 25 children waiting to be adopted.) $13,560 has been raised for the purchase of hand-cranked battery powered radios.

The great disappointments began the end of October with the elections for president in Cote d’Ivoire. The elections have led to a national crisis as the sitting president, who was apparently defeated in the election, has refused to turn over power to the new regime. This has led to violence, sanctions, and ultimately economic chaos- including the recent closure of banks in CI. This has made the TAC cancel all PIM teams and visits by TAC board members of the various ministries. It has also caused the TAC to limit monies sent to CI to essential funds necessary to keep the radio station functioning. The radio is one of the few voices heard throughout the nation calling for reconciliation, hope, peace, and love. As of the writing of this report, the crisis is continuing and even deepening. The TAC will continue to pray for a quick and peaceful resolution to this crisis and will pray for our brothers and sisters throughout the nation of Cote d’Ivoire.

In the meantime, for 2011, the TAC/CI Partnership will continue to raise funds for the schools, the adopt-a-student program, the radio station, the Methodist Hospital, the seminary, and the women’s credit union, so that we will be in a position to move quickly with needed support and aid when this crisis ends and we are able to safely send in funds and travel once move to Cote d’Ivoire. Please continue your support of these ministries and keep the people of CI and the CIUMC in your prayers.
1. We sponsored a Mission/Education and Leadership Development for 30 youth, college students and advisors. Youth were exposed to:

**United Methodist Schools**
- Talladega College
- Livingston College
- Johnson C. Smith University
- Bennett College
- Duke University
- A & T University

**Mission**
Heifer Mission Program – Arkansas
After they were back home the group chose different Heifer projects to send funds to. They are still involved in missions projects.

**SEJ Harambee – BMCR**
Spent 5 days working and learning in a Christian environment being trained to be leaders where they are involved in society (church/community).

2. Communications
   a) We are sending out our updated newsletter, speaking to groups, i.e. UMM, UMW districts, conferences and jurisdictions, sharing our history and telling the story of our 87 years of vital ministry to the church and community.
   b) We are having listening groups to give updates and receive feedback.
   c) Sharing the information on two new programs that we are launching:
      a. ABIDE by the Sea/ Spiritual Leadership Development
      b. Circles / Move the Mountain, the Elimination of Poverty
   d) Since Katrina, in January 2006, Gulfside has partnered with the Mississippi Annual Conference UMCOR disaster relief program group by housing them on our property for free for 4 years. In mid-year 2010 they moved and combined with Camp Love.
      *Both Jennie and Stan Lowery were wonderful to work with. They made a great impact in the Waveland and surrounding communities. We miss their presence here.
   e) The CARE group from Pennsylvania has also been present on the grounds since January 2006. They returned to Pennsylvania in May 2010.
      These two groups have done tremendous work here in the community and thus Gulfside’s name stays alive.

3. General Conference: 4 Areas of Focus
   I. Developing Principled Christian Leaders for the church and the world.
      • ABIDE by the Sea is a small church spiritual leadership initiative which exists to engender a widespread movement for renewal of smaller churches that are ‘abiding’ in Christ, advancing God’s mission and are alive in God’s glory. We believe Gulfside can
be a catalyst for developing Spiritual Leadership among the churches to enliven the entire denomination.

II. Creating New Places for New People by starting congregations and renewing existing ones.
   • Offering my services in doing workshops focused primarily on small membership churches as well as working with all churches in development and training for renewal, thus transformation.
   I (Mollie M. Stewart) have spent my last eight years doing program and training on staff with Hinton Rural Life Center in Hayesville, North Carolina and am now offering the same models through Gulfside. In 2010, I offered several presentations and workshops in the Mississippi Conference.

III. Engaging in Ministry with the Poor
   We are launching the program “Move the Mountain” Circles to see the elimination of poverty in our time.
   • We have explored this program with the Southeastern Jurisdiction, Mississippi area and Mississippi Annual Conference with Steve Castell and others such as Main Street UMC with Pastor Heather Hensarling from Bay St Louis, MS.
   • We are serving as the lead agency here and in the South Central Jurisdiction through North Texas, Texas and Louisiana Annual Conference with Sega Brown in Balwin, Louisiana and Kathy Kraiza.
   • Partnering with the General Board of Global Ministries.

IV. Stamping out Killer Diseases by Improving Health Globally
   • We see our ministry as in the middle of the mix.
   • Gulfside’s new project when completed will have developed a wholesome community for persons to live, visit and share space that will be conducive to a less stressful and peaceful life. The new ministry center will do trainings, seminars and distant learning experiences that will enhance the body, spirit, mind and the soul of persons who live, come visit and those who participate from the community. Health globally is very important to us.
   • Participating in “Nothing But Nets”

4. Gulfside Association, Inc.: At The Legacy of Crossroads & Destiny
   a. Ministry Center at Gulfside
      The heart of Gulfside, where spiritual leaders will come together to minister to those in need through national outreach programs.
   b. Sea Song at Gulfside
      Caribbean-inspired villas in a variety of floor plans offering active retirement living and picturesque Gulf views.
   c. Senior Living Community
      Part of Phase II of Gulfside, continuing care will provide peace of mind for Sea Song residents should their health care needs ever change.
   d. Chautauquas
      Lodging for visitors who come to Gulfside to enjoy the many recreational, educational and spiritual activities offered.

The funds that are apportioned to us through your annual conference will be used for programs that Gulfside Association, Inc. continues to operate in the absence of buildings. Youth programs, single adults, battered women and children awareness, drug task force, ABIDE and Circles Move the Mountain. These funds will also be used for development of programs for clergy and laity leadership involvement as well as the projected building project.
Heartspring Methodist Foundation was created by the Texas Annual Conference in 1978 under the original name the United Methodist Foundation of the Texas Annual Conference. In 2009 after careful consideration the Foundation changed its name to Heartspring Methodist Foundation. Its mission is to provide financial and stewardship services to the churches, institutions and members of the Texas Conference. These services include investment management, charitable trust management, loans, grants, consultation and education. Since 1990 the Foundation has been totally self-sustaining and receives no apportionment support from the Conference.

2010 has been another stellar year for the Foundation with growth in virtually all of our programs and services. The re-branding efforts and marketing plan have raised the awareness level of the Foundation throughout the annual conference.

The Foundation’s staff consists of six persons: Krystol Brockermeyer – Director of Marketing, Carla Leavelle - Donor and Clergy Services Manager, Betty Millard – Loan Officer, Barry Morris –Chief Financial Officer, Rev. C.J. Taylor –President / CEO and Rev. Steve Turner, Development Officer / North Conference Office Director. Nine Trustees, twenty three Advisory Trustees and eleven ex-officio members make up the governing board of the Foundation.

For more information about the Foundation call 713-521-9383 (Houston area) 903-758-8305(Northeast Texas Area) or toll free 1-800-521-9617.
It is my privilege to submit this report to you and to bring greetings and a word of appreciation for the support, prayers, and commitment to the ministry of Lydia Patterson Institute.

Life on the border becomes more difficult by the moment. The life of Lydia Patterson has become more than a place where students receive a strong education and leaders are formed. Today, Lydia Patterson is also a safe haven for students crossing the border looking for safety from the violence and unrest that plagues the city of Juarez, Mexico.

Although we have been able to maintain our enrollment in the past two years, we have seen a decline from the past years. The reason is obvious. Parents have lost their jobs; consequently, we have had to provide more scholarships than ever before. Parents who might have had a small business or a taco stand or a modest way of making a living have had to close down due to the threats of the mob that they either pay them or pay with their lives. People, women and children, are being murdered daily. Over 4,000 lives were lost last year as the result of the violence and many more went unreported. Students at Lydia Patterson have been directly affected. Many have lost parents or other members of their families. We have buried several former students and comforted many victims of kidnappings.

In 1913, Lydia Patterson opened its doors for the first time to minister to the young children of families crossing the border and fleeing from a revolution in Mexico. Families were looking for a safe place for their children and escaping the unrest in our neighboring country. Mrs. Lydia Patterson recognized the need for ministry to these displaced children and began her work in this impoverished neighborhood in El Paso. Almost 100 years later, Lydia Patterson is, again, serving as a refuge to young children escaping the threat of violence and bloodshed that they are exposed to daily. Many of our students make a two hour trip from their homes to Lydia Patterson daily by riding two or more buses from their homes to downtown Juarez. They then cross the international bridge on foot and walk the eight blocks to Lydia Patterson. One student, when asked about her sentiments as she made this daily trip, stated that she was in fear. She prayed and said that when she set foot on the American side, she could breathe easily again. Another student, as he was being interviewed by a local TV channel for a special on the work of Lydia Patterson, talked about his fears as well. He talked about the emptiness during the holidays as they mourned the loss of family members who had lost their lives to the violence. He also stated that he prayed a lot and then smiled and said that he still had hopes.

In the midst of all, Lydia Patterson is more committed than ever to bringing hope to its stu-
It continues to equip the students with that which can remove them from such a hostile environment...a good education. The spiritual life on our campus strengthens their hope for a future free of threats and injustice. Through our Student Lay Ministry Program, we continue to form leaders for the church. Students are serving in internships in local United Methodist Churches throughout the country. Students are graduating from seminary and others are making their way to a life in ministry. In spite of all the challenges, in the last two years, 100% of our graduating seniors have gone on to college. Lydia Patterson Institute, its administrators, faculty and staff, strongly believe that the fate of its students lies in the heart of our ministry.

I invite you to visit our new web page and learn about how you are already a part of this ministry by virtue of your relationship to your church, conference, and the jurisdiction. I encourage you to visit our campus in El Paso and personally experience the life of ministry with direct interaction with our students. We welcome work teams, mission groups, agency meetings, and personal visits. In as much as Juarez, Mexico, is a very dangerous city today, by national standards, El Paso is the safest city of its size to live in. We hope to see you here soon, and please keep our students in your daily prayers.

Methodist Children’s Home
Mr. Tim Brown, President

Methodist Children’s Home continues to press on toward our mission of offering hope to children, youth and families through a nurturing, Christian community. I am honored to have been selected as the tenth President of MCH in June 2010. When I accepted this position, I knew MCH has always had the potential to do great things for children and families. I assured our Board of Directors and United Methodist congregations throughout Texas and New Mexico that we would diligently work to find the highest and best use of the resources entrusted to us. In this process, MCH will continue to discover new and more effective ways to partner with local churches to reach hurting children, youth and their families. In order to do so, MCH must continually challenge ourselves and rely on the generosity of our friends in the Texas Annual Conference.

Our first step in this process was to participate in two accreditation reviews. I decided this would be an effective way to thoroughly examine our operations and services, and identify our strengths and new opportunities. I am confident Methodist Children’s Home is meeting the highest best-practice standards as determined by the Council on Accreditation (COA) and Coalition for Residential Education (CORE). I am pleased with the hard work of our staff and volunteers who took on these duties in addition to their daily responsibilities serving our children.

At the same time, I worked with the MCH Board of Directors to commission a new strategic plan. The strategic priorities and goals of this five-year plan will enable our ministry to increase its impact on children and families across Texas and New Mexico. One of our goals is to develop new opportunities for MCH to work with churches to help meet needs in their communities and congregations. We received valuable input during our strategic planning process from our Commissioners, a group of clergy and laypersons who serve as advocates for Methodist Children’s Home in their local churches.

As we focused on our recent growth and where we believe God is leading our ministry, I was made aware of troubling information about potential theft at MCH. I immediately contacted members of our Board of Directors, and we initiated an internal investigation and independent audit. I trust our actions will set a good example of integrity for our children, one of the more important qualities we help youth develop in their lives. I also hope our actions always honor the trust of benefactors like those we have in the Texas Annual Conference. I assure our many
friends that my colleagues and I are working hard to make sure that if theft is confirmed, it will never happen again (particularly in this manner), no matter how complex the deception may turn out to be. I am convinced Methodist Children’s Home will become a stronger organization as we learn from this unfortunate situation.

While many people want to focus on the investigation, the real story at Methodist Children’s Home centers around the lives that are being changed. Supporters, like those we have in the Texas Annual Conference, help MCH do great things. Guided by our core values of Christian Principles, Relationships, Responsibility, Growth, Service and Hope, MCH provided services for nearly 1,600 children during the year. In addition to our work through residential campuses in Waco and Waxahachie, we also increased the services offered through our Tyler and Houston Outreach Offices that serve the Texas Annual Conference.

The future will provide the Home with as many, if not more, opportunities to positively impact the lives of children, youth and families. The Home’s staff remains passionate about our work with young people, as we seek to prepare and empower them to one day be productive members of society and this faith community.

Our achievements in the past, and those yet to come, are directly related to the men and women who give their time, talents and resources to bless our children. We are grateful to the following individuals from the Texas Annual Conference for their service on the Home’s Board of Directors:

- Mr. Hank Coleman, Houston, TX
- Mr. Don Strickland, Somerville, TX
- Mr. Charles Szalkowski, Houston, TX
- Dr. Ann Weiss, Katy, TX

These individuals, along with the Home’s Commissioners and benefactors, enable our ministry to achieve our mission. As a result, MCH is helping transform our communities, one child at a time.

On behalf of Methodist Children’s Home, thank you for sharing our story in your churches and communities. If you would like to schedule a speaker, arrange a tour or need resources to designate a Methodist Children’s Home offering, contact Trey Oakley, vice president for development, at 1111 Herring Avenue, Waco, Texas 76708 or by phone at (254) 750-1213 or (800) 853-1272. I also encourage you to visit our web site at www.methodistchildrenshome.org to download stories and resources to help educate your congregation on the Home’s ministry.

I believe great things are on the way for MCH and the congregations of the Texas Annual Conference. Thank you for your continued trust and support of our ministry. May God bless you and Methodist Children’s Home.

The Methodist Hospital
Mr. Ronald G. Giroto, President & CEO

OVERVIEW

The Methodist Hospital System contributes to the mission and vision of the Texas Annual Conference through its own mission of healing and wholeness:

To provide high quality, cost-effective health care that delivers the best value to the people we serve in a spiritual environment of caring in association with internationally recognized teaching and research.

Congregations cannot be vibrant or growing without the physical health of members and clergy. The Methodist Hospital System assists congregations by Leading Medicine not only in Houston and Texas, but throughout the world.
The belief statement affirms a like-minded commitment within the scope of the hospital’s own mission and vision:

_The Methodist Hospital System, a Christian organization established by the Texas Annual Conference of the United Methodist Church, exists to provide quality health care services. As it fulfills this purpose, the hospital participates in the redeeming activity of God that makes the world a better place for all humankind. The Methodist Hospital System is based on the belief that God can heal through the lives, actions and words of persons, regardless of various religious perspectives._

_Therefore, in all endeavors The Methodist Hospital System strives to treat every patient it serves as a person of sacred worth and value, created by God._

Striving to provide quality health care, internationally recognized teaching and groundbreaking translation research to patients of all races, creeds, and religions in a spiritual environment of caring; The Methodist Hospital System encompasses five hospitals in the Houston area including The Methodist Hospital in the Texas Medical Center, Methodist Sugar Land Hospital, Methodist Willowbrook Hospital, San Jacinto Methodist Hospital in Baytown and the recently opened Methodist West Houston Hospital. The system is also comprised of Methodist International, The Methodist Hospital Research Institute, The Methodist Hospital Physician Organization and a comprehensive residency program.

**COMMUNITY SUPPORT**

In The Methodist Hospital System, caring for our community means more than providing quality health care at our five hospitals – it means supporting individuals and organizations that touch the lives of those who make up our community.

Methodist champions community organizations that provide outstanding health care to people of all backgrounds. Through its Community Benefit programs, Methodist provided more than $6.5 million in health agency funding in and around Houston. Contributions exceeded $4.0 million for in-kind services including labs, immunizations, and diagnostic tests. Generous donations in excess of $115 million allowed hundreds of patients to benefit from treatments at Methodist last year. In 2009, total charity care and community benefits contributions surpassed $520 million.

We continue to strengthen our meaningful relationship with the Denver Harbor Clinic, an east-side establishment serving the underserved. As part of our relationship, Methodist provides 12 medical residents to see patients there, increasing the number of patients who can be treated at the clinic.

Community benefit programs provide peace of mind and help rebuild the lives of those who need it most by bringing a sense of compassion and human dignity to the art of healing. Methodist provides significant financial support to agencies like Shalom Mobile Health Ministry and San Jose Clinic as well as donating millions of dollars to in-kind lab services, medical supplies and equipment, computers and accessories, office supplies, furniture and pharmaceutical items to assist those in need locally and throughout the world. Community support goes beyond financial funding. Our employees reach out to help our neighbors by donating their time, talents and money to support many great community causes. The Methodist family united to battle heart disease, cancer, stroke and other diseases in 2010 by supporting organizations such as the United Way, American Heart walk, Texas Medical Center Annual Food Drive, American Cancer Society, American Diabetes Association, American Lung Association, National Multiple Sclerosis Society, Susan G. Komen Race For the Cure and many more. Employees volunteered at local health fairs around the city and also participated in other community activities, including community blood drives, immunization drives and events designed to raise money and awareness for conditions such as heart disease and breast cancer. The Methodist Neurological Institute launched a major five-year stroke awareness campaign in 2007 called Taking Strides4Stroke: Community Stoke
Awareness. The first year of the campaign raised more than $400,000 in the walk/run which attracted nearly 2,000 participants. In 2010, a total of 4,072 Methodist employees, friends, and family united and together rose over $752,000 for this great cause.

The Methodist Hospital System community support takes on many forms. Serving the community is a very important and vital undertaking. Over the past year, we have been honored by the great contributions made by our employees and physicians – The Methodist Hospital System family. The people of The Methodist Hospital System – from the health care staff to members of corporate departments, from groundskeepers to food service employees, from administrators to physicians – all joined together in a time of need to serve. We continue our commitment each and every day to our community through our I CARE values.

CORPORATE OPERATIONS

The Methodist Hospital System continues to focus on the shared missions of excellence in patient care, research and teaching. A vital component to the success of Methodist is creating a work environment that retains employees, attracts new hires and supports the I CARE values for all.

For the sixth year in a row, The Methodist Hospital System was named one of Fortune magazine’s “100 Best Companies To Work For.” This year, Methodist ranked No. 19 overall and again is the highest-ranked health care system in the country. Methodist was ranked No. 11 for hiring women and No. 3 for hiring minorities. Also in 2010, the Houston Business Journal ranked Methodist No. 4 in its best place to work survey, and The Methodist Hospital System was named a “Top Workplace” by the Houston Chronicle, ranking No. 8 among Houston’s large companies. Methodist was the highest ranked health care organization in the large company category.

In 2010, Methodist completed its more than 1.5 billion in construction projects, meeting the growing needs of the Houston community. Methodist opened a new 1.6 million square foot Outpatient Center in the Texas Medical Center, a 400,000 square foot state of the art Research Institute new hospital in west Houston and completed expansions at the other community hospitals.

