



Meeting of the Presbytery of New Covenant
Saturday February 10, 2007 (9:00 am – 4:00 pm)
First Presbyterian Church, Lufkin

REGISTRATION FORM

Please complete this form and bring it with you to the meeting. Thank you.

Name: _____

Mailing address: _____

Email address: _____

Church/City: _____

Are you a first-time commissioner? Yes No

CHECK ONLY ONE BOX BELOW

VOTING (check only one)

- Minister Member
- Elder Commissioner
(Elected from session of church listed above)
- Commissioned Lay Pastor
- Certified Church Educator
- Associate Certified Church Educator
- Elder with Privilege by Virtue of Office
*(Currently in a Presbytery leadership position,
designated for this privilege)*
- Former Moderator of Presbytery
- Elected Presbytery Staff
- Fellow – NACBA (National Association of Church
Business Administrators)

NON-VOTING (check only one)

- Corresponding Member
from _____
- Visitor
from _____
- Presbytery Staff
- Inquirer/Candidate under care
- Commissioned Lay Pastor
- Other Church Professional
*(Non-certified Educator, Youth
Director, Business
Administrator,
Music Director, other)*

CALL TO THE STATED MEETING
Saturday, February 10, 2007 9:00 a.m.
First Presbyterian Church, Lufkin, TX
The Presbytery of New Covenant, Synod of the Sun
Presbyterian Church (U.S.A.)

As a matter of stewardship, please car-pool or use church vans to Lufkin. Parking will also be limited at the church, although street parking is permitted.

At this meeting we will be **voting on proposed amendments to the Book of Order**. You can access these amendments to read online at <http://www.pcusa.org/oga/amendments.htm>. I encourage you to read the message from Stated Clerk Cliff Kirkpatrick, and then at the bottom of that page click the link (“General Assembly”) to the amendments page. While there are only eight amendments, the number of pages involved are significant, so it is recommended you read them on-line (without printing); there will be paper copies of the Amendment Book at the presbytery meeting.

A **Meeting Tool Kit** is available on the website (<http://www.pbyofnewcovenant.org>). This contains helpful information, especially for first-time commissioners. Note that for this meeting there is

An Orientation Session for first-time commissioners will be held at 8:15 a.m. in the Parlor.

Please bring this **Presbytery Packet** with you to the meeting! You no longer have to respond regarding lunch, but childcare reservations must be made **directly to the church**.

Additional information for the meeting may be posted on the website three days prior to the meeting. It will be your responsibility to check and print. Handouts at the meeting **will be held to a minimum**.

In an effort to facilitate the registration process, **complete the registration form** in the **Presbytery Packet** prior to the meeting, and turn it in at the registration table.

Requests from ministers and churches for excused absences must be submitted in writing to the Stated Clerk’s Office by fax 713-526-8814, or by USPS, or e-mail (dprevary@pbyofnewcovenant.org).

Directions to 1st Church, Lufkin will be posted separately on the presbytery’s website (www.pbyofnewcovenant.org).

Greetings in this New Year!

January 27, 2007

Our first meeting of 2007 offers a balance of business, fellowship and spiritual nurture. During our meeting The Rev. Dr. Craig Barnes, from Pittsburgh Theological Seminary will lead the presbytery in worship; the Moderator and Moderator-Elect will be installed; and the newly trained Vision Consultants will be commissioned. The DOCKET also includes an update on our financial situation, both from the Repayment Task Force and from the Budget Committee. The action-item (Second Reading) regarding the Cho-Yeh property transfer has been withdrawn; and, we will vote on proposed amendments to our church’s constitution.

If you have any questions about the upcoming meeting, please contact me by e-mail or telephone.

Serving Christ and New Covenant Presbytery, I am,

Faithfully,

Diane

Diane K. Prevary, Stated Clerk

STATED MEETING OF THE PRESBYTERY OF NEW COVENANT
 SATURDAY, NOVEMBER 18, 2006
 St. Andrew's Presbyterian Church, Houston, Texas

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For Information

Letters assigned for report organization:

- General Presbyter (A)
- Stated Clerk (B)
- Administrative Division (C)
- Committees (C.1, C.2, etc.)
- Committee on Ministry (D)
- Committee on Preparation (E)
- General Council (F)
- Ministries Division (G)
- Committees (G.1, G.2, etc.)
- Nominating Committee (H)
- Communications (I)
- Other Entities (J)

The Presbytery of New Covenant

"Growing congregations that passionately engage their community to make disciples."