SPIRITUAL CARE

The Spiritual Care and Values Integration Department of The Methodist Hospital System continued to work with the Spiritual Care Committee of The Methodist Hospital Board of Directors in giving leadership to the cultivation of our “spiritual environment of care” throughout The Methodist Hospital System in 2010.

The Rev. Dr. Charles R. Millikan, Vice President of Spiritual Care and Values Integration for the System, continues to serve in leadership roles including the Chief Executive Officers’ Council, the Spiritual Care Committee of the Board, the Methodist Education Institute Committee, Methodist Research Institute Institutional Review Board, and the Community Benefits Work Group. He has also worked closely with the Quality Committee and the Methodist Hospital Foundation. In addition, Dr. Millikan has been available to speak and preach in churches throughout the Texas Annual Conference interpreting the hospital’s Leading Medicine 2010 vision.

Living Methodist Values is taught at every new employee orientation. The Methodist Hospital expects all employees to live the I CARE values in their treatment of one another and in the care of patients. Furthermore, it begins the process of instilling pride in the fact that we are related to the United Methodist Church and everything we do needs to reflect a spiritual environmental and our faith-based heritage.

The I CARE values Awards and Recognition Program is an ongoing element of the departmental program. Recipients for the awards are chosen from each of the hospitals in The Methodist Hospital System and included individuals who were exceptional in demonstrating behaviors that
support I CARE values in their daily work activities. In 2010, 53 employees were awarded an I Care award for exhibiting values in the work place, choosing $1,000 or a week of vacation time for their award.

THE METHODIST HOSPITAL (Medical Center)

In 2010, The Methodist Hospital further developed and expanded upon its goal of becoming one of the nation’s leading academic health centers. This past year marked significant hospital commitment to excellence through our clinical work and our culture of values.

Our mission at Methodist is threefold. First of all, we are passionate about providing the very best in patient care. Second, we are dedicated to research and making a difference in the discovery of new treatment and cures of disease. Third, we are focused on teaching and training the young physicians who will provide excellent care to the community and will be Leading Medicine for the future.

In the clinical area, we are always working to improve quality for our patients. As a system, we continually are succeeding at achieve excellent results in areas of hand hygiene, mortality, and core measures. U.S. News and World Report ranked The Methodist Hospital in 13 of 16 specialties – the most in Texas – in its 2010-11 “Best Hospitals” issue.

The Methodist Hospital continued in 2010 to be among the nation’s best in patient and employee satisfaction.

The Eddy Scurlock Stroke Center Outreach Program at The Methodist Hospital received the Outstanding Health Promotion award from the Texas Council on Cardiovascular Disease and Stroke. This is the 3rd consecutive year the Neurological Institute’s outreach program has received this award. In 2008 Methodist partnered with Memorial Health System of East Texas to bring advanced stroke care to the area. Now Lufkin Memorial Hospital’s East Texas Stroke Initiative has also been awarded outstanding recognition for health promotion.

In 2010, TMH established a one-of-a-kind Concussion Center with the Houston Texans to reach out to young athletes to educate them on the dangers of concussion, and to treat amateur and professional athletes with concussions.

This past year also brought about the continued growth of The Methodist Hospital Research Institute. With more than 700 clinical protocols under its supervision and a new state-of-the-art research facility under construction, The Methodist Hospital Research Institute continues to push its goal of setting the pace of scientific discovery both nationally and internationally. There now almost 1,000 researchers working on some of today’s most debilitating illnesses. In 2010, Methodist ranked in the top 25 of independent, domestic hospitals for NIH funding. In 2010, the RI hired its new director, Mauro Ferrari, a world renowned scientist and researcher.

At TMH, the transplant center had a record breaking year with more than 350 transplants performed, including more than 100 lung transplants—a rare feat.

As part of our mission to train physicians, Methodist has built a comprehensive graduate medical education program that now boasts 174 residents from 26 programs accredited by the Accreditation Council for Graduate Medical Education.

We added a new facility to our medical center campus, the Methodist Outpatient Center, which has already won design awards. The 1.6 million square foot building features a patient friendly design and conveniences for our patients.

Our fourth symposium for quality and patient safety attracted more than 150 visitors from hospitals and health care institutions around the world. We invited a number of key speakers to discuss the advances and challenges in patient care, and to share current knowledge of the developments in quality and patient safety initiatives.
SPIRITUAL CARE

The Department of Spiritual Care and Education continued its commitment in 2010 to serve as a witness to God’s sustaining presence to a diverse patient and staff population. Our ministry took place in many ways: through bedside ministry, informal conversations with hospital staff, regular worship services, formal presentations to management assemblies, and weekly “prayer moments” with nursing units and departments. Sometimes our ministry was overt and drew directly from our Christian resources; other times it was indirect and tapped a more spiritual or value-based orientation. Our ministry is diverse and ecumenical, reflecting the multicultural nature of our workplace and respect for our colleagues. In all cases, the department sought to communicate God’s Good News to those within and beyond the Church.

Ministry to Hospital Patients, Families, and Staff

Chaplains continued their pastoral care ministry to patients, families, and hospital staff every day throughout the year. The range of pastoral situations varied, from the joyous celebration of new life, to the challenge of coping with a painful chronic disease requiring repeated hospitalization and the anguish-filled decision of discontinuing mechanic support equipment for a loved one. Throughout these and other interactions, they pointed to God’s abiding presence and unbound love. Relationships were formed and the willingness to trust God in challenging moments was renewed.

This intense ministry was offered by gifted members of the department: professional staff chaplains, Clinical Pastoral Education (CPE) students, and many lay ministers. In addition, highly skilled individuals served as program managers and administrative assistants, giving the department needed breadth of ministry. Enriched by their cultural and denomination diversity, these colleagues were united by a common drive to serve.

Beyond traditional patient and staff care, the department engaged in other specialized ministries specific to various parts of the hospital, which nurtured religious faith by establishing life-giving relationships.

Clinical Pastoral Education through the Association for Clinical Pastoral Education (ACPE)

Honoring our long tradition of theological training, the department’s Clinical Pastoral Education (CPE) program enhanced the skills and knowledge of carefully chosen pastors, seminarians, and lay persons. Qualified participants selected from three distinctive offerings: 1) the 12-month, full-time residency supported by a stipend, 2) the 11-week, full-time summer unit geared for theological students, and 3) the part-time (9 month) extended unit which meets once a week. The program has recently expanded its supervisory staff to include an educational coordinator who is an Associate ACPE Supervisor. She joined our Manager of Clinical Pastoral Education who is a full supervisor with ACPE.

Lay Training in Spiritual Care

The department continued its commitment to lay education. The Lay Ministry program provides specialized training for those who demonstrate the interpersonal skills necessary for effective hospital ministry. The department’s training program details the basics of good listening and responding as well as the fundamentals of effective hospital spiritual care delivery. Preparing patient reports (verbatim) and submitting them for review is integral to this training opportunity. We currently have 31 active Lay Ministers and in 2010, they made 8,415 visits. In February 2010 a special educational / inspirational event was sponsored by the department. “Celebrating a Call to Lay Ministry” was a two-day event and featured presentations by Kathleen Norris, nationally-known author; Ben Witherington, professor of New Testament at Asbury Theological Seminary; and Vance Ross, deputy general secretary of the General Board of Discipleship. This unique pro-
gram was another example of the department’s massive commitment to lay ministry and training.

**No One Dies Alone**

Occasionally a patient was terminally ill and simultaneously isolated from family and friends. This tragic situation continued to evoke a departmental response. In 2007, a program called “No One Dies Alone” (NODA) was brought to the hospital, serving patients through trained volunteers, called “Compassionate Companions.” Our Compassionate Companions provided a sustained spiritual presence at the bedside of these patients until their death or transfer to a hospice facility. In 2010, we companioned 6 NODA patients (43 shifts totaling 133.5 hours of time served).

**Bereavement Program**

The department continued its multi-phase bereavement program for families who lose a loved due to death while being a patient at TMH. This outreach was also extended to parents who suffered a perinatal death. Periodic memorial services were conducted in Wiess Memorial Chapel and bereavement-related mailings were sent throughout the year.

**Conclusion**

This report offers an overview of some of the department’s activities. The departmental staff along with the Lay Ministers remain committed to our hospital’s mission as lived out through our ICARE values. Working together and with colleagues throughout the institution and in the Texas Annual Conference, we continually seek ways to enrich our spiritual environment of caring and to glorify God through service to all people.

**METHODIST SUGAR LAND HOSPITAL**

Methodist Sugar Land Hospital (MSLH) continues to expand to meet the growing needs of Fort Bend County. The hospital has evolved into a 187 licensed bed facility with 14 operating rooms, state-of-the-art diagnostic imaging and specialized Centers of Excellence in Cardiology, Neurosciences, Oncology, Orthopedics, Women’s Services and Urology.

In 2010, MSLH opened two new operating rooms, a third Cardiac Catheterization Lab and a Transplant Clinic for pre- and post-operative care. The OR expansion allows Methodist physicians to perform a number of unique procedures typically not available in a community hospital setting, and the new Cath Lab features biplane technology for complex electrophysiology cases. Methodist Sugar Land also opened a Breast Center with a highly-skilled team of breast care specialists, and a Spine Center that features a comprehensive navigation service to provide complete spine and neck care from diagnosis to treatment to rehabilitation. In 2010, Methodist Sugar Land also achieved record highs in patient volumes with 11,227 patient admissions, 2,103 deliveries, and over 9,800 surgeries.

These outstanding achievements are the direct result of the expertise and vision of the physicians and staff at MSLH. The ICARE values continue to be at the core of Methodist Sugar Land’s foundation, and support its commitment to providing exemplary care in a safe, spiritual and healing environment. As the level of care and the complexity of its offerings have grown, the Hospital’s connection and commitment to the Fort Bend community has also grown. Community outreach remains a vital component, and in 2010 MSLH added a major new element to its efforts by hosting its first Swing for the Cure golf tournament, in conjunction with the Fort Bend Junior Service League and the American Cancer Society. More than $160,000 was raised to provide financial assistance and support to local women undergoing treatment for breast cancer. Methodist Sugar Land Hospital is proud to be a leading contributor to the health and well-being of Fort Bend residents. It is committed to expanding its service offerings to meet the needs of its
SPIRITUAL CARE

“The Spiritual Care and Values Integration Department at Methodist Sugar Land Hospital is committed to providing the highest quality pastoral care for our hospital and the community. We promise to be available, to seek and promote balance in all of our activities, to open ourselves to the wonder and amazement of each life encounter, and to respect and honor the gift of diversity. We are called to offer direction in the formation of our hospital culture, to demonstrate God’s love in all of our interactions, and to invite each member of our staff to take their place within our spiritual environment of caring.”

The above Vision statement reflects the spirit and purpose of the work of the Spiritual Care Department within Methodist Sugar Land Hospital. Our daily work is guided by two essential questions: 1) In what ways can our department further engage the hospital today? And, 2) In what ways can our department further engage the Fort Bend community today?

In 2010, we were diligent in providing Morning Prayer in the Emergency Department, staff support for inpatient oncology nurses, and regular resources that offered reflection and care for all staff throughout the hospital. Compassionate Care initiatives such as “Compassionate Care Film Rounds” continued and new classes called “The Power of Presence – An Expression of Compassion, a Culture of Accountability” were introduced. We held Wednesday Morning Prayer, Thursday Worship services, monthly Catholic masses and other special Worship services, including Ash Wednesday, Martin Luther King, Jr. Day, the National Day of Prayer, Thanksgiving and Easter. We also offered our second annual “Journey to Bethlehem” series at the beginning of Advent. Area clergy, musicians, hospital staff and MSLH Board Members participated in leadership roles. Four additional Prayer Boxes were placed strategically throughout the hospital, and in recent months we experienced an increased volume of requests for Chaplains to visit patients. A total of 11,563 pastoral visits were made in 2010 by Staff Chaplains, not including our PRN Chaplains or lay Ministers!

In 2010, we engaged the community through a grief support group, breast cancer support group, and a cardiac support group called Beating Hearts. Advance Care Planning was offered at several area churches, and church staff were trained on how to counsel their parishioners in Advance Care Planning. Methodist Sugar Land hosted a three-hour Prayer and Healing seminar with Father Matthew Linn, which drew over 90 participants from 18 different Fort Bend area churches. We also conducted a six-week “Powerful Tools for Caregivers” workshop, sponsored jointly by MSLH and Can care.

We are intentional about engaging the Fort Bend community in dialogue around faith and health issues. MSLH works with 75 volunteers from the community to assist with daily lay ministry, Eucharistic ministry, cancer patient support, and on-call clergy support. We want community clergy and their parishioners to think of Methodist Sugar Land Hospital as their hospital, and we work hard to see that become reality. It is our intention to visit area churches and synagogues and other religious institutions to educate them on the services available through Methodist Sugar Land Hospital.

The department of Spiritual Care and Values Integration plays an integral role in the leadership of Methodist Sugar Land Hospital. Our “Culture Mentor” initiative ensures that a trained Culture Mentor is assigned to each new hire at MSLH. We also participate in several “Spiritual Environment of Care” initiatives such as our Healing Music program, which features a computerized baby grand piano in our Main Atrium, regularly-scheduled concerts, and a volunteer music practitioner who visits patients on a weekly basis.

We remain committed to providing the highest quality of pastoral care and spiritual support throughout Methodist Sugar Land Hospital and our community. It is our goal to engage the spirit
of every patient and staff member in the care that we provide.

METHODOIST WEST HOUSTON HOSPITAL

Methodist West Houston Hospital is the newest hospital within the Methodist Hospital System that opened December 17th, 2010. Methodist West Houston was designed and built around the concept of patient-and family-centered care. This concept incorporates many of the emerging design trends around the impact of facility design on health outcomes and the importance of a social support structure to the healing process. Methodist West Houston serves as a bridge to our Methodist patients in West Houston and Katy by bringing the Methodist Hospital System standard of high quality, technically advanced, and individualized care to one of the largest and fastest growing suburbs in Houston.

Methodist West Houston is a full-service acute care hospital that offers some of the highest technological advanced services to this market; high resolution imaging, robotic surgery, and state of the art cancer care to name a few. Our 8 suite Operating Room has the capability to provide surgical service that include orthopedic, cardiovascular, and neurosurgery. Our 64 bed Medical-Surgical floor has over-sized rooms to accommodate 24 hour visitation and a list of amenities that help make a patient’s stay more comfortable and healing. Our 16 bed Birthing Center and the adjacent 4 bed Neonatal Intensive Care Unit offer state of the art obstetrical care to the growing community. Our 16 bed Intensive Care Unit is staffed by some of the most experienced nurses Houston has to offer and is also supported by a physician Intensivist. These highly trained professionals are able to quickly respond to the needs of our sickest patients and help coordinate and improve health outcomes.

The community reaction to having a Methodist hospital in their backyard has been extremely positive. Many families, community members, and especially the medical community have voiced a need for Methodist’s standard of high quality and compassionate care for the West Houston area. The $325,000,000 construction project built a state-of-the-art 500,000 square foot facility that is structured to function as a 200-bed hospital. An adjacent 160,000 square foot medical office building is helping in our goal to recruit and maintain a dedicated, high-quality medical staff of specialist and primary care physicians. We have forecasted a period of rapid growth in West Houston and plan to build all of our services around our vision and the mission of the Methodist Hospital System.

SPIRITUAL CARE

The Spiritual Care Department at Methodist West Houston is in its initial stages of development but has a very promising future. On opening day our facility opened its doors with 24-hour on-call Spiritual Care services and a full-time in-house Chaplain, Craig Bradley. He is serving as our Spiritual liaison to many faiths in the community and has helped the initiation of our spiritual care program at Methodist West Houston ministering to both patients and their families along with our staff. We have already had dozens of request of individuals seeking to serve as volunteers. We are at the initial stages of development of both lay and clergy volunteers to help aid us in the delivery of spiritual care at Methodist West Houston enabling us to attend to all spiritual needs of our patients, regardless of their faith or background. Also each department within the hospital was challenged to create a blessing with the help and coordination of our chaplains. Many blessings are prominently displayed within the departments with members signatures displayed as confirmation of what they value in their departments.

Methodist West Houston has a beautifully designed chapel that is built to accommodate up to 25 attendees and we have future plans to conduct community and civic activities in our large conference rooms adjacent to the Chapel. No detail was left untouched in the design and construction of our Chapel. The focus around being an inviting and calming environment, combined with the
exquisite attention to detail has made the Chapel one of the most beautiful places at Methodist West Houston. Methodist West Houston has the benefit of using the best-practices established by our sister facilities and we are looking forward to further development of our Spiritual Care department as it impacts patients, family, staff and the community of West Houston.

METHODOIST WILLOWBROOK HOSPITAL

December 18, 2010 marked the ten year anniversary of Methodist Willowbrook Hospital (MWH). In May of this year, MWH completed its $240 million expansion project, doubling the physical size of the hospital and increasing bed capacity to 251 licensed beds. The hospital includes 10 operating rooms, 2 cardiac catheterization labs, a 28-bed emergency department, 32 intensive care beds, and additional diagnostic and therapeutic services in addition to the cancer center and breast center on the campus. With the opening of the new North Pavilion, renovations began in the existing South Pavilion to transform into a Women & Children’s Pavilion. Services currently provided in the South Pavilion are dedicated to family centered care, including the breast center, labor and delivery services, expanded Neonatal Intensive Care Unit, and women’s surgery, with final minor renovations to be completed in 2011.

The 2010 expansion was not only about more beds. MWH expanded specialty services on the campus to not only meet the general medical needs of northwest Houston but also the higher level, tertiary care needs of our patients. New programs launched in 2010 included the addition of premier TMHS centers to the MWH campus, including the addition of cardiovascular surgeons and cardiologists with the Methodist DeBakey Heart and Vascular Center, the Methodist Center for Orthopaedic Surgery, and the Methodist Center for Sports Medicine. In 2010, MWH became the first in northwest Houston to offer a robotic surgery program which was developed and implemented in the 4th quarter with 62 procedures completed. MWH also expanded pediatric services in collaboration with Texas Children’s Hospital.

MWH continues to establish itself as a leader and high quality provider of health services in northwest Houston. MWH was the winner of the national 2010 Quality Award by New York Presbyterian Hospital, receiving top honors for demonstrating innovative approaches to improving healthcare. MWH also made national headlines for achieving a rare, zero infection rate in the top three at-risk areas for 14 consecutive months, including ventilator associated pneumonias, central line blood stream infections, and urinary catheter infections. Dr. Charles Dehnam, chairman of Texas Medical Institute of Technology and co-chair of multiple national programs at the National Quality Forum was quoted saying, “Once thought unattainable, Willowbrook has set a new gold standard by sustaining zero infections in all three categories for this period. High performance care occurs at the intersection of great leadership, safe practices that deliver predictable outcomes, and implementation of technologies. It all starts with leadership, and the extraordinary success of Methodist Willowbrook Hospital makes it a role model for our nation.”

MWH continued its Primary Stroke Center designation in 2010, and was nationally recognized by HealthGrades for clinical outcomes with excellence in cardiac care / coronary intervention, as well as maternity care. The hospital has been ranked among the top 10% of all hospitals for maternity care by HealthGrades two years in a row. MWH also received the highest ranking in the HCAHPS consumer survey for the number one hospital patients would recommend to friends and family in northwest Houston.

In 2010, MWH significantly increased its community outreach and education programs as part of its mission to serve. MWH supports the community through sponsorships of local organizations’ activities, physician speaking engagements, and free seminars on health and medical topics. Community sponsorships in support of charitable organizations and events included the March of Dimes, American Cancer Society Relay for Life, USA Fit events for youth, Cy Fair ISD, Klein ISD foundation, San Jose Clinic, Northwest Assistance Ministries, Lone Star College, TOMAG-
WA, Boys & Girls Country, Cypress Creek EMS, and many more. MWH offered free health education and screenings at local events in the community, at local churches, malls, schools, and other venues. The hospital sponsored free “ask the doctor” seminars every month on the hospital campus, featuring physician specialists on topics such as back pain, heart disease, women’s health issues, stroke, cancer and weight loss. Due to an overwhelming response by the community, the hospital also offered a weekend mother/daughter seminar twice in 2010, featuring a panel of physician specialists and a confidential question/answer session, covering topics from gynecology visits and adolescent changes to HPV and STDs. The hospital participated in community blood drives as well. Over 1,500 people were directly reached through community education/screening programs in 2010.

MWH was proud to announce in 2010 that it would serve as the lead sponsor and chair for the 2011 American Heart Association (AHA) Go Red for Women event in northwest Harris County, which is the AHA’s premier education and fundraising event. MWH aligned with community leaders in the organization of this worthwhile event which will raise over $130,000 for the AHA.

MWH continues to be the preferred hospital for deliveries of babies in northwest Houston with 2,566 deliveries in 2010. The hospital’s average occupancy rate was 81% for the year with over 10,900 admissions, over 5,000 surgeries performed, and over 44,250 patient visits to the Emergency Room. The northwest Houston community has shown this year that they Insist on Methodist and insist on Methodist Willowbrook Hospital.

SPIRITUAL CARE

Spiritual Care encompasses the whole person. Our Belief Statement recognizes and affirms that God’s redeeming activity is at work in the healing process of our patients. This Statement of Belief also reminds us that all persons are of sacred worth. Therefore, in all of our efforts towards spiritual care, these two pillars anchor our thoughts and actions.

Our Core Values, ICARE: Integrity, Compassion, Accountability, Respect, and Excellence are the very life line that binds us together as our staff chaplains and volunteers seek to care for the patients, their families, and our employees. ICARE is a value that is spelled out as part of the artwork at the elevators on every floor in our new expansion. It is taught by The Department of Spiritual Care to all new employees and volunteers. This core value is also practiced as a recommitment by our Hospital Leadership Team and implemented within their respective departments on an annual basis.

2010 saw phenomenal growth as we opened our doors even wider on May 1, 2010. Our statue of Jesus was relocated to the atrium of the North Pavilion. A new state of the art Chapel allows us to televise our chapel services to our patients and access this on channel 43. Our first televised service occurred for our Martin Luther King, Jr. Service January 17, 2011. An on-line devotional written by our Director of Spiritual Care & Values Integration is sent out weekdays to our employees and will be made accessible to our patients this spring on the same access channel.

Our Department has a Director and two full-time staff chaplains. Our department staff made 10,536 pastoral visits in 2010 which is almost doubled from the previous year. Our Spiritual Care Volunteers made 9,256 visits which is also a record level at our hospital. Our volunteers in the Spiritual Care Department have doubled in the past year to over 40 and continues to grow. In February 2011, we will begin utilizing volunteers to assist with On-Call visits one weekend a month. This level of volunteerism is very special and is expected to continue to grow as our patient volume grows.

On August 31, 2010 the first ever District Clergy Meeting was held at Methodist Willowbrook Hospital. This may be the only time this has occurred in any of our hospitals. Over sixty-five clergy met in our Healing Gardens for a meeting and lunch under the leadership of Dr. Richard Burnham, District Superintendent of the Central North District.
Another first for our hospital was November 16, 2010, when we hosted Bishop Janice Riggle Huie and her Extended Cabinet for the day with a Chapel Service, meal, and time to meet with VP of Spiritual Care & Values Integration for TMHS, Dr. Charles R. Millikan. One other first for MWH was the beginning of four Advent Services held in our new chapel during the Advent Season. Our guest preachers included, Dr. Charles R. Millikan, Rev. Jim Foster, Dr. Kenneth Werlein, and Dr. Chappell Temple. These three pastors also serve on our Board of Trustees at MWH.

2011 promises to be a great year with more community involvement and program development between the hospital and our area churches. Spiritual Care has deep roots within the life story of this hospital. We will continue to offer dynamic spiritual care for patients, families and our employees.

SAN JACINTO METHODIST HOSPITAL
San Jacinto Methodist Hospital located in Baytown, Texas, serves East Harris, Liberty and Chambers Counties. The hospital has been meeting the health care needs of the area since 1948. San Jacinto Methodist Hospital operates 267 beds between two campuses providing inpatient and outpatient services. The Garth Campus inpatient services include: three medical units, a surgical/pediatric unit, medical/surgical intensive care unit, a new intermediate care unit and maternal/child unit with a Level II Nursery. The hospital's Alexander Campus offers inpatient rehabilitation, skilled nursing and psychiatric units. Additionally, San Jacinto Methodist Hospital has eight operating rooms available for inpatient and outpatient surgeries and two operating rooms for obstetrical patients at the Garth Campus as well as a free-standing Outpatient Surgery Center with three operating rooms. Featured programs include a Cardiovascular Center, Women’s Center, Imaging Services, Cancer Center, Cardiac Rehabilitation, Physical & Occupational Therapy, Sleep Study Center, Speech & Audiology, Wound Care & Hyperbaric Medicine, Occupational Health Services, Diabetes Management, and a Family Medicine Residency Program.

In 2010, San Jacinto Methodist Hospital was only one of 269 hospitals in the United States to receive the HealthGrades Distinguished Hospital Award for Clinical Excellence for the third year in a row. With this award, the hospital has been ranked in the top 5% of the nation reflecting its commitment to providing the highest quality care.

Program accreditation and certifications include the Commission on Cancer of the American College of Surgeons for the SJMH Cancer Center, American Diabetes Association certification for the Diabetes Self-Management Program, Joint Commission Disease-Specific Stroke Center Certification, Medical Records Department recognition by the Texas Attorney General for Birth Records, The American Association of Cardiovascular and Pulmonary Rehabilitation (“AACVPR”) National Certification Committee certification of the Cardiac Rehabilitation Program, Chest Pain Center Accreditation, Stereotactic Breast Biopsy Accreditation and accreditation from the Joint Commission for acute and long term care services. San Jacinto was designated by the Texas Department of State Health Services as a Stroke Center. San Jacinto Methodist Hospital, in conjunction with the medical staff, continually strives for excellence in safety, quality, service, growth, fiscal management and community outreach.

In 2010, the emergency room had 52,729 visits. The hospital remains committed to the needs of the community and provided over $52M in charity care. As part of community outreach, SJMH continues to provide educational seminars and complimentary health screenings for diabetes, cervical cancer, breast cancer and prostate cancer. On site free support groups are held for cancer, stroke, grief & loss, diabetes and ostomy and numerous blood drives are hosted at the hospital. San Jacinto Methodist Hospital has an active Service Corps with 120 volunteers serving and logging 19,222 hours.
SPIRITUAL CARE

The Spiritual Care Department at San Jacinto Methodist Hospital has continued to provide quality spiritual care and support to our patients, their families, physicians, our staff, as well as to the Baytown community throughout 2010. We have three full time staff chaplains on staff, providing spiritual care twenty-four hours a day, seven days a week. Our three staff chaplains provided 14,235 patient visits and our chaplain volunteers provided 1876 patient visits in 2010.

Besides responding to referrals and crisis situations, our chaplains provide daily visitation throughout the hospital for patients, families and staff. We offer times for prayer and blessing to those departments and patient units desiring a spiritual grounding as they begin their week and also provide a time of spiritual presence in response to difficulties and stresses in those particular areas.

Spiritual care is very much an integral part of the SJMH culture. Throughout the hospital as well as in each patient’s room there are framed prayers; plaques beside the patients’ doors remind the staff person going inside to pause, reflect and remember their commitment to do their best to contribute to that patient’s healing; prayers are offered through the hospital address system every morning and in the evening following visiting hours; chaplains maintain bulletin boards of inspirational messages throughout the hospital; they provide a prayer line with inspirational messages and thoughts for the day; write Chaplains’ Corner articles in the hospital’s weekly newsletter; provide email inspirational messages on a weekly basis as well as on special occasions; provide email daily devotions during Advent and Lent, and provide worship services for special occasions as well as memorial services to the staff for deceased co-workers. Inspirational messages and videos are available for the patients’ easy access through our Skylight system, and patients can directly access chaplaincy services through this system. Chaplains provide invocations at hospital meetings and hospital events, speak at various support groups, preach in local churches, and facilitate a monthly Grief Support group for the Baytown community.

San Jacinto Methodist Hospital chaplains provide bereavement services for our patients and their families as well as for our hospital staff, and offer a special Service of Remembrance twice a year in a local Methodist church for those whose loved ones died at San Jacinto Methodist Hospital. This is open to the community as well. We offer an Easter sunrise service at the hospital that is available for the Baytown community. Our chaplains serve on the Biomedical Ethics Committee and Cancer Committee, Patient Satisfaction team, Sacred Works team, and on other teams focusing on quality care.

San Jacinto continues our focus on fostering a hospital culture of spiritual care, affirming the sacred worth of each individual; each of us remembering in all our encounters that “God has no other hands but ours.” (Dorothee Solle).

THE METHODIST HOSPITAL RESEARCH INSTITUTE

2010 was a pivotal year for The Methodist Hospital Research Institute. First, TMHRI opened its 440,000 square foot, state of the art, translational biomedical research building. This building is the physical manifestation of our mission, to develop research innovations and translate them into preventative and treatment strategies that reduce human suffering and the burden of disease. It is a building that is designed to be vertically integrated to take research discoveries to early phase clinical trials within the continuum of a single facility. This remarkable facility also provides a nexus where patients, clinicians and researchers co-exist and inform each other of the medical challenges we all face and work to resolve. The building was dedicated in October 2010 with an intimate local community ceremony. A formal scientific inauguration is planned for early 2011.

Second, TMHRI reached its first major milestone regarding its national reputation. For research institutions, the “gold standard” is the amount of National Institutes of Health funding
awarded to its investigators. This NIH funding is highly coveted because it not only supports the laboratory operations financially, but it also provides a segregate of quality since only 9% of investigators are funded in their first application to NIH. While it takes many sources of funding to conduct research in today’s economic climate, none remains more representative of excellence than those received from NIH. In 2010, TMHRI was awarded nearly $12 million in annual direct NIH grant awards. This places TMHRI within the top 25 of US domestic hospital-based research enterprises. This is a remarkable accomplishment given that TMHRI was only formed in mid-2004. Our target is to become a top 20 research institute by 2013 and we have our sights set squarely on becoming a top 10 biomedical research institute by the year 2015.

2010 also provided an opportunity to recognize Dr. Michael Lieberman as the Founding President & CEO of TMHRI. Dr. Lieberman retired in June 2010 and was recognized by becoming the first member of TMHRI to be given the distinguished “Emeritus” status by the TMHRI Board of Directors. With Dr. Lieberman’s retirement, TMHRI was able to begin and complete a search for its new President & CEO.

In September 2010, Dr. Mauro Ferrari was confirmed as the new President & CEO of TMHRI. Dr. Ferrari is an internationally recognized leader, collaborator, and scientist with many distinguished honors in the field of biomedical nanotechnology. Dr. Ferrari holds a PhD in mechanical engineering from the University of California at Berkeley. He received his doctorate in mathematics from Universita’ di Padova in Italy, and was a medical student at Ohio State University for two years. He served as Special Expert on Nanotechnology and Eminent Scholar at The National Cancer Institute (NCI), where he led the development of the NCI’s program in nanotechnology, which remains the largest program in nanomedicine in the world. He has more than 30 U.S. and international patents and has founded multiple startup companies. He has over 200 published works and is invited to speak on biomedical nanotechnology and other topics worldwide.

Finally, TMHRI ended 2010 with nearly 500 employees, over 100 post doctoral fellows and trainees and nearly 250 faculty members. TMHRI submitted 178 new grant proposals, had 24 new invention disclosures, and filed 6 new patent applications. 2010 proved to be a year of remarkable accomplishments for TMHRI.

METHODIST INTERNATIONAL

Leveraging clinical excellence, compassionate care and world-class physicians, The Methodist Hospital and physicians have treated more than 7,000 international patient encounters from 79 countries. In addition to international patient care, Methodist International’s consulting/management division provides organizational and administrative management expertise to health care organizations around the world.

In 2010, Methodist International (MI) enhanced services to international patients by opening a service center in the new Methodist Hospital Outpatient Center, and expanded access to patients in the Middle East through the MI office located in Dubai Healthcare City in the UAE.

MI’s affiliation with ABC Medical Center in Mexico City continues to grow on many levels within both organizations. Several ABC Board members visited TMH in 2010 to learn about quality and patient safety, and have taken an active role in enhancing the range and quality of care provided at ABC. MI has also assisted ABC in the development of its newly launched Cancer Center, and physicians from both organizations are collaborating in the area of radiation oncology to ensure high quality clinical care in this highly specialized area.

MI provided healthcare development advisory services to a number of public and private clients in several countries including Saudi Arabia, Qatar, Libya, and United Arab Emirates. Projects included feasibility studies, business plans, and clinical planning for new facilities.

On the educational front, MI hosted 58 health care professionals and physicians from 22 countries for observational learning in 26 specialty areas at Methodist. MI also hosted 250 physicians
from Latin America for conferences at TMH, and broadcasted 32 medical lectures to 12 hospitals and clinics throughout the world.

CONCLUSION
The Methodist Hospital System acknowledges and supports the mission of the Center for Missional Excellence of the Texas Annual Conference. We will continue to provide high quality, cost effective health care that delivers the best value to the people it serves through its health facilities in a spiritual environment of caring with internationally recognized teaching and research.

Recommendations Submitted
1. That the Texas Annual Conference recognize the appointment and reappointment of the Rev. Dr. Charles R. Millikan, Vice President, System Spiritual Care and Values Integration; The Methodist Hospital; the Rev. Sandra Londa, Staff Chaplain, The Methodist Hospital; the Rev. Dr. Mark Young, Director, Department of Spiritual Care, Methodist Willowbrook Hospital, the Rev. Linda Tolon, Staff Chaplain, San Jacinto Methodist Hospital; and the Rev., Stacy Lee Pell, Staff Chaplain, The Methodist Hospital.

2. The following individuals be elected Directors of The Methodist Hospital for a three-year term, to expire on June 30, 2013;
   Morrie K. Abramson
   John F. Bookout
   Emily A Crosswell
   Bishop Janice Riggle Huie
   Robert K. Moses, Jr.
   David M. Underwood
   Elizabeth Blanton Wareing

3. That The Methodist Hospital System is allowed to append any other necessary statements or recommendations to the report given at the Annual Conference.

Future Considerations
1. Methodist will maintain its close relationship with The Texas Annual Conference of The United Methodist Church.
2. Methodist will support and equip vibrant, growing congregations thorough excellence in health care delivery, education, and translational research.
3. Methodist will continue to cultivate a spiritual environment of caring demonstrated by redeeming activity of God in the world.
4. Methodist will continue to provide spiritual care that is responsive and sensitive to the diversity of our patients; needs and beliefs, involves everyone in the delivery, and flows from Christian values and our relationship with The United Methodist Church.
5. Methodist will continue to integrate its core values into all operations, programs and services, while holding everyone accountable for demonstrating those values.
6. Methodist will continue to perform its stewardship role demonstrating radical hospitality and extravagant generosity with discernment and the judgment needed to meet the needs of our communities as we reach for the frontiers of clinical medicine.
We thank you, the Texas Annual Conference, for your partnership in this ministry we call Methodist Mission Home. “Partnership” truly means serving our neighbors together as we are changing lives and reshaping futures for Jesus Christ. Working as a resource to your churches and congregations, MMH brings hope and joy to the children, youth and families we serve…transforming our world to the glory of God.

One by one, thousands have been welcomed faithfully by Methodist Mission Home. For 116 years we have sheltered and empowered God’s children, from the vulnerable and confused pregnant teen who wants a loving home for her unborn child, to the youth with disabilities seeking to learn how to make their own home in the world. With your help, our work has given God’s Children a Faith, a Family, a Future.

Quick Facts

**Founded:** 1895, San Antonio  
**Campus Headquarters:** 6487 Whitby, San Antonio, TX 78240  
**Website:** www.mmhome.org  
**2010 FY Budget:** $2.9 million

MMH Ministry

Today, the mission of Methodist Mission Home is to offer hope to individuals facing spiritually, emotionally and physically challenging circumstances, so they may lead enriched, rewarding and satisfying lives. Through professional guidance and compassionate support, teens and young women facing unplanned pregnancy and families considering adoption make mutually beneficial decisions. Through transitional education including life skills and vocational training, young adults with disabilities and those who are deaf develop confidence and competence to reach their personal level of independent living. MMH fulfills this mission through the following programs:

- **Adoption Services** has placed more than 5,763 children into loving homes through domestic, older child, and international adoptions. We provide counseling for birth parents and adoptive families throughout the adoption process. Our maternity services include campus housing for pregnant teens and young women considering adoption. Post-adoption counseling is available for birth parents, adoptive families, and adoptive children. MMH provides adoption education to teach teens and the professionals who work with at-risk youth about the alternatives to parenting – adoption and voluntary foster care.

- **The Southwest Center for Higher Independence (SCHI)** For many teens, graduation from high school means moving on to college. For students with multiple disabilities, college is not always the next step. For these young adults, ages 18 and older, SCHI is the next step. Established in 1974, SCHI was founded as a transitional education center for people who were deaf and hard of hearing. Today, our services have expanded to accommodate more diverse disabilities, including high functioning MR, autism, Asbergers, cerebral palsy, and learning disorders. SCHI has assisted hundreds of young adults with disabilities in learning the vocational and life skills to achieve their personal best.
• **The Genesis Cooperative** is a self-supporting collaboration of five nonprofit agencies on the MMH campus serving youth and young adults with disabilities, pregnant teens and young women, women recovering from substance abuse and their children, and adults who are deaf/blind.