Stated Meeting

Saturday, February 10, 2007

First Presbyterian Church, Lufkin, TX

Theme: Building the Vision Together

Offering: International Seafarers

Please turn off all cell-phones and pagers, AND limit conversation in the Narthex, so that distractions to the progress of the meeting are minimized.

8:15 am New Commissioner Orientation in Parlor.

8:30 am Registration in the Fellowship Hall.

THE DOCKET

GATHERING IN GOD'S NAME, IN FAITH AND FELLOWSHIP

9:00 am Call to Order -- Outgoing Moderator, Elder Rupert Turner
Installation of Moderator and Moderator-Elect:
The Rev. Deborah Cooper, Elder Jody Harrington

9:10 am Opening Business

Declaration of Quorum and Adoption of the Docket (Moderator & Stated Clerk)
Welcome by Host -- The Rev. Jackie Hannan, on behalf of 1st Church, Lufkin
Introductions
First-time Commissioners, Corresponding Members, New Minister-Members

A Celebration of Ministry – Margaret Swarts, Director of the Resource Center

Report of the Stated Clerk (B)
No Omnibus Motion

AFFIRMING AND CELEBRATING OUR CONNECTIONAL CHURCH

[The letter following each report relates to where the written report is found in the Presbytery Packet. The reports are found in the Packet in alpha order.]

9:30 am Moderator's Remarks and Appointments
Committee on Ministry (D) The Rev. Debbie Cenko
Committee on Preparation (E) The Rev. Kevin Boyd
Nominating Committee (H) The Rev. Winfield "Casey" Jones
Administrative Division: (Ecclesiastical Affairs) (C.1)
Elder Dr. Susan Wittjen: Proposed Amendments to Book of Order
(see link at www.pbyofnewcovenant.org; paper copies at Registration table)

Hymn: "O, For a Thousand Tongues to Sing"

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AFFIRMING AND CELEBRATING THE MISSIONAL CHURCH

10:30 am **Order of the Day -- Worship, led by The Rev. Dr. Craig Barnes ****
(to include commissioning of Vision Consultants by Moderator Cooper)

11:55 am Minute for Mission Rick Young, Board of Pensions
Grace before the Meal

12:00 noon RECESS FOR FELLOWSHIP OVER LUNCH
Fellowship Hall, @ Pinecrest Retirement Center (next door),
and in Parlor (for those wishing to have conversation with Craig
Barnes and Vision Consultants)

1:00 pm Reconvene with hymn # 420, "God of Grace and God of Glory"

1:30 pm Any Unfinished Business from Morning

Report of General Council (F.1) Elder Jody Harrington
Report from Repayment Task Force; Withdrawal of Cho-Yeh Proposal;
Visioning in Process

2:00 pm Administrative Division, cont'd. (C)
Budget (C.2); Personnel (C.5)

3:30 pm Lifted Motions from Omnibus (if not covered under above committees)
New Business (if not covered above)

GOING FORTH IN GOD'S NAME

3:40 pm Prayer Concerns of the Presbytery

3:50 pm Closing Prayer and Adjournment
[No later than **4:00 pm**, except by vote of Presbytery]

****OUR GUEST TODAY****

The Reverend Dr. M. Craig Barnes

Craig was raised on Long Island, New York. After graduating from The King's College and Princeton Seminary, he received a Ph.D. in The History of Christianity from The University of Chicago under the supervision of Martin E. Marty.

For nine years he served as pastor of The National Presbyterian Church in Washington D.C. In the fall of 2002, he became the Robert Meneilly Professor of Pastoral Ministry at Pittsburgh Theological Seminary. While continuing in that teaching ministry he began his service as the pastor of The Shadyside Presbyterian Church in 2003.

B

STATED CLERK

REPORT TO PRESBYTERY

February 10, 2007

I. Recommendations for presbytery action:

A. None

II. Actions taken on behalf of presbytery:

A. Received reports from the following Administrative Commissions, whose service is commended to the presbytery:

1. to install The Rev. William Heston as Designated Associate Pastor at First Presbyterian Church, Houston, TX, on Sunday November 26, 2006, at 8:15 am.
2. to install The Rev. Dr. Laurey H. Murphy as Pastor at Spring Branch Presbyterian Church, Houston, TX, on Sunday, December 3, 2006, at 6:00 pm.
3. to install The Rev. Thomas P. Sharon as Pastor at First Presbyterian Church, Freeport, TX, on Sunday December 10, 2006, at 5:00 pm.