**How We Can Help YOU Serve Your Neighbors?**
- Adoption counseling for birth parents
- Counseling for adoptive families considering domestic, international or older child adoptions
- Post Adoption Services – Search/Reunion, Medical Information
- Guidance in developing a Walk With Jesus (an Emmaus-like experience for adults with special needs)
- Transition planning for families and youth with special needs ages 16 and older
- Training on adoption for teens and professionals who work with at-risk youth

**How YOU Can Help MMH Serve Our Neighbors**
- Support our Annual Church Offering in your church by designating one Sunday to help promote our ministry. We provide brochures and envelopes at your request. Methodist Mission Home does not receive apportionments.
- Make a gift without writing a check. Remember Methodist Mission Home in your Will or Charitable Estate Plan. Contact Saren Spicer, Development & Planned Gifts Officer, for more information.
- Volunteer as an MMH Ambassador to assist us with outreach in your church and community. Contact Elizabeth Sullivan, Development Coordinator, for details.
- Pray that we may continue Giving God’s Children a Faith, a Family a Future.

Please accept our sincere appreciation to Bishop Huie and the members of the Texas Annual Conference for your continued generosity toward our ministry.

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**Methodist Retirement Communities**
**Mr. Ronald E. Jennette, President & CEO**

With the 2009 turnaround behind us, 2010 proved to be an exciting year for MRC and its Affiliates. Enthusiastically serving our mission of service ministry to senior adults, we have embarked on a new beginning. Some of this past year’s key events include the following:
- We provided approximately $3 million in benevolent assistance to seniors over the last three years.
- We served about 1550 senior adults throughout the MRC system in 2010 with the equivalent of 505 compassionate and caring staff members.
- We provided direct financial assistance to 87 residents, and additionally provided affordable housing to another 350 residents.
- Don Morriss became the new Board Chair in mid 2010 for the parent MRC, with Rev. Jack Womack as the Vice-Chair.
- Tom Wussow continued as the Immediate Past Chair of MRC, and for our Affiliate Boards, Mike Taylor became Chair of MRC PineCrest in Lufkin, Reba Ragsdale became Chair of MRC Crestview in Bryan, Robert Sheppard became Chair of MRC Cornerstone in Texarkana, Sam Burris remains Chair of MRC TownCreek in
Huntsville; Sharon French remains Chair of MRC Edgewater in Galveston; Rev. Jack Womack remains Chair of Happy Harbor Senior Housing in La Porte; and Dr. Charles Millikan continues to lead the MRC Foundation.

► Construction began July 2010 and will be completed by August 2011 on 48 new Assisted Living Apartments, 18 Memory Support Suites and 48 Skilled Nursing & Rehab Units at Crestview Retirement Community in Bryan, TX. Once this is completed, we will move existing residents to their new homes, demolish the Crestview building, and build 92 Residential Apartments.

► Architects are actively drawing plans for a replacement community for TownCreek in Huntsville to consist of 32-26 Assisted Living Apartments, 18 Memory Support Suites and 60-66 Skilled Nursing & Rehab Units. Remaining land will be intended for future potential growth to develop residential units.

► MRC Cornerstone in Texarkana broke ground and will complete construction in 2011 on an additional 10 Healthcare units to complement its Continuing Care Retirement Community.

► In keeping its community strong, MRC PineCrest in Lufkin developed plans to significantly refurbish the interior of its main building while it continues to add new patio homes in The Woods section of its Continuing Care Retirement Community.

► We updated our website (www.mrcaff.org), and added MRC Facebook and YouTube sites to share the many exciting events and good stories consistently occurring throughout the MRC system.

► We developed a unified Strategic Plan for the MRC system, and each Affiliate began implementing its Action Plan in 2011.

  o This strategic plan includes strengthening and expanding our Home Health and also Home and Community Based Services as a forward growth area for MRC in seeking to serve more senior adults throughout east Texas. Dotty Traska is our new Home Health Executive Director.

  o This strategic plan led us to hiring Anne Davis, a member of Kingwood UMC, as our Vice President of Philanthropy. We are very excited to have her on board to expand our mission of service ministry to senior adults. If you would like to contribute to our worthy mission, please contact her or her assistant, Renee’ Stavroff, at 281-363-2600; or visit our website.

We have all been encouraged with a couple solid financial years now behind us, but we must acknowledge there will continue to be challenges:

► MRC has limited financial resources to meet the demand for benevolent assistance, and also has limited financial means to grow the mission to serve a growing senior population. Contributions are critical to this mission.

► The economy continues to make it much more difficult and challenging to obtain financial resources, and the uncertainty associated with the economy and healthcare reform creates greater unknowns.

► Already the 49th lowest (worst) in the country, the state of Texas has proposed slashing Medicaid (not Medicare) reimbursement to the nursing home portions of our communities by an unconscionable 34%. While MRC has re-positioned itself over the last three years to better control and minimize this potentially devastating impact, any large actual decrease in Medicaid rates will undoubtedly lead to many nursing home closures with frail seniors either being put out on the streets, loading up Emergency Rooms or moving to other states where family can find other means for their care.

MRC is grateful for the support it receives from United Methodist Churches. Your donations
are critically important to helping us meet as much of the large demand for benevolent assistance as possible. 100% of your benevolent donations go directly for the benefit of senior adults with such needs. These donations and gifts are vital to provide the services, programs, housing and care for those residents who cannot afford to fully pay on their own. Currently, a wide gap of unfunded cost exists for such charitable assistance. Rising health care costs and increasing numbers of people unable to pay the full cost of care, combined with the current economic climate make this a high priority. The proposed reductions to the Medicaid system by the state will also put tremendous pressure on MRC’s ability to continue this service ministry that has touched so many lives in such meaningful ways.

Your support, encouragement, and prayers are needed and appreciated now more than ever as we continue this service ministry to deserving senior adults.

Recommendations:

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<th>Class of 2012</th>
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<tr>
<td>James M. Carlow</td>
<td>William R. Birdwell</td>
<td>Bill K. Armstrong</td>
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<td>Sharon K. French</td>
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<td>B.T. Williamson</td>
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Mount Sequoyah
John & Sheri Altland, Executive Directors

What was accomplished and celebrated at Mount Sequoyah this year?

- A fresh look for the campus was accomplished by rebuilding the roadbeds and walking paths
- A new “Friends of the Mountain” giving program resulted in increased private donations and new donors
- A fantastic redo of the web site has been done. We are truly a click away www.mountsequoyah.org

It has been quite a year… the toughest economically challenging year in the past six years. We have experienced facility use decrease of 26% from projected budget expectations, and 18% less facility income than in 2009. God continues to bless the ministries of Mount Sequoyah. Facility revenue expectations are already improved for 2011.

What is occurring in 2011 and 2012?

New Church Leadership Institute (NCLI)
New Church Pastor Assessment, Boot Camp, Sr Track & Basic Track
Epworth League Institute
Small Church Leadership Institute
Military Kids Operation
Intergenerational Ministry Summit
SCJ Parish Nursing
iGo Green Famcation Caring for Creation
Interim Ministers Training Phase 1&2
UM Studies School
SCJ Disaster Response Academy
Older Adult Ministry
Addiction Response: focus on older adult prescription abuse and gambling

Where do you, your congregation, your district, your conference, and your jurisdiction fit into this ministry?
Mount Sequoyah continues to be that place of “tranquility above the city”, and visioning for the United Methodist Church, and others. A place to inspire our minds, claim our calling, and renew our spirits while training leadership in coaching skills and other proven ways to effectively meet leadership challenges. We offer learning methods to motivate and inspire congregations to be better disciples, offer spiritual direction; and share best practices from across the South Central Jurisdiction.

Would you please help us?
Please help us in COMMUNICATING THE MANY TRAINING SESSIONS, EVENTS, and PROGRAMS CREATED FOR YOU AND OTHERS.

Your 3 easy steps: 1. Website 2. Contact page 3. Link to communication distribution list (in blue)
Call 1-800-760-8126 and we’ll help you if you have read full report to here (there will be a test) call for a free overnight stay

Texas Methodist College Association
Bishop Dan E. Solomon, President

Shouts of “thank you” are echoing in our midst today as your college students are responding to your payment of the TUMCA Fair Share Goal for the Texas Conference. Your giving has opened the door for your students to receive scholarship help to attend one of our fine United Methodist schools in Texas.

One of our TUMCA scholarship recipients says it this way, “Given my family’s financial situation, it would not be possible for me to pursue a degree of any kind without the help of TUMCA funds. Thank you for your generous support.”

A sixty-year old lay leader in one of our strong United Methodist congregations informed TUMCA that she is leading the effort in her congregation to pay TUMCA funds in full. “Without TUMCA funds, I would not have been successful in my vocation or in my church leadership skills. My education depended on TUMCA and so did the rest of my life!”

TUMCA scholarship funds make it possible for Lon Morris, Texas Wesleyan, McMurry, Southwestern and SMU to add that vital difference to a student’s tuition to help them attend their chosen school. One of our students commented, “Since I was a little girl I felt like Southwestern was my school. Because of TUMCA funds, now it is!” TUMCA is about students having an opportunity to attend one of our United Methodist schools!

A United Methodist pastor wrote a lengthy letter to TUMCA that included these words, “I
want to thank TUMCA on behalf of my church family. To see one of our own, who models faith-
ful Christian witness, go beyond the valley schools of South Texas and succeed is a real blessing.
It is an encouragement to families who are in extreme circumstances.”

YOUR GIVING IS AN ENCOURAGEMENT TO YOUR STUDENTS TO PURSUE THEIR
DREAMS!

Listed below is information as to your students’ names, churches, and schools they attend.
Thank you again for the giving that makes this list more than names. Here is a list of hopes,
dreams, and blessed sighs of thankfulness.

2010-2011 TEXAS CONFERENCE TUMCA STUDENTS

LON MORRIS COLLEGE
Christa Adams, Adams Chapel UMC, Jacksonville
Gabriel Alexander, Jones Memorial UMC, Houston
Garland Alexander, Jones Memorial UMC, Houston
Chelsea Allensworth, Perritte Memorial UMC, Nacogdoches
Tevin Busby, St. James UMC, Teague
Jonathan Bushee, First UMC, Quitman
Howard Campbell, Franklin UMC
Kendal Carnley, Montgomery UMC
Jeffrey Carrington, McKinney Memorial UMC, LaMarque
Michael Castillo, Lexington UMC
Dimitri Collier, St. Paul UMC, Huntsville
Levi Coppedge, First UMC, Grapeland
Martez Cornett, Covenant Glen UMC, Missouri City
Cody Davids, Wildwood UMC, Magnolia
Grant Davis, A. Frank Smith UMC, Alto
Hannah Foster, First UMC, China
Ethan Frachiseur, First UMC, Troup
Carson Fugate, Lanes Chapel UMC, Tyler
Phillip Hallberg, First UMC, Katy
Hunter Hudson, First UMC, Buna
Jackie Jones, First UMC, Frankston
Zachary Kettrick, First UMC, Jacksonville
Rebecca Labbe, First UMC, Humble
Eric Little, First UMC, Chandler
Parker Lloyd, First UMC, Bullard
Dalton Lovell, First UMC, Crockett
Eric Loven, Greggton UMC, Longview
Emmalee Lower, First UMC, Troup
Ashley Ludtke, Klein UMC, Spring
Jordan McCann, Grace UMC, Palestine
Seth McCartney, First UMC, Troup
Allison Moore, Covenant Glen UMC
Andrew Neff, First UMC, Conroe
Rachel Neslon, Holly Springs UMC
Jasmine Patterson, Covenant Glen UMC
Samantha Patterson, Covenant Glen UMC
Rustin Pool, First UMC, Mabank
Texas Methodist Foundation
Mr. Tom Locke, President

Texas Methodist Foundation further explored ways to effectively serve United Methodist individuals, churches, and institutions in Texas during 2010, which included extending $300,000 in special grant funding to the six annual conferences in Texas and New Mexico. Recognizing that additional funding would go far in serving communities still being impacted by economic strains, we provided these funds for special initiatives as identified by the presiding bishops in each conference and outreach ministries for critical needs – food, shelter, emergency assistance, and ministries of care and support – to those who have endured the devastating loss of a home or job.

Additionally, we are pleased to report that the Foundation ended 2010 with $373 million in assets under management, showing an $8 million growth over 2009. As a financial institution we remain strong and capable as we sow seeds for ministry by providing investments, loans, stewardship services, grants, and gift planning guidance to United Methodists across the state. Looking
deeper into what those services really provide, we view the mission and ministry we set in motion through our work as the heart of our service to God.

As well as providing financial and consulting services, we continue to advocate strong pastoral and congregational leadership to build vital communities of faith. As more and more pastors gather around the common table provided by peer learning groups, our TMF Institute for Clergy and Congregational Excellence remains committed to supporting and developing courageous clergy leaders. Finding crucial spiritual renewal and key leadership tools required to serve the local church alongside the members of their congregations, who can also benefit from the Institute’s Holy Conversations Communities of Learning, together they more fully answer their unique call to extend the hope of Christ in service to the world.

The Texas Methodist Foundation, located in Austin, serves United Methodist individuals, churches and agencies within the five geographic annual conferences in Texas and the Rio Grande Conference of Texas and New Mexico. We appreciate the opportunity to report some of the ways we enabled United Methodists last year.

How can we help you bring God’s dreams for ministry to life?

We are pleased to report to you the assistance we provided in 2010:

Within the Texas Annual Conference:

• Loans from the Foundation to churches in the Texas Annual Conference totaled $87.3 million.
• Churches and related agencies within the Texas Annual Conference had $44 million invested with the Foundation’s Methodist Loan Fund.

Throughout the state:

• As of December 31, 2010, total assets under management by the Foundation were approximately $373 million.
• Methodist Loan Fund investments grew overall, including new Individual Fund accounts of $3.6 million. Methodist Loan Fund investments support the Foundation’s loan program which currently funds 446 loans to United Methodist churches and agencies. Our loan balance ended 2010 at $295.3 million.
• The TMF Institute for Clergy and Congregational Excellence ministry supported 87 pastors from the Texas annual conferences participating in 10 Clergy Development Groups. The Institute also welcomed 43 District Superintendents from around the state and across the South Central Jurisdiction, and the 11 active Bishops serving in the South Central Jurisdiction who were involved in group processes. Senior pastors and laity from five congregations also participated in a two Holy Conversations Communities of Learning, focusing on spiritually-based strategic planning. And more than 60 judicatory leaders, pastors and laity also attended special gatherings of entrepreneurial leaders hosted by the Institute.
• During 2010, the Foundation funded grants in excess of $620,000 including several from donor-advised funds. These grants benefited a variety of programs managed by local churches, community outreach centers, and conference ministries. The Foundation’s Grants Ministry continues to give priority to programs that address the root causes of poverty as it affects children.
• The Foundation distributed approximately $820,000 from permanent endowments, predominantly to United Methodist causes in Texas.
• Our Stewardship staff consulted on 20 capital campaigns and Miracle Sundays, resulting in pledges totaling more than $13.6 million to support the missions of United Methodist congregations across the state. They made more than 398 consultation visits to churches offering counsel and guidance in areas of specific need related to funding
ministry. Stewardship staff also conducted 12 annual and year-round stewardship workshops in local churches and 21 district and conference level workshops.

- Charitable Services staff guided leaders of more than 100 churches in initiating or revitalizing Permanent Endowment Fund programs. Staff also organized and facilitated peer group gatherings of congregational leaders from a number of churches. These groups exchange ideas and learn best practices for growing endowments to provide resources for future ministry. A number of planned giving workshops designed to promote bequests and legacy giving were conducted in congregations across the state. Staff also worked with individuals in establishing donor-advised funds which enable donors to receive an immediate tax deduction for irrevocable gifts and provide additional means of accomplishing their charitable objectives over an extended time.

A listing of Texas Methodist Foundation Board of Directors from the Central Texas Conference area will be presented during the Annual Conference meeting May 29 – June 1, 2011 in Houston.

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**Wesley Community Center**

Mr. Michael Shirl, Executive Director

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**Building Hope for 107 Years**

Through the leadership of our board chair, Roberta Todd, and a committed Board of Directors, Wesley Community Center served 17,951 people at least one time in 2010. This is an increase of 3,381 or more than 18%. In difficult economic times we served more persons with fewer dollars through greater efficiencies and creative partnerships. 85 cents of every dollar we received went to our clients. Through your risk-taking partnership in mission with us, extravagant generosity with volunteers and financial resources, and fervent prayer through the ministries of United Methodist Women, youth groups, and countless United Methodist laypersons, we are having a lasting impact in reshaping the futures of God’s people.

**Changing Lives**

In 2010 366 children received care and education through your Early Childhood Education Program including two HISD accredited pre-kindergarten classes. These classes were certified by the University of Texas as a “School Ready Program” with “graduates” the previous year excelling in their kindergarten experience. Two staff members, Rosa Vance and Sandra McBride were recognized by the program for classroom and management excellence. This program continues to enlarge their experience and prepare them for the larger school system that they will face.

In 2010 669 middle and high school youth participated in your gang prevention, community involvement, and academic enhancement programs. These youth improved grades, developed social decision making skills, and worked in the agency to improve their own neighborhood.

In 2010 1,238 senior adults participated in your congregate meal and outreach programs. They socialized, learned how to use computers, exercised, shared meals, and prayed together every Monday through Friday. They broke through language barriers, cultural barriers, ethnic barriers, and shared their wisdom with the children and youth in our center. They worked in the food co-op and participated in our comprehensive energy assistance program.

In 2010 we provided food and food vouchers to over 16,000 individuals through your ministry at the Reba Veal Henderson Food Co-op. In each and every case you quite literally enabled a hungry person to be filled and increase the opportunity for them to really hear and believe in the Grace of God.
In 2010 we provided financial coaching and employment assistance to 337 people through our Financial Opportunity Center: a program of bundled services that provides assistance in developing budgets, repairing credit, tax return preparation, and employment assistance to all enrolled participants.

**Risk-Taking Mission**

In 2010 41 United Methodist congregations and associated organizations stepped out of their comfort zone and volunteered over 900 hours in service through varied activities including reading to children; improving landscape; providing Vacation Bible Schools; remodeling of various rooms; painting projects; and tutoring youth.

**Extravagant Generosity**

In 2010 we received $127,459 from entities related to the United Methodist Church including numerous congregations, UMW groups, Sunday School classes, The Women’s Division, and others. We continued to receive funds toward the Kurtz Education and Recreation Center and construction has now begun. We will complete this long awaited project by the end of 2011 and your gift to hope to this neighborhood will begin to be used.
Greetings from Boston University School of Theology, one of your United Methodist partners in mission! We thank you for your prayerful support of us through the past year, and will share some new developments in our School.