III. Items for Information:

A. The new minister-members of the presbytery will introduce themselves at this meeting, will sign THE BOOK, and the assembly is invited to extend to them the right-hand-of-fellowship during the lunch break.

ECCLESIASTICAL AFFAIRS COMMITTEE

REPORT TO PRESBYTERY

February 10, 2007

I. Recommendations for Presbytery Action

None

II. Actions taken on behalf of Presbytery

1. Minutes of Sessions have been reviewed and the report follows, Ref. C 1b

III. Items for Information

1. The Tuesday, May 15, 2007, meeting will be at Cho-Yeh Camp and Conference Center in Livingston, Texas.

Guidelines for Floor Discussion/Debate

(For any meeting of the Presbytery of New Covenant.)

1. Presbyters should speak only once during debate of each amendment. Presbytery will listen to alternate advocates who are asked to line up at appropriate (advocate/opponent) microphones. Refrain from applause or vocal expressions of either approval or disapproval.
2. There will be a two (2)-minute time limit on all speeches during debate.*
3. Written ballots will be used for amendments if requested by the presbytery.

*A yellow card will be held up by the moderator elect after 1 ½ minutes; a red card will be held up when the time limit is reached.

C.1b

Ecclesiastical Affairs Committee

The session minutes of churches reviewed are listed below. Also listed are the churches that have not complied with Book of Order requirement G10.0301 for presbytery review of session minutes at least once a year.

Reviewed without Exception	Churches that Have Not Complied in 2006 or earlier:
Bellaire, ChristChurch	Angleton, Bethel
Bryan, First	Baytown, First Westminster
College Station, Covenant	Brazoria, First
Dickinson, First	Caldwell, First
Freeport, First	Calvert, First
Jones Creek, Gulf Prairie	Cleveland, St. Luke's
Galveston, Westminster	Conroe, First
Houston, Clear Lake	Eagle Lake, First
Houston, First	Galveston, Emmanuel
Houston, Windwood	Galveston, Tiki Island
	Houston, Central
	Houston, Emmanuel of South India
	Houston, First Lao
	Houston, Grace Taiwan
	Houston, Heritage
	Houston, Juan Marcos
	Houston, Korean Central
	Houston, Korean Young Nak
	Houston, St. Paul
	Houston, University
	LaMarque, LaMarque
	LaPorte, St. James
	Liberty, First
	Livingston, Indian
	Houston, Memorial Drive
	Orange, Drake Memorial
	Port Neches, Trinity
	Rosenberg, First
	Shiro, Shiro
	Somerville, First
	Tomball, First
	Vidor, First
	Waverly, Waverly
	West Columbia, Bethel
	Woodlands, Timber Ridge
	Woodlands, Woodlands Community