News flashes from the School!

- **New Faculty:** We welcomed three new faculty this year and they are already contributing mightily to the life of STH. Dr. Walter Fluker is the Martin Luther King, Jr. Professor of Ethical Leadership. He teaches exciting courses, consults with international organizations on ethical leadership, and leads the Howard Thurman Papers Project, now based at STH. Dr. Christopher Evans is Professor of the History of Christianity and Methodist Studies. He brings expertise in American Christianity and the history and theology of Wesleyan traditions. Besides, he is a great teacher. Dr. Courtney Goto is Assistant Professor of Religious Education, reviving the STH program in educational ministry with her distinctive interest in teaching and the arts. She has recently studied the artful ministry of her Japanese-American UMC congregation, especially its sanctuary art, worship, and Japanese garden.

- **New Curriculum:** The new curriculum – “Faith Engaging the World” – has arrived, and we are discovering the potential of this curriculum to prepare spiritually-centered, prophetic, intelligent, practical religious leaders who can contribute to renewing and transforming the church and the world. Not only are M.Div. and M.T.S. students benefitting from the new curriculum, but we have also launched our new one-year Master of Sacred Theology program for military chaplains, responding to their increasing needs to address issues of ethics, trauma, and conflict transformation.

- **Church Connections:** United Methodist Women will read two books authored or co-authored by our faculty in the UMW Mission Studies this summer: Dana Robert’s *Joy to the World!: Mission in the Age of Global Christianity* and Stephanie Hixon and Tom Porter’s *The Journey: Forgiveness, Restorative Justice and Reconciliation*. In addition, Bryan Stone and his students continue to initiate and support new church starts; several of our faculty and students have spoken or consulted with church boards and agencies; and our graduates are giving strong leadership in their home churches and conferences.

- **Global Connections:** Travel seminars have studied this year in Ephesus (modern Turkey) and Russia, and the School has collaborated with people in Korea, China, South Africa, Norway, and Australia. Dr. Thomas Thangaraj has been Visiting Professor in Global Christianity and Mission, teaching courses in Images of Christ and Christian Encounters with Hinduism. Professor Dana Robert, Truman Collins Professor of World Christianity and Mission, delivered the opening keynote address in the 100th anniversary of the Edinburgh World Missionary Conference and in the opening convocation of the 2010 Boston Conference: The Changing Contours of World Mission and Christianity. The Reverend Canon Ted Karpf, recently of the World Health Organization, has joined our team as Director of Development. He is already building new global connections that will
challenge and stretch us!

- **Contextual Engagement:** The School received a grant of $200,000 to support its LINC program – Learning in a Nexus of Communities. We continue to build partnerships with local churches and service agencies, as we contextualize theological education at STH. We are grateful to the Arthur Vining Davis Foundations for supporting these efforts.

- **Community Building:** Community life is buzzing with dynamic weekly worship, followed by a community meal, and with daily morning prayer. We have expanded our efforts to strengthen community and spiritual life with the addition of a Spiritual Life Coordinator, the Reverend Robin Olson, and the addition of a Coordinator of Communications and International Student Life, Philippa Mpunzwana.

- **Sustainability Charge:** We have charged ourselves to build toward greater sustainability, having implemented energy conserving practices, designed a green community center for our basement, and launched an intentional living community for some of our students in the “Green House.”

**Still to Come!**

- **New faculty searches:** We are presently searching for faculty in preaching, pastoral theology, and history of Christianity.

- **People’s History:** The STH People’s History Project continues, and we have had some wonderful oral history interviews with alums this year. Contact the Alumni Office if you are interested in sharing your story with us: (617) 353-2349.

- **Lifelong Learning:** Our work in lifelong learning has just begun, but we have begun collaborations with churches and other educational institutions to respond to the needs of local churches, clergy, and lay leaders. We welcome your ideas.

- **Alumni Networking:** We are decentralizing alumni activity to conferences and regions in order to facilitate the exchange of ideas, knowledge and collaborations. Jaclyn Jones is the point of contact for these efforts to stimulate the connection between alumni and Boston University School of Theology. Jaclyn is reached at sthalum@bu.edu.

We are abundantly grateful for our BU graduates and friends in your conference, and also for our church partners throughout the United Methodist connection. We continue to pray for you and we welcome your prayers for us. We are in this ministry together!

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**Candler School of Theology**

**Dr. Jan Love, Dean & Professor of Christianity & World Politics**

**Candler School of Theology** prepares real people to make a real difference in the real world. Our distinctive commitment to authentic discipleship and relevant ministry enables us to develop uniquely well-rounded leaders who are challenged academically, encouraged spiritually, and immersed in Christian service from the first day they arrive on campus.

As one of the 13 official seminaries of The United Methodist Church, Candler is grounded in the Christian faith and shaped by the Wesleyan tradition of evangelical piety, ecumenical openness, and social concern. As one of seven graduate professional schools of Emory University, Candler provides a rich context for learning and formation supported by the extensive resources of a top-tier research university. As a school located in the major metropolitan area of Atlanta, Georgia, Candler offers students a learning laboratory that reflects the highly diverse communities of our 21st century world. There is no better place for ministry preparation that addresses our major denominational priorities: developing leaders, starting and growing churches, ministry with
the poor, and improving global health.

Candler’s student body continues to reflect the diversity and breadth of the Christian faithful. Our enrollment stands at 469, with 358 seeking the Master of Divinity, 67 the Master of Theological Studies, 16 the Master of Theology, 14 the Doctor of Theology, and 14 enrolled as Special, Non-Degree students. The total student population is 25% US ethnic minority, 9% international, and 52% women. Forty-six denominations are represented, with 52% of MDiv students being United Methodist. The median age of our entering class of MDiv students is 26, with 57% of total enrollment under thirty.

To ensure that our students are prepared for leadership in an increasingly global context, Candler continues its emphasis on internationalizing the curriculum. This fall, Rev. Dr. Beauty Maenzanise, dean of the theology faculty at Africa University in Zimbabwe, joined us as the 2010-11 McDonald Chair in the Study of Jesus and Culture, and the Rev. Dr. Margot Kaessmann, former head of the 14 million-member Protestant church in Germany, joined us for a semester as visiting Theologian-in-Residence. This year, Candler has academic exchange partnerships with theology schools across five continents and nine countries, including many related to The United Methodist Church. In addition to our ongoing summer internship program with the Methodist Church in the Bahamas, Candler once again partnered with International Relief and Development, Inc., to send eight student interns as far as Cambodia and as near as Gulfport, Miss., to address a broad range of issues, including democracy and governance, HIV/AIDS, child poverty and mortality, and community development. Travel seminars in 2010-2011 include the Middle East Travel Seminar in May-June and World Methodist Evangelism Institute evangelism seminars to the Philippines, India, and Colombia.

A hallmark of the Candler MDiv experience, the two-year Contextual Education program shapes our students’ pastoral identities by interweaving service at ministry sites and churches with academic analysis in the classroom and spiritual reflection in pastor-led small groups. In any given week, Candler deploys more than 250 ConEd students throughout the region to minister to people in congregations, hospitals, and social service agencies. This year, we will expand Candler Advantage, a program designed to pay rising third-year MDiv students for summer internships in congregations so they can concentrate fully on honing their pastoral skills beyond the first two years of ConEd.

Candler’s Lifelong Learning events strengthen the church by providing opportunities for clergy and lay leaders to learn more about the practice of ministry. Fall Conference 2010 focused on conflict transformation; the spring event featured poet, author, and funeral director Tom Lynch along with Candler’s own Tom Long, addressing “The Good Funeral.” The 2011 Fall Conference highlights “The Art of Preaching in the 21st Century,” with a chance to learn from some of the most respected names in preaching.

In addition to our Lifelong Learning events, Candler oversees the educational process of more than 900 people each year through the Course of Study regional school and our five extension schools in the Southeast.

Despite today’s challenging economic climate, Candler remains committed to making theological education financially possible for our students. Although our operating budget essentially remained flat this year, we increased our total financial aid investment to over $5 million. Eighty-three percent of eligible students received Candler-based financial aid, with the average award covering 76 percent of tuition. In March, we hosted our third annual Leadership Candler event, an all-expenses-paid discernment experience that draws together top prospective MDiv students to explore the richness of life and study at Candler as they are considered for 30 top scholarships. In addition, Candler won a grant from the Carpenter Foundation to offer financial management training to our students. The grant also sponsored the public lecture series, “Simple Enough?” to explore the relationship between financial and spiritual well-being. Featured speakers were popu-
lar United Methodist pastors and authors Adam Hamilton and Paul Escamilla.

Our esteemed faculty continues to distinguish itself at the highest levels. Dr. Luke Johnson won the prestigious Gravemeyer award in religion, Dr. Carol Newsom received a Luce grant from the Association of Theological Schools, and Dr. Jacob Wright received a medal of honor from the Collège de France in Paris. In addition to their achievements in scholarship and teaching, faculty members continually demonstrate their dedication to the church through preaching and teaching engagements and service in parishes both local and across the country and world.

We celebrate the outstanding achievements of two of our United Methodist faculty as they retire this year: Dr. Russ Richey and Dr. Brooks Holifield. Both are highly regarded for their extraordinary work in their areas of expertise—the history of Methodism and American Christianity, respectively—and for their service to our denomination, both at the local and national levels.

Candler draws considerable vitality and inspiration from its relationship with The United Methodist Church. Our ability to fulfill our mission of educating faithful and creative leaders for the church’s ministries in the world depends upon your support, gifts, and prayers. Thank you for the countless ways you strengthen this essential ministry in the life of our denomination. We invite you to visit us in person in Atlanta or online at www.candler.emory.edu to see firsthand how Candler prepares real people to make a real difference in the real world.

My predecessor, Dean Maxine Beach, has said to me that Drew University Theological School is “a special place” on more than one occasion. Since coming to Drew, I have begun to see how right she is. It is a welcoming, hospitable, and caring community. We do not pretend to be a perfect community but we strive hard to welcome all who come through our doors and care for the shalom, the well-being, of each individual and as well as the Common Good.

Drew is “a special place” because of the many ways we seek to equip and empower leaders for Christian ministry through the numerous programs we offer:

- Continuing Education opportunities for pastors and lay people;
- Internships through Communities of Shalom in Shalom zones world wide
- Partnership for Religious Education in Prisons program in a local men’s prison and women’s prison, where Drew students and inmates study and learn together;
- Certification in Spiritual Formation and Camp and Retreat;
- Cross-Cultural Courses in India, Turkey, El Salvador, Mexico, Taize, and Ghana;
- United Methodist Liaison and Deacon Liaison to assist students in their discernment.

In my first weeks, I have begun to visit churches and alumni in the vicinity. I believe very strongly that we can only do theological education with communities, both communities of faith and other kinds of communities that our alumni serve. In many ways, we owe a debt to our churches and other agencies that work with us to train and form our students for leadership.

We take pride in having a faculty that is perhaps one of the most diverse in theological education with an almost equal number of women and men. Our student body is equally diverse. We take seriously our United Methodist identity. Drew is well positioned to be a leading progressive United Methodist seminary. I welcome ongoing dialogue as we work together to shape a vision in equipping the saints for ministry. Together we can make Christian disciples that transform the world.
Huston-Tillotson University helps the Texas Annual Conference achieve its mission and vision through our own mission to provide the University’s diverse student body with an exemplary education that is grounded in the liberal arts and sciences, balanced with professional development, and directed to public service and leadership.

The University prepares students with the integrity and civility to thrive in a diverse society, fosters spiritual development, preserves and promotes interest in the accomplishments and experiences of the University’s historic constituents and evolving populations, and creates and sustains supportive relationships that advance the Huston-Tillotson University community. We achieve our mission through the diversity of our student body, the global perspective of our educational programs, and the defined opportunities for spiritual growth and civic engagement.

UNIVERSITY PROFILE

Enrollment

Huston-Tillotson University reached a twenty-eight year enrollment high with 901 students enrolling in the fall of 2010. Segmentation of our student population by gender reveals an important factor regarding male enrollment. Our overall student population was balanced in terms of gender and consisted of 446 males (50%) and 455 females (50%); this is significant because many universities report decreases in male student enrollment, while our student population remains relatively balanced. The number of first-time, first year freshmen students mirrors the gender breakdown of the larger student population. The first-year, first-time freshmen population consisted of 135 males (50%) and 135 females (50%).

The racial/ethnic composition of our student population is as follows: Hispanic – 19%; White, non-Hispanic – 6%; Multiracial – <1%; Nonresident Alien – 3%; Unreported – 1%; and Black, non-Hispanic – 72%.

Faculty

In the fall of 2010, the University employed 47 full-time faculty members. The race/ethnic composition of the faculty is as follows: Hispanic – 11%; White, non-Hispanic – 43%; American Indian– 2%; Asian/Pacific Islander – 4%; Black, non-Hispanic – 40%. Thirty-three members of our faculty (70%) have the terminal degree in their teaching field.

PRESIDENTIAL AND INSTITUTIONAL ADVANCEMENT ACTIVITIES

The number of incoming freshmen male students continues to climb. Yet, the six-year graduation rate of for females continues to exceed that of their male counterparts. In response, the HT President’s Male Initiative on Learning and Excellence (President’s MILE), founded during the fall 2008 semester, provides a means of ensuring student success in college as well as persistence to graduation. The President’s MILE seeks to create a unique set of deliberate learning experiences that motivate academic and personal success, emphasizing learning experiences that focus on addressing greater awareness of students’ academic talents, strengths, and aspirations. During the fall 2010 semester, the President’s MILE program was renamed the President’s Male Achievement and Persistence (MAP) program to more succinctly capture the aims of the programs.
HT’s President and CEO Larry L. Earvin, Ph.D. was honored with the Core Values Award for Perseverance presented by Atlantic Trust during the spring 2011 semester. The award recognizes Austin citizens who embody the nine core values taught by First Tee. First Tee of greater Austin is a non-profit mentoring program committed to enriching the lives of young people through the game of golf.

HT’s Pre-Alumni Council won the UNCF 2011 National Pre-Alumni Barbara Marshall Council of the Year award during the 65th National Alumni Council/53rd National Pre-Alumni Council Leadership Conference in Birmingham, Alabama during the spring 2011 semester. The National Alumni Council is a sponsored organization of the United Negro College Fund (UNCF). HT’s Pre-Alumni Council, with more than 40 student members, fosters school pride and loyalty while managing fund-raising campaigns that promote life-long giving in support of their alma mater.

The Office of Institutional Advancement continues to be active with grant development activity in order to meet campus needs. One of the University’s major initiatives, the 8th Annual President’s MASKED Scholarship Gala, is scheduled for March 5, 2011.

Additionally, HT celebrated its 135th Year Anniversary during October 2010. A four-day celebration with a focus on health and wellness dominated the HT landscape during the 135th anniversary of Austin’s oldest institution of higher education. Activist and author Susan L. Taylor served as the inspirational guest speaker during the Charter Day Convocation on October 22, 2010. In addition to the annual Charter Day Convocation, the celebration included a health and wellness symposium, a site location ceremony for the new HT health and wellness center, Center for Religious Life donor remembrance, programs at First United Methodist Church and Wesley United Methodist Church, and historical exhibits at the Downs-Jones Library and the George Washington Carver Museum and Cultural Center.

ACADEMIC PROGRAM HIGHLIGHTS

College of Arts and Sciences (CAS)

Student Development

The College of Arts and Sciences continues to strengthen the academic preparation of its students through the creation of new outlets for scholarly, creative endeavors. HT’s new literary journal, 900 Chicon, launched last year, publishes high quality literary works of HT students that includes poems, fiction, creative non-fiction, images, and video. The journal is guided by Mike Hart, Assistant Professor of English in the Department of Humanities and Fine Arts.

The CAS also continues the academic and leadership preparation of its students through the continued support of established student organizations, which include the Pi Gamma Mu Honor Society, Sociology Association, Psychology Club, and HIV Peer Educators. The organizations continue to receive advisement and support from faculty members in the Department of Social and Behavioral Sciences.

In response to a need to enhance students’ mathematical skills development, The ACADEMY, which was established to provide intensive and active instruction to students in foundational math courses, continues to achieve its mission. ACADEMY is an acronym for Achievement in College Algebra During the Matriculation Year, and the goal of The ACADEMY is to equip students with the conceptual understanding and computational proficiency for success in the foundational mathematics courses, specifically MATH0330- Introduction to Algebra and MATH1314- College Algebra. The ACADEMY is housed in the Department of Natural Sciences and Mathematics.

During the spring 2010 semester, the Alternative Teacher Certification Program (ATCP) recognized twenty-seven new teachers at the second annual Certification Celebration held April 22, 2010. The new teachers earned certification in fifteen different fields including elementary education, special education, high school and middle school English, social studies, science, and math,
music, physical education, and bilingual education. The ATCP program prepares individuals who have already earned at least a bachelor’s degree to become teachers through a rigorous course of study accredited by the State Board of Educator Certification. The ATCP program is housed within the Department of Educator Preparation.

Student Research Initiatives
Departments in the College of Arts and Sciences are continuing to focus on activities that aid student learning through inquiry, discovery, and publishing. As an outcome, students presented their research, via poster and platform presentations, during the Fifth Annual Research Day Symposium, which was held on April 22, 2010. The event was sponsored by the College of Arts and Sciences and the School of Business and Technology. Plans for the 3rd edition of the HT Research Journal, which will contain works presented by students at during the Research Day Symposium, are already underway. Additionally, plans are currently on track for the Sixth Annual Research Day Symposium.

Students at HT and U.T. at Austin are continuing the joint Tree of Life project which is research designed to identify species’ relationships using DNA technology. Additionally, HT students are continually encouraged to pursue Foreign Service careers in the US Department of State, US AID, Peace Corps and through other agencies.

Community Involvement
The Austin Pre-Freshmen Engineering Program (AusPREP) experienced tremendous success during this past summer when 101 local middle and high school students enrolled in the summer program. The students received instruction in math and science, participated in hands-on scientific exercises in rocketry and robotics, and made field trips to the Johnson Space Center and various scientific sites. The program also included career awareness lectures focusing on career opportunities in science and engineering.

Using grant funds from the United States Department of Education for Math and Science Initiatives, HT continues its Saturday STEM (Science, Technology, Engineering, and Math) Academy. This program currently enrolls Austin area high school students in forensic science and math instruction as well as provides opportunities to engage in discussions about science degree programs at HT and opportunities for joint degrees in engineering.

Faculty Development
HT faculty members continue to be actively involved in faculty development programs. In June 2010, eight faculty members attended the New York University Faculty Development summer workshops, which provided attendees the opportunity to participate in intensive week-long seminars with colleagues from institutions across the county. HT faculty members participated in seminars focused on a wide range of topics; including geopolitics, service learning, civic education, and the philosophy of forgiveness, just to name a few.

Three faculty members participated in the winter 2010 NYU faculty development seminar. Faculty members also continue to make significant strides in grant writing.

Selected Faculty Research
HT History professor, Dr. Alaine Hutson, received a Henry C. McBay Research Fellowship in the amount of $12,000 to support her original research, “Is there an African Diaspora in the Middle East?” This highly competitive fellowship program, managed by the UNCF, was awarded to Dr. Hutson during the summer of 2010.

HT History professor, Dr. Janice Sumler-Edmond, continued the book signing and promotion of the her newly released fascinating and intriguing biography entitled “The Secret Trust of Aspasia
School of Business and Technology (SBT)

Student Development

The School of Business and Technology (SBT) continues to encourage its students to pursue graduate and professional studies in order to experience the myriad benefits of increased educational attainment. Last year, six SBT graduates completed requirements for their Master’s degrees. These students join several other SBT graduates who have successfully completed graduate study since 2005.

Students also have the opportunity to participate in the Study Abroad Program. The SBT offers a short-term summer study abroad program in the Dominican Republic. During the summer of 2010, fifteen students participated in the program, earned up to six credit hours, and participated in a host of academic and extra-curricular activities.

Fulbright Scholar

HT was awarded a Fulbright Scholar for the academic year 2010-2011. Dr. K’Aol, from Kenya, will assist the Department of Business Administration with writing grant proposals and teaching two courses during the spring 2011 semester. Dr. K’Aol earned his Ph.D. in Entrepreneurship. In addition to his teaching duties, Dr. K’Aol will serve as a representative of HT at international events and activities in the local community.

Engaging Students

HT Computer Science professor, Dr. Hershall J. Shelley, facilitated the Extensible Undergraduate Research in Communications Applications (EURECA) program for interested students to gain exposure to mechanical, electrical, and computer engineering.

Student Services

Religious Life and Campus Ministry

The Office of Religious Life and Campus Ministry continues to actively assist the Student Affairs Unit to meet its mission by continuing to provide an ecumenical ministry that acknowledges the spiritual needs of all students at the University. University Chapel Hour, held each Thursday, continues to include speakers who are clergy members from diverse backgrounds. HT students also participate in a number of spiritual development programming, which includes spiritual retreats, weekly Sister Connection (Women’s Bible Study) and weekly Brothers of Fellowship (Men’s Bible Study) meetings.

The Office of Religious Life and Campus Ministry continues to enjoy their new facility, which is across the street from the main campus entry. The new and improved location provides increased space for student development and additional meeting space for weekly programmatic initiatives. The welcome reception for the fall 2010 cohort of incoming W.E.B. DuBois Scholars was held in the new center and Reverend Donald Brewington, University Chaplain, served as host for the event.

Additionally, the Office of Religious Life and Campus Ministry hosted the 4th Annual Bishop Ernest T. Dixon Lecture on January 27th, 2011, which also launched HT’s Black History Month celebrations. The speaker for the 4th Bishop Ernest T. Dixon Lecturer was Rev. Dr. Rodney T. Smothers from Oxon Hill, Maryland. Rev. Dr. Smothers is currently Pastor of the St. Paul United Methodist Church in Oxon Hill, Maryland and a Path 1 Mentor Coach for New Church Development for the General Board of Discipleship of The United Methodist Church. He has served as Adjunct Professor at The Interdenominational Theological Center in Atlanta, Georgia and as Adjunct Lecturer at Howard University School of Divinity in Washington, D.C.
AVID at HT

HT joins the Texas Higher Education Coordinating Board and Texas Association of Developing Colleges as a pilot institution for the AVID Post-Secondary Initiative. Introduced in 1986 for secondary education California, AVID (Advancement Via Individual Determination) is a pedagogy designed to improve the quality of teaching and learning for “middle” students through the use of active learning strategies and a focus on writing, instruction, collaboration in the classroom, student organization skills, and academic rigor (WICOR). Identified by the institution, “middle” students are generally those who have the basic academic ability to succeed, but who are in need of additional support to overcome low expectations educational barriers. AVID’s WICOR strategies are designed to teach critical thinking, writing and public speaking skills, logic, debate, and organization in an academically rigorous environment. The AVID first-year seminar, open to all incoming freshmen, will launch during the upcoming fall 2011 semester.

Counseling and Consultation Center (CCC)

The Counseling and Consultation Center continues to help the Student Affairs Unit meet its mission by helping students with their personal concerns so that they can meet the daily challenges of student life. Staffed by an experienced psychotherapist, the center is open daily for students in need of assistance. Students are encouraged to make an appointment, but walk-ins are welcome when there is availability. Greater awareness of the benefits of counseling has been promoted through focused programming. Moreover, HT’s ability to respond to distressed students has improved via the Behavioral Intervention Plan and Team, led by the Director of the Counseling and Consultation Center.

The Office of Disability Services, housed within the CCC, continues to provide needed supportive services for HT students with disabilities. The center is staffed by an experienced, full-time Disabilities Services Coordinator.

Career and Graduate Development Center (C&GDC)

The Career and Graduate Development Center continues to develop and update services and resources available to HT students, alumni and employers. The C&GDC Fall 2010 Career Expo was held in September of 2010. To assist students with the HT mission of preparing students for success, upwards of 40 employers attended for the fourth year in a row and presented to students information related to whom they are, what they do, and why HT students should consider present and future part-time, internship, and full-time employment with these organizations in the future.

The C&GDC Fall 2010 Graduate and Professional School Fair, held October 2010, allowed students to explore information, scholarships, and fellowships related to attending graduate and professional schools upon matriculation from HT. Over twenty-two colleges, universities and professional schools attended.

The C&GDC collaborated with the Office of Disability Services to host a Disability Awareness Fair attended by 17 agencies and organizations with the primary goal of allowing students to learn more about the difficulties facing students living with and attending school with disabilities.

Student Health Services

The HT Health Connection e-health community empowerment program continues to collaborate with other community based organizations to empower our campus and underserved populations in our community with health information from the National Library of Medicine. The program objective is to provide participants with the basic background knowledge and information about racial disparities in health and health care. Participants are trained to conduct informational
online health access: HIV/AIDS, Heart Disease, Cancer, Mental Health and Diabetes. Informed consumers will benefit by having a better quality of life.

Athletics

Huston-Tillotson University Athletics continues to meet its mission by providing opportunities for competition in intercollegiate athletics while ensuring an atmosphere that emphasizes academic and athletic excellence. We continually strive to ensure that all of our student-athletes are “Champions of Character” and model the values of Respect, Responsibility, Integrity, Sportsmanship, and Servant Leadership. The Athletic Department is committed to the principle that participation in athletics is integral to the total educational process, as well as to the personal growth of each student-athlete. HT is a member of the NAIA (National Association of Intercollegiate Athletics) and the Red River Athletic Conference (RRAC).

The Department of Intercollegiate Athletics is composed of 12 intercollegiate sports (men’s and women’s indoor and outdoor track, men’s cross-country, women’s volleyball, softball, baseball, men’s and women’s basketball, and men’s and women’s soccer) Intercollegiate Athletics currently serves 253 student-athletes, approximately 28% of the student body. HT student athletes continue to excel both inside and outside of the classroom. During the fall 2010 semester, the cumulative GPA of student athletes was 2.43.

Huston-Tillotson University is proud of its United Methodist heritage and affiliation and continually strives to provide a wholesome and open learning environment that encourages recognition of individual worth and merit. Learn More.

Lon Morris College - Jacksonville, Texas
Dr. Miles L. McCall, President

History

Lon Morris College is a school with a proud tradition. Affiliated with and supported by the Texas Annual Conference of The United Methodist Church, Lon Morris College seeks to provide leadership for the church and society. Founded in 1854 as the New Danville Masonic Female Academy near Kilgore, Texas, Lon Morris College is the oldest existing two-year college in Texas. In 1873, the college moved to Kilgore and became the property of the Kilgore Methodist Church. The college was renamed the Alexander Institute in honor of its president Isaac Alexander, an outstanding early Texas educator. The Texas Annual Conference acquired Alexander Institute in 1875. Chartered on January 15, 1887, it moved to Jacksonville in 1894 and to the present location in 1909. After R.A. (Lon) Morris of Pittsburg, Texas, endowed the school, and with approval of the Texas Annual Conference, the name was changed once more, in 1924, to Lon Morris College.

Lon Morris College chartered the first Texas chapter of Phi Theta Kappa, national scholastic honor society for two-year colleges, on January 18, 1929. The only two-year Methodist College west of the Mississippi River, Lon Morris College also has the distinction of having held membership in the Southern Association of Colleges and Schools longer than any other two-year college in the state. It is also the only surviving pre-Civil War school in East Texas.

Philosophy

Lon Morris College will offer, in a Christian environment, the first two years of a quality liberal arts education. Lon Morris College will be a servant of the church in an era in which secular values dominate world culture. We will provide an environment for growing numbers of students who seek a distinctive kind of educational experience in a small setting that is Christ-centered.
We are committed to academic excellence in the pursuit of knowledge and truth within a value-based environment. We believe that every academic problem, every choice in life, every response to the issues of the world is approached from a different perspective if it is sought through faith in Christ. This integration of faith and life will intentionally be a part of campus activities.

Our commitment is to adhere to Christ-centered behavioral expectations, which will be an integral ingredient in our holistic approach to education. In its totality, this will provide a learning environment which is truly distinctive.

Lon Morris College will be a place where students can come to experience intellectual growth and also share in a Christian community.

Mission Statement

Embracing the teachings of Christ as its foundation, Lon Morris College nurtures academic, social and spiritual growth through an engaging liberal arts curriculum and a vibrant campus life.

Student Learning Statement

Student learning at Lon Morris College is the acquisition, synthesis, and application of knowledge, skills, and values emphasized by the institution. Lon Morris College provides a R.I.C.H. experience for every student: Respect for self, others, and the environment; Integrity and enthusiasm in the pursuit of academic excellence; Citizenship and responsibility in the effort to better society; and Honesty in all endeavors.

Enrollment

Lon Morris College values a diverse student body. With students from 82 counties in Texas, 13 states, and 18 countries, students are given the opportunity to live and learn in an environment that cultivates leadership with a global perspective. The College marks its official enrollment on the twelfth class day of the semester. When the reports were run and the computers stopped spinning, the number was 1,070! Another record! The 1,070 tops last fall’s record 818 by some 252 students! The goal for this fall was 1,000 students. Goal reached!

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Scholarships for United Methodist Students

Every bishop in the United Methodist Church is offered one Bishop’s Award to extend to a student from their conference. The maximum award is $20,000. Pastors from the annual conferences represented by the Texas United Methodist Colleges Association are able to offer a student from their church an award in the amount of $5,000. Dependents of United Methodist ministers in the Texas Annual Conference are eligible to receive the United Methodist Dependent’s Award in the amount of $6,000. All scholarship amounts are applied over the course of four long semesters.

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Operating Budget

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<td>$7,062,172</td>
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United Methodist Support

The support Lon Morris receives from United Methodist Churches is essential for the College to be able to offer scholarships to future students. Special offerings in the local church have provided much of the funding for scholarships, special projects, and departmental support. The chart below details the support the College has received from the Texas Annual Conference, the Texas United Methodist College Association (TUMCA), and self-funded through its own operating budget.

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Recognition and Memberships

The College is approved, recognized, and/or accredited by the Commission on Colleges of the Southern Association of Colleges and Schools, the University Senate of the United Methodist Church, the Texas Higher Education Coordinating Board, and the Texas Education Agency. The College also holds memberships in the Commission on Colleges of the Southern Association of Colleges and Schools, the Texas United Methodist College Association, the Independent Colleges and Universities of Texas, the National Association of Independent Colleges and Universities, the National Association of Schools and Colleges of the United Methodist Church, and the American Association of Community and Junior Colleges.

Highlights from 2010-2011

**Academic and Program Development**

The Hospitality Administration program has experienced a banner year as a new program offered by Lon Morris College. The year began with the signing of an articulation agreement between Lon Morris College and Stephen F. Austin State University (SFASU) which will enable students participating in the program to transfer core courses to SFASU. From hosting Chef Jackson York (Texas’ Chef of the Year), to winning 1st place at Central High School’s East Texas Culinary Show Down, to teaming up with students from Jacksonville High School to make a film about
Jacksonville, these students are receiving quality instruction focused on teaching the latest trends in the industry.

With a long standing reputation for Fine Art education, Lon Morris has continued to offer a fine arts curriculum that is competitive and unique. The College celebrated the beginning of the Friends of the Arts with an afternoon of dinner theatre. Patrons enjoyed lunch at Sadler’s at the Landmark and then were bused to campus for the final performance of Hairspray! The Musical. The production was outstanding and presented to a full house at the Zula Pearson Theatre. The Smith-Turner Art Gallery has hosted two art shows this year. The fall art show featured the work of Carol Holt, a Jacksonville artist known for her work in private and corporate collections throughout the United States and Canada. The spring art show featured the work of alumnus David Brady ’80. Brady’s work included pottery and paintings on canvas often influenced by his extensive travels. In November, the MasterSingers, the College’s premier singers, joined with the Chancel Choir of First Presbyterian Church of Henderson to present John Rutter’s Requiem. The MasterSingers continue to represent the College in the churches of the Texas Annual Conference by singing in worship services almost every Sunday morning.

The School of Church Careers welcomed 32 students this year into the journey of exploring ministry as a vocation. Students in Church Careers receive hands-on experience as they are the key leaders for Spiritual Life on campus. Each week, these students have planned and implemented multiple worship services, led small groups, and participated in numerous mission and service activities. Some of the students in this program will remain on campus throughout the summer preparing for the upcoming semester; however, many of these students will be interning at churches throughout the Texas, North Texas, and Central Texas Annual Conferences.

Two faculty, Amanda Chesshir, Assistant Professor of Speech and Quality Enhancement Program (QEP) Director, and Michelle Zenor, Associate Professor of Language Arts and Assistant Department Chair of English, made a presentation at the 115th Annual Meeting of the Commission on Colleges of the Southern Association of Colleges and Schools. The title of the presentation was “Frightening or Fairytale?: A QEP Journey from Implementation to Working toward the QEP Impact Report.” A group of over 75 (standing room only) educators gathered to hear their presentation.

Athletic Development

Eleven young ladies from various Texas high schools, one from the Dominican republic and one from Chicago have come together to represent LMC once again on the volleyball court. The team will have one sophomore and ten freshmen and really is re-starting a dormant program from scratch. The Lady Bearcat netters competed in Region XIV against Panola, Navarro, Paris, Blinn, Trinity Valley and Tyler Junior College.

After a long, hot “fall” camp and a period of some 70 years, LMC played a football game…and won! The team did not wait long before creating a lot of excitement as they scored three touchdowns in the first four minutes of the game against the Wild Rams of Monterrey Tech (Mexico). The team completed the season with an impressive 7 – 2 record.

Members of the LMC Cross Country teams travelled to Spartanburg, South Carolina to participate in the NJCAA Cross Country Championships. Both squads have enjoyed national rankings in the top 20 throughout this season so expectations were high. The LMC Women came into the meet ranked 16th in the final regular season standings. The Lady Cats finished 18th which was some 14 spots higher than their 2009 finish. The men climbed nine spots from last year to finish 18th overall. Some 40 colleges compete in the national event.

Finally, this year marked the beginning of Track and Field for the College. With 65 athletes competing, the Men and Women’s Track and Field teams journeyed to Tyler in February to compete in a dual meet with the University of Texas at Tyler. It is not uncommon for these teams to have to
compete against four year colleges and universities; however it is common for the team to return to LMC having won the competition.

Mission and Service
Students, faculty, and staff at Lon Morris College are known for the ways they reach out to the community in mission and service. Service Learning, a program that develops leadership skills through serving others, leads the campus by example having volunteered over 2,100 hours this year. These students have been found in soup kitchens, local schools, area churches, participating in charitable community events, interacting with patients at the Rusk State Hospital, and leading campus events throughout the year. The Service Learning Fair marks the beginning of the year and involves over 20 agencies and schools. Lon Morris’ Rho Chapter of Phi Theta Kappa (the international honor society for two-year colleges) has held a clothing drive for Goodwill, started a Scrabble club for fourth graders at West Side Elementary School, and participated in numerous campus-wide service projects. In October, in celebration of reaching the College’s enrollment goal of 1,000, about 50 students, faculty, and staff, led a free car wash for the people of Jacksonville washing over 250 cars and trucks. Though advertised as a free car wash, people still wanted to make donations which were then given to Jacksonville’s HOPE (Helping Others Pursue Enrichment) organization. The LMC Lady Bearcats Basketball team also has a mind for service as they have volunteered at area elementary schools and hosted the 3rd Annual “Think Pink” basketball game raising money for the fight against breast cancer and supporting cancer research. Rotaract, a new student organization to LMC, is affiliated with Rotary International and is designed to promote leadership development, community and global awareness, and service among college students. In November, this group hosted their 2nd Annual Turkey Trot benefiting both HOPE and the Rotary Foundation. This student organization, along with many others on campus, have played a large role in promoting mission and service among Lon Morris students and within the community.

Campus and Student Development
Increased enrollment has provided the college the opportunity to readdress how students live and learn on campus. The latest addition to the LMC housing options was completed and made ready for students as of spring. The Lodge, located about a block north of Craven-Wilson Residence Hall, can accommodate 114 students. The rooms are designed for four students and have a private bath. Opening this new housing facility enabled the College to move all residential students back to campus no longer relying on local motels for rooms.

With all students now residing at 800 College Avenue, the beginning of the spring semester presented the need for those students who already completed orientation in fall to attend “reorientation.” The sessions were coordinated by Rev. Rhett Ansley, Dean of Students and Chaplain, and included topics such as: the expectations of those who live and learn at a private, liberal arts institution in the tradition of the United Methodist Church; changes in financial aid and scholarships; and, how to apply the student learning statement. Prior to the spring semester, the students were notified that LMC would be a smoke free campus beginning January 1, 2011. The reorientation sessions also served as an opportunity to make sure everyone understood this change.

Also in January, LMC outsourced care of its grounds, maintenance, and housekeeping services to National Management Resources. The company, out of Georgia, specializes in providing contracted, professional facilities management services to private institutions of higher education. The company has agreements with institutions in eight states and is responsible for the care of over 12 million square feet of college facilities.

The increased costs associated with the large enrollment increases of the past two years will result in a modest tuition increase of 8.3%, or $1,000 per year. In addition, a $500 Student Activity
Fee will also be added. Approved by the Board of Trustees in December 2010, we feel like these increases will better enable us to provide a quality, liberal arts education.

Looking Forward...We Will!