PROPOSED FIRST HALF 2007 OPERATING BUDGET
PRESBYTERY OF NEW COVENANT

C.2

REVENUES	1st Half 2006 Budget	1 st Half 2006 Actual	1 st Half 2007 Budget	Budget % Change	Remarks
Benevolence from Churches (-P.C.)	\$638,500	\$555,196	\$555,200	-13.0%	
Per Capita Apportionments	\$111,500	\$83,480	\$83,480	-25.1%	
Other Income (Notes Receivable)	\$18,650	\$1,475	\$13,150	-25.5%	
Business Affairs Income	-	\$1,016	\$1,020		
Rental Income	-	250	250		
Total Revenues	\$768,650	\$641,417	\$653,100	-15.0%	
EXPENSES					
General Council					
Benevolences to General Assembly	\$19,500		-	-100%	
Benevolences to Synod	\$25,000		-	-100%	
Per Capita to General Assembly	\$110,550		\$83,480	-24.5%	See footnotes 1. & 2.
General Council Expense	\$1,000		\$1,000	0.0%	
Total General Council	156,050		\$84,480	-45.9%	
Ministries Division					
Congregational Support	\$12,500		\$12,500	0.0%	
New Church Development	\$19,500		\$7,500	-61.5%	See footnote 4.
Evangelism	\$3,500		\$15,500	342.9%	See footnote 4.
Scholarships	\$1,300		\$1,300	0.0%	
COM-Total Church Ministries	\$2,550		\$2,550	0.0%	
TIPS	\$4,250		\$3,250	-23.5%	
CPM-Total Church Ministries	\$2,250		\$2,250	0.0%	
Communications	\$13,200		\$11,550	-12.5%	
Connectional Ministries	\$6,700		\$13,500	101.5%	See footnote 3
Equipping Ministries	\$2,100		\$2,100	0.0%	
Resource Center	\$2,550		\$2,550	0.0%	
Outreach Ministries	\$47,500		\$38,500	-18.9%	See footnote 5.
Total Ministries Division	\$117,900		\$113,050	-4.1%	
Administrative Division					
Building Maintenance	\$14,100		\$14,100	0.0%	
Equipment	\$40,600		\$41,600	2.5%	
Income/Depreciation	\$(2,500)		\$(2,500)	0.0%	
Office Supplies	6,100		\$6,100	0.0%	
Postage	\$8,750		\$8,750	0.0%	
Utilities	\$16,950		\$16,950	0.0%	
Accounting Services	\$9,964		\$9,900	-0.6%	
Business Affairs	\$28,636		\$54,710	91.1%	See footnote 6.
Ecclesiastical Affairs	\$1,900		\$950	-50.0%	See footnote 7
Compensation	\$246,100		\$232,280	-5.6%	See footnote 8.
Benefits	\$79,650		\$53,480	-32.9%	See footnote 8.
Continuing Education & Professional Development	\$4,250		\$7,900	85.9%	See footnote 9.
Employee Business Expenses	\$15,750		\$11,350	-27.9%	See footnote 9.
Cho-Yeh	\$25,000		-	-100.0%	See footnote 5.
Total Administrative Division	\$495,250		\$455,570	-8.0%	
Total Expenses	\$769,200		\$653,100	-15.1%	
Net Total	\$(550)		-		

Notes:

- In addition, a remaining 2006 accrued per capita obligation of \$121,117 will be paid at \$10,093 per month to GA from cash reserves beginning January 2007 until paid in full.
- Presbytery's calendar-year 2007 per capita assessment is \$228,219 with the remaining \$144,738 to be paid in the second half 2007.
- Reflects Triennium in June 2007.
- Hispanic Mentoring (Adelante) moved from NCD Comm. To Evangelism Comm. In 2007 and renamed.
- Cho-Yeh (\$0.00 budgeted in 2007) moved in 2007 from Admin. Division to Outreach Ministries.
- Full-year expenses not now predictable & certain expenses, e.g., audit fees, payable in full in first half 2007.
- Reflects savings from electronic transmission of presbytery meeting packets.
- Reflects staffing reduction and outsourcing the interim Director of Business Affairs position in 2007.
- Professional Development moved from Employee Business Expenses to Cont. Ed. & P.D. in 2007.

D.1

COMMITTEE ON MINISTRY
REPORT TO PRESBYTERY
February 10, 2007

Committee on Ministry report will be available at the presbytery meeting.

E.1

COMMITTEE ON PREPARATION FOR MINISTRY
REPORT TO PRESBYTERY
February 10, 2007

I. Recommendations for Presbytery action:

- A. The committee recommends and moves that Hwa Cho (Houston, Korean Central) be enrolled as a candidate.

II. Items for Information:

- A. The committee met on December 9, 2006 and January 13, 2007. The committee met Ross Peterson, Executive Director of Midwest and Southwest Development Ministry and Evelyn Hwang, Associate, Office of Resourcing Committees on Preparation for Ministry, Office of the General Assembly at its January 13th meeting.

III. Actions taken on behalf of presbytery:

- A. Assessed Michael Brundeen (Bryan, First) as ready to receive a call.
- B. Granted Charles Packard (Houston, First) permission to take ordination exams.
- C. Approved enrolling Joann Lee (Houston, Pines) as an inquirer.
- D. Approved Annual Consultations of the following inquirers and that they continue in the process:
 - Hwa Cho (Houston, Korean Central)
 - Mark Renn (Houston, St. Andrew's)
- E. Granted Alyssa Shultz Payne (Houston, Grace) permission to do a CPE in the summer of 2007.
- F. Approved job description for Whitney Wilkinson (Bryan, First).

GENERAL COUNCIL**REPORT TO PRESBYTERY****February 10, 2007****I. Recommendations for Presbytery Action**

1. That the following report from the Repayment Task Force be received and the recommendations be approved.
2. That the presbytery adopt a fiscal year budget as of July 1 – June 31 of the succeeding year.
3. That the transitional budget that appears at C.2 be adopted.