Upon joining a local congregation of the United Methodist Church, candidates for membership are asked, “As members of this congregation, will you faithfully participate in its ministries by your prayers, your presence, your gifts, your service, and your witness?” We are incredibly proud of our relationship with the Texas Annual Conference and are reminded of our own commitment to the ministries of the annual conference. As we move into a new Academic Year, we vow to remember the many churches and ministries of the annual conference in our prayers. With students from 92 United Methodist Churches, we feel engaged in the daily ministries of your churches and remember them in our prayers. We will be present. We will continue to strive toward making sure every graduating United Methodist senior is aware of their college in the Texas Annual Conference. We will share our gifts. With students preparing for ministry as a vocation, the MasterSingers, and other musical ensembles, we welcome the invitation to come and share our gifts with your congregation. We will commit ourselves to service. We will continue to represent your college and the Texas Annual Conference in the many ways we reach out to the community in risk-taking mission and service. We will be intentional about communicating the transforming love of Jesus Christ through our witness as we educate students in a way that encourages academic, spiritual, and social growth.

We hope you will join us as we reaffirm our understanding of what it means to partner with you in this ministry that we call Lon Morris College. We invite you to come visit us anytime and would be honored to have you join us for an athletic event, fine arts showcase, worship service, or you may wish to attend a class. Thank you, Texas Annual Conference, for the opportunity to make a difference in the lives of so many young men and women. We anticipate many great days ahead filled with new opportunities for transformative ministry!
As McMurry University enters 2011, the institution has embarked on three major initiatives which will bring numerous changes designed to provide its students with the best Christian-based higher education experience possible.

McMurry announced in December that the Board of Trustees had unanimously approved a plan to apply for NCAA's Division II classification. Rising to the top of the advantages in the decision is the positive impact it would have on the entire McMurry community.

Positioning McMurry in the highly-competitive education marketplace requires us to look at every opportunity to grow the quality and the size of the university. Our transition to NCAA Division II athletic competition will provide a more regional focus to the recruiting efforts of our entire student body and will take advantage of what we are learning from the early 2010 census indicators. This athletic transition fits within the framework of a number of governance and academic changes we are investigating to better position McMurry for its 2023 centennial.

The university joined the NCAA as a Division III member beginning with the 1996-97 school year, and McMurry has been a member of the American Southwest Conference since its inception. During the transitional period, McMurry intends and desires to be a competing member of both the ASC and the NCAA Division III until the guidelines for transition are met based on the NCAA's timeline and requirements for reclassification. The timeline for reclassification will be determined by the NCAA after McMurry receives approval to enter into the candidacy period. Once an institution is accepted into candidacy period, a span that could last up to two years, it would move to the provisional period. The provisional period would last one academic year and would require evaluation by the NCAA to become an active member of the NCAA Division II.

In October, McMurry University’s Shaping the Future capital campaign exceeded its goal with a grand total of $39,137,373. In all, 1,703 individual gifts were received, and 36 new endowed scholarships have been established. The campaign funded four goals — endowed scholarships for students, faculty support and enrichment, construction, and additional enhancement of two of the university’s primary academic programs, science and mathematics.

The crown jewel of the campaign will be the $8 million renovation of the iconic Old Main, the original building on campus. The building will be taken off-line in June 2011 for a complete renovation which is expected to take from 18 to 24 months.

New construction, remodeling and partial renovation projects completed during the Shaping the Future campaign included the new Furr Welcome Center, the Bynum Band Hall, the Jay-Rollins Library, Radford Auditorium, Wilford Moore Stadium and the Finch-Gray Science Center.

After four years without a mascot, McMurry University this past fall began the process of selecting a new mascot to replace the school’s original Indian nickname. The Indian mascot was dropped in 2006 after the NCAA and the United Methodist Church ruled that Native American-themed mascot names were inherently derogatory and asked schools and universities associated with the two organizations to change them. The McMurry Board of Trustees is expected to adopt a new mascot at its March 2011 board meeting after evaluating the top choices provided through a voting and review process.

McMurry University’s connection with the United Methodist Church is an important element in accomplishing our mission and we at McMurry will continue to enhance and to strengthen our relationship with our Annual Conferences.

McMurry students, under the direction of Assistant Chaplain Tim Palmer and Aldersgate United Methodist Church in Abilene, traveled to Haiti on a mission trip during the Christmas holidays. In addition, McMurry Religious Life is coordinating three additional mission opportunities.
for students in 2011: 1) a Spring Break mission trip to El Paso in cooperation with the Lydia Patterson Institute (March); 2) a learning-serving mission opportunity in cooperation with the Four Corners Native American Ministries in Shiprock, NM (May); and 3) an international mission opportunity (July).

Since 2006, McMurry has offered the Academy for Faithful Ministry to laity and clergy in the Northwest Texas and New Mexico Annual Conferences of the United Methodist Church. The academy is designed to offer practical support steeped in genuine scholarship for congregational leaders.

Instead of holding AFM on campus this year, McMurry accepted an invitation to collaborate with the El Paso district in their conference, Equipping Disciples for Excellence (EDE) and Equipping Youth for Excellence (EYE). On Friday, January 28, six students and eleven faculty and staff departed for El Paso to lead workshops the following day. The students, under the leadership of Assistant Chaplain Tim Palmer, provided leadership for EYE, which included discipleship training and mission work. Student participants included Matt Bell, Ricky Harrison, Zach Kerzee, Lindsey Lowry, Rachael Patti, and Josh Stueve. I spoke to the youth on Faith Development and Your College Experience and Dr. Pug Parris presented Methodism 101.

Faculty and staff led workshops for adults. These included: Religion Meets Politics at the Border (Paul Fabrizio), Methodism 101 (Pug Parris), Faith Formation and Lay Leadership in the Christian Tradition (Greeley Myers and Bryan Stewart), Reaching-Out Creatively and with Purpose (Bill Libby), Creative Ministry in Small Congregations (Cindy Martin and Vanessa Roberts), and Emerging Christianity: What’s in it for My Church? (Tim Kennedy and Mark Waters) and I was honored to preach at the closing worship service.

The McMurry Admission Department continues its effort to attract Methodist students with a counselor dedicated to Methodist student recruitment. In addition, the McMurry Financial Aid Office has designated scholarships for both United Methodist students and United Methodist clergy and their families.

The Religious Life Program continues to see strong attendance in chapel as it strives to embrace a racially and theologically diverse student body. In celebration and remembrance of the legacy of Dr. Martin Luther King, Jr., the University welcomed Dr. Zan Holmes and Rev. Tyrone Gordon as special guest preachers at McMurry Chapel on January 18th and 25th. Students actively participate in numerous other opportunities for spiritual formation and discipleship such as Life Groups, Fellowship of Christian Athletes, bible studies, and prayer groups. Every two years, the Religious Life Office sponsors a Spring Break Seminary Tour to provide students interested in pursuing vocational ministry and/or advanced degrees in theology the opportunity to visit a number of seminaries. Over the past eight years, ninety-six participants have taken part in four seminary tours and twenty-six graduates have enrolled in eight different theological seminaries across the nation.

While McMurry prepares for the future, we will continue to fulfill our role among today’s colleges and universities by offering a unique experience to our students. We are dedicated to providing our students the skills and tools needed to succeed in an increasingly challenging world. We are grateful for the support of the Texas Annual Conference and the shared commitment we have to help McMurry achieve its vision of Cultivating Leadership, Excellence and Virtue – Every Student, Every Day.
A. Major Accomplishments

Perkins School of Theology exists because we are missionally driven “as a community devoted to theological study and to teaching in the service of the church of Jesus Christ … to prepare women and men for faithful leadership in Christian ministry” (from the SMU: Perkins School of Theology 2009-2011 Catalog, p. 9).

A vital recognition of our mission-driven commitment occurred in 2010, when the Association of Theological Schools (ATS) renewed our accreditation for another 10 years.

In a meeting with one of our senior administrative directors during the ATS site visit, the discussion turned to the challenges facing us in the second decade of the twenty-first century. Some of those challenges are well-known: we are a denominationally affiliated school in a post-denominational era; we are a university-based school in an anti-intellectual era; and we are dependent on earnings from endowments and gifts from individuals whose capacity to generate revenue has been significantly impacted by the great recession. During the discussion, one of the ATS visitors made this observation: “You probably do not realize how many theological school administrators across North America would gladly trade places with you now.”

One of the things that we learned through the review process, from the first steps in drafting the self-study to the final actions of bidding the visiting team goodbye, was the unbreakable connection between our mission as a school and the professional or academic activities we conduct as a school. Everything derives from that mission: our curriculum, our hiring decisions about faculty and staff, our admission procedures for recruiting and matriculating students, our standards of conduct, and our placement goals for those who complete programs of study toward Perkins degrees, our public advertising, our non-degree programming, our budgeting process, and our self-assessments.

In that regard, we are tremendously blessed.

B. Opportunities, Plans and Challenges

1. Faculty. The productivity of the Perkins faculty is impressive both in qualitative and quantitative published work. The leadership that members of our faculty provide in academic guilds continues to grow. When we evaluate faculty members’ achievements each semester, we view teaching as equal in importance to research. And at the end of their degree programs, when students submit their responses to the graduation survey, they consistently identify the faculty as the first or second most important facet of their experience at Perkins.

We keep these things clearly in mind as we embark upon searches for new colleagues. Searches in worship and in theology began in 2010 to replace our retiring colleagues, Marjorie Procter-Smith (LeVan Professor of Preaching and Worship) and Charles Wood (Lehman Professor of Christian Doctrine). It will be challenging to meet all of our own expectations for excellence in scholarship and teaching in these two positions.

We have been both committed to a policy of enhancing diversity on the faculty and careful in our processes for making new appointments to the faculty. Here are some data points:

- At the rank of associate professor, we have achieved gender equity, for we have exactly the same number of women as men ranked as tenured associate professors;
- Among our tenured professors, approximately one-third are identified as ethnic minority or non-white – which means that, in ethnicity, the faculty is leading the diversification of the school even more rapidly than the student body.
2. **Facilities.** The massive attention that we have given to improving our facilities during the past several years was actually necessitated by our own mission. By attending to these extensive improvements in the buildings where we work, we have strengthened our means for engaging in theological study and teaching to prepare women and men for faithful leadership in Christian ministry. These improvements also include making Perkins’ facilities fully accessible and LEED certified. (LEED certification is the recognized standard for measuring building sustainability in terms of environmental responsibility.)

During the planning process for the construction of Prothro Hall and the renovation of both Kirby and Selecman Halls, we made a commitment to the University that by the end of fiscal year 2010 (May 31, 2010) we would have sufficient cash and pledges to cover the total. I was very pleased to report to the President and the Provost of the University that we reached that goal. However, while we have celebrated the completion of construction and fund raising, the critical task of collecting the dollars pledged still remains for the coming years.

3. **Formative Scholarship.** At the University commencement in the spring of 2010, approximately one-third of all the doctoral degrees awarded at SMU went to men and women from the Graduate Program in Religious Studies. The GPRS, a cooperative program of Perkins School of Theology and SMU’s Dedman College of Humanities and Sciences, has long been the highest rated Ph.D. program on the SMU campus. The GPRS also marked its fortieth anniversary since the first Ph.D. was awarded through the GPRS in 1970.

One of our strategic plan goals is to secure the future of the program by finding permanent endowments to support adequate student stipends. We have succeeded in getting multi-year gifts from individuals who are committed to the program and some additional annual support from the Provost as well as from the Associate Vice President for Research and Dean of Graduate Studies. These contributions, together with some funds from a Luce Foundation grant to the Latino Center and from the Ministerial Education Fund of The United Methodist Church, have made our stipends reasonably competitive for first-rate doctoral students. But the only way to ensure the excellence of the program is to have permanently endowed support.

Two other events of note in the GPRS this year involve structural relationships and student admissions.

- Perkins now occupies a seat at the table as a charter member of the Hispanic Theological Initiative Consortium. Among the other institutions represented are Emory, Fuller, Princeton Theological Seminary, and about seven more.
- The GPRS welcomed Julian Gonzalez, its first doctoral candidate funded through the Luce grant to the Center for the Study of Latino/Christianity and Religions.

All Perkins students continue to benefit from the exceptional faculty and staff of Bridwell Library and its substantial resources.

4. **Finances.** Beginning in 2010 and continuing through 2012, each unit of SMU has had to develop a budget plan that takes necessary reductions. For us at Perkins, the first of those three years we managed to take a cut of about 2.2% without noticeably affecting any of our operations. No staff position had to be eliminated. No employees were terminated. No research or travel funds were reduced.

But next year, we expect to have to take another cut of similar size. And again, preparing for the year after that, we expect to have to add a similar cut. By the time we finish absorbing the impact of the great recession, we will have had to make reductions totaling about 6.7%.

5. **Enrollment.** Data compiled recently by the Association of Theological Schools show the
total enrollment in all ATS schools for the M. Div. degree, which is designed for persons who feel called to the professional ministry of the church, has declined by about five percent. Nevertheless, in the fall of 2010, we recruited an entering master’s class that is 27% larger than the one in 2009. Additionally, counting the students who are enrolled in our Singapore D.Min. cohort, we have 15 new D.Min. students this year. For the sake of our mission, we will need the commitment of our friends and partners to the ongoing task of continuing to recruit outstanding cohorts of students.

C. Conclusion
The state of our school is strong. But so are the challenges facing us.

I recently spent one evening a week leading a home Bible study with a group of folks, more than half of whom I did not know until the Bible study began. We read the book of Esther together. One memorable evening we dealt with the verse where Mordecai tries to persuade Esther that her silence will not provide her with safety. Then he pleads with her through a rhetorical question and comment: “Who knows? Perhaps you have been put in this position for just such a time as this.”

Perhaps the state of our school is strong for just such a time as this.

Southern Methodist University
Dr. R. Gerald Turner, President

As SMU celebrates the centennial of its founding in 1911 by the Methodist Episcopal Church, South, and its opening in 1915, the University continues to rise in national prominence. The past year has been marked by exciting developments. Highlights follow:

- SMU’s total fall 2010 enrollment was 10,938, including 6,192 undergraduates, 3,372 graduate students and 1,374 professional (theology and law) students. The ethnic minority enrollment makes up 22.6 percent of the student body. SMU’s fall 2010 enrollment included a record number of 1,052 international students from 94 countries.
- SMU Unbridled: The Second Century Campaign, launched in 2008, is the largest fundraising effort in the University’s history, with a goal of $750 million. Gifts to date have exceeded $464 million, providing funds for 211 new scholarships; 17 new endowed academic positions; 12 new institutes, centers and other academic initiatives; support for two schools and one academic department; and 13 new or renovated facilities.
- The Carnegie Foundation for the Advancement of Teaching has raised SMU’s classification to a research university with “high research activity,” reflecting the University’s dramatic increase in research. SMU is ranked 56th among the 260 best national universities by U.S. News & World Report.
- SMU’s Dallas campus has grown to 90 buildings and 230 acres. In 2010 SMU dedicated the new Caruth Hall in the Bobby B. Lyle School of Engineering and the Annette Caldwell Simmons Hall, home of the Annette Caldwell Simmons School of Education and Human Development. Construction has begun on the George W. Bush Presidential Center, consisting of a library, museum and independent institute. The Center is expected to open in early 2013.
- William M. Tsutsui is new dean of Dedman College of Humanities and Sciences. Formerly associate dean for international studies at the University of Kansas; he is a specialist in modern Japanese business and economic history.
- The new Hunter and Stephanie Hunt Institute for Engineering and Humanity in Bobby B. Lyle School of Engineering pairs technological innovation with business collaboration to improve conditions for the global poor.
• The Embrey Human Rights Program is one of the fastest growing programs at SMU, with 179 students in the pipeline to graduate with a human rights minor. An important component of the program is travel to worldwide sites of major human rights abuses.

News of Perkins School of Theology
• SMU’s Graduate Program in Religious Studies is ranked in the top 10 of doctoral programs in theology and religion in North America.
• Enrollment of students seeking Master’s degrees in Perkins School of Theology is up in 2010-11, with the entering class 27 percent larger than the previous year.
• Perkins celebrated the 50th anniversary of its Master of Sacred Music program in 2010 with alumni gathering on campus from across the United States and beyond.
• A new Doctor of Ministry program has been launched in cooperation with Trinity Theological Seminary in Singapore. Perkins faculty will teach in Singapore, and students from that region will study at Perkins.
• Perkins students traveled to India and South Africa for the first time as part of the Global Theological Education Program’s cultural immersion course. Students also visited theological schools and churches in Greece, Turkey, France and Mexico.
• The Church’s General Board of Higher Education awarded a grant to Perkins to expand its theological training for Latin American pastors in the Methodist tradition.
• Bishop Minerva G. Carcaño received the 2011 Distinguished Alumna Award from the Perkins Alumni/ae Council. The first Hispanic woman to be elected to the United Methodist episcopacy, she currently serves as bishop of the Phoenix Episcopal Area.

News of SMU Wesley Foundation
• Under the leadership of Andy Roberts, the SMU Wesley Foundation is one of the most active ministries on campus. “The Well,” a weekly worship service in Perkins Chapel, features music, teaching, prayer and Holy Communion. Small group Bible studies, the heart of SMU Wesley, foster fellowship and spiritual growth.

SMU treasures its Methodist heritage and maintains a particularly close relationship with Highland Park United Methodist Church and its senior minister, the Rev. Mark Craig. I enjoy serving as guest preacher at that church each fall. We ask for your continued prayers and support as SMU moves forward in the coming year.

Southwestern University
Jake B. Schrum, President

The past year was an important one for Southwestern University as we concluded the period covered by our Strategic Plan for 2000-2010 and began implementing our Strategic Plan for 2010-2020.

Enrollment – Fall 2010
Southwestern enrolled 1,374 students in Fall 2010, its highest enrollment ever. This growth in enrollment is part of our strategic plan to increase enrollment to 1,500 students by 2015.

Faculty Appointments
We welcomed four new tenure-track faculty members for the 2010-11 academic year: Melissa
Burns, Assistant Professor of History; Lysane Fauvel, Assistant Professor of Philosophy; Omar Rivera, Assistant Professor of Philosophy; and Brenda Sendejo, Assistant Professor of Anthropology.

Three faculty members were appointed to endowed chairs in Fall 2010: Sherry Adrian, Associate Professor of Education, was appointed to the Herbert and Kate Dishman Professorship in Special Education; Phil Hopkins, Associate Professor of Philosophy and Chair of the Religion and Philosophy Department, was named the first holder of the Lurlyn and Durwood Fleming Professorship in Religion and Philosophy; and Mary Grace Neville, Associate Professor of Business, was appointed to the John Shearn Chair in Business, replacing retiring faculty member Don Parks. Author John Pipkin has been named Writer in Residence at Southwestern University for the next three years.

Paideia®

Our signature Paideia program is now in its 7th year, with 251 students and 27 professors participating this academic year. In September 2010 we successfully concluded the Priddy Challenge for Paideia, which enabled us to permanently fund the Paideia program with a $9 million endowment. Last fall we also launched a new program called “Paideia Conversations,” which expands the Paideia Program to first-year students.

Paideia students continue to be engaged with the community, and several cohorts have taken on the issue of homelessness in Georgetown. For example, students in Professor Don Gregory’s Paideia cohort are organizing a “One Swipe” event for February 2011, in which students can donate unused meals from their meal plans to homeless students in the Georgetown Independent School District. Our food service provider, Sodhexo, is cooperating with them on the project. The connections one of our Paideia students learned to make landed her a book contract. Howling: The Trickster in Ginsberg by senior American Studies major Katie Mead will be published in early 2012 by McFarland publishers.

NITLE at Southwestern

In April 2010, we formally dedicated the new headquarters for the National Institute for Technology in Liberal Education (NITLE), which is now based at Southwestern. NITLE offers many exciting programs of benefit to faculty, staff and students at liberal arts colleges. In January, for example, we partnered with NITLE and Trinity University to offer a webinar on “Funding Fellowships for the Humanities.”

Sustainability

Southwestern continues to set an example in the area of sustainability. In October 2010, Southwestern officially received Silver-level LEED certification for our new Prothro Center for Lifelong Learning. All three scoreboards on Southwestern’s varsity playing fields have been replaced with scoreboards that use energy-conserving LED lights, and a group of faculty, staff and students is involved with an ongoing project to replace the lights in one of Southwestern’s small theaters with LED fixtures. In fall 2010 Theatre Professor John Ore began offering a class to teach students about this and other energy conservation strategies for the theater.

In 2010, Southwestern was one of only four colleges and universities in Texas to receive a B+ rating or better from the Sustainable Endowments Institute. This rating was external affirmation of the hard work that the Southwestern community has been doing over the past five years to build environmental awareness into both our academic program and our operations.

Diversity

Southwestern also continues to be a leader in educating minority students. A 2010 report pub-
lished by The Education Trust said Southwestern has one of the best track records in the country when it comes to graduating Hispanic students in comparison to white students. With a Hispanic graduation rate of 71.6 percent compared to a white graduation rate of 73.5 percent, Southwestern was one of 34 private colleges in the country listed as having the lowest “gap” between the percent of Hispanic students who graduate and the percent of white students who graduate.

In the summer of 2010, Southwestern started a new program designed to help first-generation Hispanic students make the best choice when it comes to selecting which college to attend. Sixteen Austin-area students attended the five-week inaugural program, which was funded by a $263,318 grant Southwestern received from the U.S. Department of Education. In 2010, Southwestern received an additional $443,000 grant from the U.S. Department of Education that will enable us to offer this program for an additional year and offer two additional summer programs for high school students and teachers in the coming years – a three-year summer program in math and science for traditionally underserved high school students and a three-year summer program of computer science workshops for middle and high school teachers.

Community Engagement

In 2009-2010, Southwestern students contributed more than 20,000 hours of service to our community. A few noteworthy examples:

- In fall 2010, students involved with our community garden began delivering fresh produce to Georgetown’s Meals on Wheels program.
- In December 2010, all 69 students taking General Chemistry visited a Georgetown elementary school to guide students in real-life chemistry experiments.
- Southwestern students are currently raising funds to construct a second Habitat for Humanity house in Georgetown.

The summer of 2010 marked the final year of our domestic violence summer internship program that was funded by the Verizon Foundation. Several students have gone to work for Austin-area nonprofits that they interned for through this program.

Faculty Achievements

Southwestern University faculty members continue to excel as teachers and scholars. For example:

- Ten Southwestern faculty members published books in 2010.
- Biology Professor Romi Burks received an $18,000 grant from the National Science Foundation to write a proposal for a program that would enable undergraduates to conduct research in other countries. Burks took two Southwestern students to Uruguay in November 2010 to help write the grant proposal.
- Chemistry Professor Lynn Guziec received the second “Inspiring Hope” award presented by the Breast Cancer Resource Centers of Texas in 2010 for her work in developing novel anti-cancer agents.
- In November 2010, seven Southwestern faculty members received awards from the Sam Taylor Fellowship Fund, which provides monetary awards for the continuing education and development of full-time faculty members of United Methodist colleges and universities in Texas.

Student Achievements

Southwestern students also earned a variety of honors in 2010. For example:

- Sophomore Jenna Gaska won 3rd place at the international level for best single service
project in 2009-2010 from Circle K International. Gaska started a project called “Bead the Change,” which has raised more than $5,700 to benefit women and orphans in Uganda.

- Junior Gillian Ring received a scholarship from the U.S. Department of State to study Chinese in China in summer 2010.
- Post baccalaureate student Maureen Johnson received an Ambassadorial Scholarship from The Rotary Foundation that will enable her to spend a year in Lima, Peru, beginning in June 2011.
- First-year student Connor Smith was one of 25 students who received a scholarship to attend the World Affairs Council of America’s 2010 National Conference held in Washington, D.C., Nov. 4-5, 2010.
- Senior Dylan Hickey was one of three students selected statewide to receive a scholarship from the Texas Association of School Personnel Administrators (TASPA) for the 2010-2011 school year. The scholarship honors the best teacher candidates in the state.
- Two 2010 psychology graduates placed in national award competitions sponsored by Psi Chi, the national psychology honor society. In all, 10 students from Southwestern have received awards in the Psi Chi national paper competitions in the past 12 years.
- 2010 graduate Sarah Gould-Stotts was named to one of USA Today’s 2010 All-USA College Academic Teams. These annual awards honor students who not only excel academically but also extend their intellectual abilities beyond the classroom to benefit society.
- Three students who graduated from Southwestern in May 2010 were awarded Fulbright English Teaching Assistantships in Europe.
- Four Southwestern students were selected to participate in summer research programs sponsored by the National Science Foundation in summer 2010.

Athletics

Our athletic teams continue to bring recognition to Southwestern. Our women’s golf team finished fifth at the NCAA championships in 2010 and our men’s golf team ended its season as co-SCAC Conference champions. In just its second season, the women’s softball team won its conference title and made it to the NCAA regional tournament. Head Coach Angela Froboese earned her second consecutive Coach of the Year Award and the team was ranked 23rd in the nation by the National Fastpitch Coaches Association. Our women’s volleyball team made it to the NCAA tournament for the sixth consecutive season in 2010. 101 student athletes from Southwestern made the 2010 SCAC Spring Academic Honor Roll and both the men’s and women’s swimming teams were named to the College Swimming Coaches Association of America DIII All-Academic Teams.

Thinking Ahead Campaign

Southwestern’s Thinking Ahead comprehensive fundraising campaign was originally scheduled to end in 2010, but in October 2010 the Board of Trustees voted to extend the campaign to help fund new needs identified by the Strategic Plan for 2010-2020. Key among these needs is a new science building, which is estimated to cost $25 million. The campaign has been extended another five years with a new goal of $150 million. Nearly $110 million has been raised to date.

Campus Construction Projects

The major construction project currently under way is the renovation of Southwestern’s historic Roy and Lillie Cullen Building. The renovation will include replacement of all 467 of the build-
ing's windows with double-paned, insulated windows to make it more energy efficient. It also will include an upgrade to the building’s mechanical and electrical systems.

Speakers and Symposia
Southwestern continues to attract prominent speakers for its major lecture series. The 2010 Writer’s Voice speaker was filmmaker Mira Nair. The 2011 Writer’s Voice speaker will be Dave Eggers, who has enjoyed widespread praise as a writer of both fiction and nonfiction. Eggers will be on campus November 1.

Our 2010 Shilling Lecture was delivered by Dr. Bill Foege, an epidemiologist who has been credited with eliminating smallpox around the world. The 2011 Shilling Lecture will be delivered by Blake Mycoskie, the founder of TOM'S Shoes. Southwestern’s 33rd Brown Symposium will be held Feb. 23-25, 2011.

The symposium was organized by Music Professor Michael Cooper and is titled “Think – Converse – Act: The Salon and Its Histories.” The symposium will feature three lectures on the history of salons, along with three public salons on topics that are important in today’s world, including one titled “Arts – Sciences – Religions: Conflict or Convergence?”

In October 2010, Southwestern hosted the Edgar F. Beckham Engaged Diversity Symposium. This symposium featured presentations by current and former faculty members from Dillard University, Huston-Tillotson University, Morehouse College, Rhodes College, and Southwestern who conducted joint research thanks to funding from a three-year, $150,000 grant we received from the Andrew W. Mellon Foundation.

The Strategic Plan for 2010-2020
In March 2010, our Board of Trustees approved our new strategic plan for 2010-2020. At the center of this plan is advancing the University’s academic mission, and we took a major step forward on this in the fall by implementing a new curriculum. This four-course per semester model is the most significant change in our curriculum in more than three decades and we believe it will contribute greatly to improving student learning and will accelerate our progress along our trajectory towards being one of the finest liberal arts colleges in the nation.

The plan also has three “supporting strategies”:

- Enhancing the campus experience and residence life;
- Building far-reaching visibility and recognition; and
- Ensuring the financial vitality and overall sustainability of the institution.

This is the first time our strategic plan has formally included visibility and reach, and in the summer of 2010 we retained a highly respected national communication firm, Lipman Hearne, to do research on whether our name is a hindrance when it comes to visibility. In fall 2010, Lipman Hearne conducted a survey of all our major constituencies and got a very high participation rate. The survey found that current students, faculty, staff and alumni have a considerable amount of affection for the University’s current name. However, the research also showed that Southwestern University is not well known among prospective students – particularly those who live outside Texas – and that most people do not associate the name “Southwestern University” with a private, church-related liberal arts institution.

Therefore, the Board has decided that increasing Southwestern’s visibility among prospective students as well as trying to correct misperceptions about our existing name should be our priorities as we implement the visibility portion of our Strategic Plan for 2020. Our plan now is to launch a major visibility campaign, pending the availability of funding.

On a personal note, I would like to end this report by noting that this year marks my 10th year
as president of Southwestern. It continues to be a privilege for both Jane and me to work with you and to see Southwestern reach higher for the benefit of our students and the well-being of humanity.

The following pages are revisions to Southwestern University’s By-Laws. These By-Laws do not need approval from the Texas Annual Conference, they are for informational purposes.

February 11, 2011

Dear Reverend Georgetown:

From time to time, the administration and Board of Trustees of Southwestern University review the Articles of Incorporation and Bylaws to ensure that they are in line with best practices among national liberal arts institutions in the country and keeping the best interests of the institution first and foremost. In preparation for the review and update of the University’s 2010 Strategic Plan in 2008, and at the suggestion of Board Chairman Merriman Morton, Dr. Karen Goldstein, Vice President for Business and Finance at Davidson College, was engaged to review the various aspects of the University – aspirations, enrollment goals, revenues and expenses, finances, fundraising, board composition, etc.

I write today with regard to a proposed change to the University’s Bylaws as reviewed and approved by the Board of Trustees and the Bylaws Revision Committee, chaired by Bishop Janice Riggle Huie, Texas Conference, and consisting of Roberto Gomez (Rio Grande Conference); Ronald Henderson (North Texas Conference); Mike McKee (Central Texas Conference); Laura Merrill (Southwest Texas Conference); and Merriman Morton, Chairman of the Southwestern Board of Trustees.

In Dr. Goldstein’s report, she stated, in part:

As I reviewed the board book that was sent to me, I counted a total of 48 trustees among those with pictures and biographies. Of those 48 trustees, 17 trustees are members of the clergy, one trustee who is the president, and two trustees who are recent graduates. I make the assumption that those 20 members of the board are not capable of giving a major gift to the capital campaign. . . . I understand that Southwestern has 13,000 alumni, among whom there must be individuals of means who could donate to Southwestern if they remain connected to the institution.

I recommend that the members of the board of trustees consider a revision of the By-Laws to reduce the number of clergy on the board and begin to work very hard on recruiting to the board alumni who have the means to support the institution financially.

In considering this change, the Discipline, Articles of Incorporation, and Bylaws were reviewed.

_The Book of Discipline of the United Methodist Church_ presents in Section VII. Requirements—Trustees of Church Institutions, paragraph 2552: “At all times, not less than three-fifth of them [trustees] shall be member of a local church and/or members of an annual conference . . . ”

Article Fifteen of the Articles of Incorporation states that:

Amendment to the Restated Articles of Incorporation or any amendments to or rescission of the sections of the Bylaws relating to the composition of the Board of Trustees and their method of selection for membership, shall be confirmed by the Patronizing Conferences, in accordance with the procedure for confirmation set forth by the Bylaws.
The Bylaws under which the University operates contains the following provision regarding the manner in which confirmation by Patronizing Annual conferences shall be accomplished. They are:

1. Those actions which require confirmation shall be filed by the University with the Patronizing Conferences of the University at least ninety (90) days prior to each Patronizing Conference’s next annual session;
2. Upon the failure of the Patronizing Conference to notify the Board of Trustees of action with thirty (30) days following the close of said Patronizing Conference’s next annual session, those actions requiring confirmation are thereafter approved and confirmed;
3. Upon the approval of two-thirds (2/3) of the Patronizing Conferences, each Patronizing Conference having one (1) vote, any action taken by the Board of Trustees requiring confirmation shall be so confirmed; and
4. Actions which require confirmation by the Patronizing Conferences shall be specifically designed in the Articles of Incorporation and Bylaws, as applicable.

These specific items were reviewed by the Southwestern University Board of Trustees at its Fall meeting, October 29, 2010, and the Board voted to submit the following Bylaws revision (112.1 #10) to the Patronizing Annual Conferences as follows:

**Conference Trustees:**

10. Twenty (20) Trustees consisting of two (2) one (1) ordained ministers and two (2) three (3) lay persons from each of the Central Texas Conference, North Texas Conference, Southwest Texas Conference and Texas Conference, and one (1) minister and one (1) lay person or no (0) clergy and two (2) lay persons if approved by the conference from each of the Northwest Texas Conference and the Rio Grande Conference, hereinafter sometimes referred to as “Conference Trustees.”

Inasmuch as we always relate to our Patronizing Annual Conferences through their Boards of Higher Education and Ministry (or equivalent body, since in some cases their names are slightly different), I am submitting this Bylaw revision to you for consideration by your Board of Higher Education and Campus Ministry.

We would appreciate it if you would seek approval of this document from your Committee and that it be carried to the Annual Conference in your report for its approval. Then, within thirty days as in #2 above, I would appreciate a communication indicating that such approval from the Annual Conference had been obtained.

If you have any questions, I would be pleased to talk with you about them. I can be reached through my office at 512/863-1454.

Thank you for your help in this matter.

Sincerely,

Jake B. Schrum
President

The Reverend Ricky Georgetown
Board of Higher Education and Campus Ministry
Texas Annual Conference
2504 Almeda Genoa Rd.
Houston, TX 77047
Saint Paul School of Theology is a seminary of the United Methodist Church that educates leaders to make disciples for Jesus Christ, renew the Church, and transform the world. We are one institution with two campuses, a free-standing seminary campus in Kansas City and a university partnership seminary on the campus of Oklahoma City University.

During the 2010-2011 academic year, 214 students from 26 annual conferences, 24 denominations and 7 countries were enrolled in degree programs at Saint Paul School of Theology in Kansas City. Fifty-four students were enrolled in the Master of Divinity program at Saint Paul at Oklahoma City University. The Course of Study School at Saint Paul served 311 students from 22 annual conferences. Classes took place in Kansas City, Missouri, and for the first time two courses were offered in Springfield, Missouri. Course of Study classes will begin on the Saint Paul at Oklahoma City University campus in the fall of 2011.

Saint Paul School of Theology at Oklahoma City University will celebrate its first commencement convocation in 2011. The first graduating class of Master of Divinity students will be hooded in a special ceremony in August on the Oklahoma City University campus. Each graduate will have completed 90 hours of study.

Sixteen South Korean students graduated in May from the Korean Doctor of Ministry Track in Wesleyan Spirituality and Congregational Renewal. The international program included teaching by Methodist professors from the United States and South Korea. Class sessions took place in the U.S., England, and South Korea. A second Korean DMin track began in January 2011.

A Doctor of Ministry cohort track focusing on Revitalizing Congregations is slated to begin January 2012. It will focus on biblical preaching, vibrant and meaningful worship, visionary leadership, diverse communities, social justice, and contextual ministry. The DMin track relates directly to the United Methodist Council of Bishops initiatives (the “Four Foci”) for the Church.

The Saint Paul YouTheology program expanded to include youth from the Lydia Patterson Institute in El Paso, Texas. It will start a new pod in Nebraska in 2011. YouTheology is funded primarily by Lilly Endowment, Inc. for youth to continue to explore their faith and calling through worship, service, study, travel, and a mentoring relationship.

It was the third year for Laity School of Theology. Each Laity School Saturday Session was taught by seminary faculty and presented in an accessible manner. Lay attendees came from diverse ecumenical and educational backgrounds. Topics included worship, Bible, ethics, church history, and theology. Laity School was offered in Missouri and Oklahoma.

The seminary restructured its continuing education lectures to become Community Reads. Students, faculty, staff and outside guests were encouraged to read topical books such as No Rising Tide by Joerg Rieger and Pedagogy of the Bible: An Analysis and a Proposal by Dr. Dale Martin. Community Reads cultivated early discussion and provoked deeper questioning during author lectures.

Saint Paul at OCU held its second LEAD seminar on the Oklahoma City University campus. The seminar covered topics to improve and strengthen ministerial leadership. The seminars are a collaborative educational project of the Oklahoma Area of the United Methodist Church, Oklahoma City University, and Saint Paul.

The trustees, faculty, staff, and students of Saint Paul thank you for your interest, prayers and support.
The Nineteenth Session of the South Central Jurisdiction will begin on Wednesday evening July 18, 2012 in Oklahoma City, OK. The conference will actually span the 17th through the 21st, with committee meetings on the 17th and 18th, and the opening worship and memorial service the evening of the 18th at St. Luke’s UMC in Oklahoma City. Delegates and alternates are expected . . . visitors are welcome.

There will be 256 delegates, plus alternates. The number of delegates will be 40 fewer than in 2008, due to additional Annual Conferences in the Central or international conferences. That means it will take 154 votes, if all delegates are present and voting, and all ballots are valid, to elect a new bishop.

The Conference will be held near the Bricktown area of Oklahoma City, a great place for family fun. Also it will provide ample eating venues for delegates and friends.

The Oklahoma Indian Missionary Conference and the Oklahoma Conference, co-hosts of the Conference, along with Bishop Robert Hayes, Jr., resident bishop, invite you to be in Oklahoma City in July of 2012.

We thank you for your continued support of Lydia Patterson Institute, Mt. Sequoyah Assembly, the Wesley Foundation at SMU, and the Jurisdictional Administrative Office.