II. Actions taken on behalf of Presbytery

1. Approved giving Northwoods Presbyterian Church permission to sell a Right of Way and Easement on their property to North Harris County Regional Water Authority. Business Affairs Committee concurred.
2. Approved the merger of the Connections and Equipping Ministries under the Ministries Division.

III. Items for Information

1. The 2008 presbytery meeting dates are as follows: Saturday, February 9, 2008; Tuesday, May 13, 2008; Saturday, August 23, 2008; and Tuesday, November 18, 2008.
2. The General Council meeting dates for 2007 are as follows: January 17-18 (annual retreat at Cho-Yeh); February 20, March 20, April 17, May 8, June 19, July no meeting, August 21, September 18, October 16, November 27, no meeting in December.
3. Elder Jody Harrington, Moderator-Elect, attended a training event for presbytery moderators in Louisville, KY. She found it to be very useful and informative, particularly the workshops on the Form of Government rewrite that is in progress, and on practical aspects of moderating presbytery meetings.
4. That the Group e-mail policy adopted by General Council on July 18, 2006 be renewed. “E-mail communications on behalf of others sent out by presbytery staff will be restricted to presbytery and member-church related events. Individuals who wish to use the presbytery’s database must go through a church’s session or presbytery committee for purposes of submission for broad distribution throughout the presbytery.”
5. The General Council elected officers of the Foundation and the General Council:
President of the Board of Directors – Elder Jody Harrington, General Council Moderator
Secretary of the Board and Vice-chair of the General Council – Rev. Patricia Clark
Treasurer – Elder Lee Larkin, Treasurer of the Presbytery of New Covenant

RECOMMENDATIONS OF THE REPAYMENT TASK FORCE

The Repayment Task Force recommends the following plan for repayment of the special offerings money to General Assembly and designated funds as well as payment of the copier leases of New Covenant presbytery:

That the presbytery authorize payment of these funds from the Cris Miller Fund by two-thirds majority vote at two successive presbytery meetings on different dates, as required by the terms of the Fund previously approved by the presbytery, with the first vote taken at the February 10, 2007 stated presbytery meeting and the second vote at a called meeting on a subsequent date; and

That in 2007, \$750,000 be withdrawn from the Cris Miller Fund and that \$163,628. of that amount be used to pay the presbytery's obligation for the year for copier leases; that another \$372,459.55 be used for immediate repayment of the designated funds held by presbytery on behalf of third parties that were misapplied; and that the remaining \$214,472.45 be remitted to the General Assembly of the PCUSA for repayment of the special offerings funds; and

That in 2008, not more than \$700,000 be withdrawn from the Cris Miller Fund and that \$105,120 be used to pay the presbytery's lease obligation for that year; that not more than \$360,790.00 be used to repay the presbytery's restricted fund accounts that were misapplied; and that the remainder, \$234,090, be remitted to the General Assembly for repayment of the special offerings funds; and

That in each of the years 2009 and 2010, not more than \$300,000 be withdrawn from the Cris Miller Fund and \$105,120 of that amount be used to pay the presbytery's copier lease obligation and in each year \$191,812.53, be paid to General Assembly for repayment of the special offerings funds; and

That in the year 2011 not more than \$250,000 be withdrawn from the Cris Miller Fund to complete payments on the remaining copier lease obligation \$55,808 and final repayment of the special offerings funds in the amount \$171,642.96; and

That the net proceeds of any sale of real estate owned by presbytery, or the net proceeds from any claim relating to the misappropriation of funds, be used in the year in which it is received to accelerate repayment to General Assembly of the special offerings funds with any excess to be used to replenish the Cris Miller Bequest until all monies have been repaid; and

That in any year in which designated special offerings debt repayment contributions are received from churches or individuals that those contributions will be forwarded to the General Assembly and that the amount of those contributions will be deducted from the amount to be repaid by presbytery in that year; and

That the Fund Withdrawals Limitation for the Cris Miller Fund described in the resolution adopted by presbytery at its May 2006 meeting be amended by adding the following language as a new penultimate sentence thereof :

"For purposes of the foregoing calculation, in the event that there shall occur during any calendar quarter included for purposes of computing the Annual Maximum Distribution Amount (an *"Included Quarter"*) either (i) any extraordinary withdrawal from, or (ii) any extraordinary addition to, the Fund balance, the amount of such extraordinary withdrawal or addition, as the case may be, shall also be subtracted from, or added to, the Fund balance as at the end of each preceding Included Quarter."

That the General Council will make a report on the progress of the repayment at each stated presbytery meeting until the debts are retired and the copier leases have expired.

**Respectfully submitted,
John Van Osdall, chair
Members: Jeanie Flowers, Jody Harrington, Gene Meyer**

Report and Recommendations of the Repayment Task Force

BACKGROUND

General Council of New Covenant Presbytery organized a Repayment Task Force in November, 2006 that was charged with bringing recommendations to General Council for the repayment of the special offerings and restricted funds monies that were misallocated by former Director of Business Affairs Phil Lacy in order to cover an increasing cash flow problem, without Council's knowledge or authorization. The Task Force also assumed responsibility for bringing recommendations for resolving issues relating to the copier lease agreements that Mr. Lacy had executed, purportedly on presbytery's behalf, but without the full knowledge of the Business Affairs Committee or the General Presbyter.

Members of the Task Force are: Chairman John Van Osdall, elder, Memorial Drive Presbyterian Church, Houston; Jody Harrington, elder, Memorial Drive Presbyterian Church and Moderator-Elect of presbytery and General Council members Jeanie Flowers, elder, St. Philip Presbyterian Church, Houston and Gene Meyer, elder, Northwoods Presbyterian Church, Houston.

Ex officio members of the Task Force are: Lee Larkin, Treasurer of presbytery and elder, St. Philip Presbyterian Church, Houston; Rupert Turner, 2007 chair of the Administrative Division Steering Committee of presbytery and elder, Memorial Drive Presbyterian Church, Houston; and Rev. Deborah Cooper, 2007 Moderator of presbytery.

SPECIAL OFFERINGS LIABILITY

There are six special offerings of the Presbyterian Church USA known to have been affected by this misallocation during the period 2003 - 2006. Members of churches in New Covenant Presbytery made donations to their churches for these special offerings and the churches sent the money to the presbytery office. Those donations should have been forwarded to the PCUSA office in Louisville, Kentucky for distribution to the beneficiaries of the special offerings, but were not in total. The total amount of money that New Covenant Presbytery owes for these six special offerings is \$1,003,912.56. The amounts due each fund is as follows:

Joy Christmas Offering \$ 256,557.04

The Joy Christmas Offering is distributed equally between the Board of Pensions for assistance programs to support retired and active church workers and the National Ministries Division that supports Presbyterian related racial/ethnic education.

Peacemaking Offering \$ 48,572.19

The General Assembly portion of the Peacemaking Offering is used for the Presbyterian Peacemaking program.

Pentecost Offering \$ 38,334.56

This offering is traditionally received on the day of Pentecost. The General Assembly portion of the offering goes to for leadership programs for Presbyterian youth and young adults and children-at-risk programs at the national level.

One Great Hour of Sharing..... \$ 557,912.57

This offering is traditionally taken on World Communion Sunday. Donations support ministries of disaster response, refugee assistance and resettlement, and community development.

Theological Institute Fund Offering..... \$ 96,145.67

This offering helps fund Presbyterian seminaries.

Witness Offering..... \$ 6,390.53

The Witness Offering was discontinued in 1998, but it still continues to receive donations for mission

RESTRICTED ACCOUNTS LIABILITY

Restricted accounts are money that is being held by presbytery for related groups, entities and ministries. The total amount owed on these accounts for third-parties, as of October 31, 2006, is \$372,459.55. . See Attachment "A" to this report for specific information on these accounts. Additionally, \$160,790 is needed to restore balances to the presbytery's own restricted accounts. The total debt owed to third party restricted accounts and the presbytery's restricted accounts is \$ 533,249.00.

COPIER LEASES LIABILITY

In order to raise additional cash to meet expenses of the presbytery, the former Director of Business Affairs leased 11 copiers to take advantage of cash rebate offers on the leases for these machines. Only two of the 11 machines are needed at Presbyterian Center and are being used by the presbytery staff and volunteers. Five of these machines are located at the Presbyterian Center. Five of the remaining machines are in storage and one is on loan to an NCD church.

The total potential liability of presbytery for these copier leases between 2007 and 2011 is \$716,057.00. The Task Force was advised by Garry Schoonover, 2007 Vice-Chair of Administrative Division Steering Committee, that an attorney has reviewed the leases and advised that it would be difficult and expensive to attempt to void the leases. Mr. Schoonover also reported that an offer for early buyout of the leases was sought from the 5 companies holding the leases but the offers were more expensive than letting the leases run their full term.

The Task Force was advised that presbytery's operating budget cannot reasonably expect to absorb the monthly billed expense of the copier leases over the lease periods. Mr. Schoonover told the Task Force that the actual annual cost to presbytery for the operation and lease of the two machines needed in the center is \$40,000 annually.

CRIS MILLER BEQUEST

In 2005 the presbytery received an undesignated bequest in the amount of \$3,410, 000 from the estate of Cris Miller, a member of Memorial Drive Presbyterian Church, Houston. After a report and recommendations from the Gift Process Task Force, presbytery authorized gifts of \$170,000 each to the two presbyteries most impacted by Hurricane Katrina; and \$626,000 was used to retire debt on the Grand Lakes Presbyterian Church real property and to reimburse presbytery for expenses incurred in connection with that property. The remainder of the bequest was to be designated as presbytery's "Vision Initiatives Fund" to be administered according to the recommendations of the Gift Process Task Force.

The recommendations that were voted on and accepted included a provision that the guidelines for the investment and withdrawal of funds from the Cris Miller bequest could be changed with a two-thirds majority vote of commissioners present at two successive Presbytery meetings, stated or called, held on different dates. Because the limitation on Fund Withdrawals for the bequest previously approved by resolution of the presbytery did not address extraordinary withdrawals or additions to the fund, this resolution will need to be amended to address this situation.

POSSIBLE SALES OF REAL ESTATE

Presbytery owns three parcels of land in the Houston area that are currently listed for sale. The total estimated fair market value of the three parcels that would accrue to presbytery approximates at least the amount needed to repay the restricted funds accounts, repay the special offerings to General Assembly and carry the copier leases through completion in 2011.

The Task Force has been advised that two of these parcels, with a combined asking price of \$1,060,600, have been on the market for some time attracting little interest, to date. The remaining parcel, currently on the market for \$3,147,000, has a high probability of selling in the near future, according to the realtor handling the three properties. Due to a resale profit sharing stipulation attached to the sale of the parcel by the seller of this parcel to presbytery, the parcel, if sold at current asking price, would result in approximately \$1.2 million received by presbytery. There is a possibility the asking price could increase due to recently adopted conditional waiving policy adopted to a stipulation attached to the property that mandated only a church could be built on it.

The realtor retained by the presbytery to market the three parcels of land has also recently been asked to assess the market value and sale viability of the Presbyterian Center land and building. Such a sale would necessitate relocating presbytery operations. Although there might be a good chance of selling this property because of the development in the area, the ongoing cost of renting office space elsewhere must be assessed in light of presbytery's anticipated tight budget constraints in the next few years.

CONCLUSIONS OF THE TASK FORCE

After discussion and research, the Task Force concluded that the only resource immediately available to presbytery that would enable it to voluntarily meet the ongoing copier lease obligations and retire the debt to the presbytery's restricted funds accounts and the General Assembly's special offerings is the Cris Miller Bequest. The presbytery's

budget has been severely impacted by the discovery of the misallocations and the potential copier lease liability and cannot contribute to the resolution of these obligations at this time.

The potential copier lease obligations are fixed and the presbytery would be faced with additional claims for late fees if the rental payments are not kept current. The designated accounts that presbytery is holding for related groups need to be fully funded as soon as possible. The General Assembly has indicated that it is willing to work with presbytery on a repayment schedule for the special offerings debt.

The Vision Initiatives Fund is crucial for the growth and survival of the presbytery and its churches in the future. If the Cris Miller Fund is tapped in full immediately to repay the debt and copier obligations of presbytery, then there would be little income left to fund the Vision Initiatives of presbytery.

Therefore the Task Force concluded that the prudent approach is to recommend a five year repayment plan that addresses the copier leases, restricted funds and special offerings debts and balances the need to withdraw money from the Cris Miller Bequest with the need to replace it as soon as possible so that the programs funded for the Vision Initiatives may continue, impeded as little as possible under existing circumstances. This is the basis for the recommendations of the Repayment Task Force attached to this report. Because the resolution previously passed by presbytery limiting fund withdrawals from the bequest did not address extraordinary withdrawals or additions to the fund being recommended by this Task Force, an amendment to that resolution will also be required if the other recommendations of the Task Force are accepted by the presbytery.

These recommendations require that acceptance by a two-thirds majority vote of presbytery at the February 10, 2007 meeting and again at a subsequent meeting called on another date in order to comply with the requirements of the Gift Process Task Force.

ATTACHMENT A
Restricted Accounts Most Likely to be Disbursed in 2007
(10/31/2006 Ending Balance)

080001 - ECO Programs	\$41,360.18	
080004. HURRICANE RITA RELIEF	\$38,341.28	
084505 - NCD BRAZILIAN FELLOWSHIP	\$35,938.53	
084515 - Korean-American English Min Probe	\$57,379.10	
084520 - LAKE HOUSTON NCD	\$5,000.00	
085520 - BARNABAS MINISTRY	\$93,931.39	
080300 - Peacemaking (PNC's 25%)	\$2,668.18	
83051 - Restoring Creation Enable	\$659.41	
083055 - Disaster/Flood Relief	\$25,272.41	
080420 -Interface Samaritan	\$3,000.00	
080440 - Interfaith MinistriesI Hou	\$1,929.00	
083331 . UCM of Greater Houston	\$550.79	
083332 - UCM in Aggieland	\$1,275.00	
083333 - Austin Seminary	\$5,450.00	
083335 . Stephen F Austin	\$1,000.00	
082735 - Presbytery Contributions	\$4,878.56	
084000. EVERGREEN FOUNDATION	\$1,200.00	
084411 - Heifer Project Intl	\$1,030.00	
084465 - Itasca Children's Horne	\$620.00	
084533 . Medical Benevolence Found	\$1,231.00	
084550 . CUPS	\$5,000.00	
084580 -Mo Ranch	\$12,280.15	
084602 - Pan Amercian School	\$12,921.89	
084807 - Pby Children's Homes & Services	\$7,563.03	
084635 - VISION 2010	\$32,892.44	
085231 - CEDEPCA Trips	\$4,339.44	
084500 -INSTITUTE OF PASTORAL STU	\$9,886.42	
085122 - Youth Triennium	\$5,066.52	
085168 - CARTER ELDERCARE FUND	\$1,235.41	
085124 - Yth Mission Trip-It Proj	\$64.90	
085151 - Church Officer training	\$973.46	
085153 - CHRISTIAN CONNECTIONS	\$4,110.48	
085511 - Weekday MID Conference	\$3,021.58	
085512 - Youth Council Retreat	\$1,720.00	
085513 - Youth Council Service Pro	\$278.65	
		Sub-total \$423,039.20
LESS: Money held at TPF for Barnabas	(\$50,579.65)	
		Total
\$372,459.55		

DISPLAYS FOR TODAY'S MEETING

1. Community of Respect
2. International Seafarers
3. Medical Benevolence Foundation
4. Presbyterian Children's Homes and Services
5. Resource Center
6. Schreiner University

Postlude,

the publication that highlights the events and business conducted at the presbytery meeting, will be published on the presbytery's website.

An e-mail will be sent notifying you when the Postlude is available. Commissioners are encouraged to share it with their sessions.

Those churches not having internet access will be mailed a copy of The Postlude.

Comments and suggestions should be directed to Helen Wolf at hwolf@pbyofnewcovenant.org

Next Meeting of the Presbytery of New Covenant

will be

Tuesday, May 15, 2007

Hosted by:
Cho-Yeh Camp and Conference Center
Livingston, Texas

**PRESBYTERY OF NEW COVENANT
CALENDAR OF EVENTS**

<p>February 20 General Council Meeting</p> <p>February 23-24 Middle School Conclave at Cho-Yeh</p> <p>March 2 – 3 Senior High Conclave at Cho-Yeh</p> <p>March 20 General Council Meeting</p> <p>March 23-24 Presbyterian Marriage Encounter Middle School Conclave at Cho-Yeh</p> <p>March 30 – 31 Senior High Conclave at Cho-Yeh</p> <p>April 14 Presbyterian Women Spring Gathering Kingwood, First</p>	<p>April 27 General Council Meeting</p> <p>April 21 PYCC Final Meeting</p> <p>April 26 – 28 Synod Meeting in Dallas</p> <p>May 15 Stated Meeting of the Presbytery Cho-Yeh Camp and Conference Center Livingston, Texas</p> <p>May 8 General Council Meeting</p>
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