

Opening Prayer

Ruling Elder David Vaughan moderated and convened the meeting at 9:04 am with prayer.

Attendance

Stated Clerks included Ted Churn (NHO), Tamara Williams (CHA), Jerrod Lowry (CCC), David Vaughan (SAL) and Cam Murchison (WNC). Presbytery staff included Jan Edmiston (CHA), Laurie Scott (SAL). Synod staff includes Warren Lesane and Tami Scott.

Guests

Wells Fargo David Miller, (CFP – VP Sr. Charitable Administrator), Derrick Webb, (Wealth Management Lead Investment Manager), and Tiffany Scales (Wealth Management Associate).

Approval of Docket and Minutes

The meeting docket was approved. The June 6, 2018 Minutes were approved as distributed.

Wells Fargo Presentation

David Miller introduced Derrick Webb who provided a market update on behalf of Mike Joyce. Webb noted that the stock market has differed from 2017, but the overall economy continues to do well. The Federal Tax Cut and Budget Bill have added fuel into the economy. More market volatility is being seen, but domestic markets are doing well even with a pullback. Corporate earnings have been very strong throughout the first 3 quarters. Interest rates have gradually increased to keep the economy from growing too strong and too fast; another interest rate increase is anticipated by the New Year. As rates go up, bonds go down. Equity markets have done well this year. International markets have been weaker than expected. The portfolio has done well in light of this environment. Accounts have performed with increases. Wells Fargo's aim is to keep the KBR account in line with target allocations which may require some adjustments.

List of New Applicants and Presbyteries - (11)

Gregory Davis and Joan H. Watson – CHA; David M. Dudley and William T. Reinhold – CCC; Troy Clark Lewis, Ronn McCracken, Steven Wicks and Margaret R. Wilson Stayton – NHO; and Sidney Bates, Nancy Williams-Berry and Joel Long – SAL were added to the list. A motion was made, seconded and approved to accept the new list of Kate B. Reynolds applicants.

Review of Presbytery Lists of Qualified Retired Ministers (New Applicants Inclusive)

The total number of recipients according to presbyteries are: Charlotte – 85; Coastal Carolina - 100; New Hope – 86; Salem - 107; and Western North Carolina - 67; totaling **445**. There was a motion to accept the total of 445 participants. The motion was approved.

Certification of Qualified Retired Ministers for the June 2018 Distribution.

Recommendation:

That Wells Fargo Bank be authorized on December 11, 2018 to distribute \$578,341.68. This figure represents one-half of four percent of a three year rolling average of the Kate Bitting Reynolds Fund market value, minus administrative fees of the Synod and Presbyteries. The distribution should be made in equal shares of \$1,299.64 to the certified ministers and that

Wells Fargo Bank further be instructed to distribute to the ministers the odd cents guaranteeing that the entire \$578,341.68 is disbursed. A motion was made to authorize Wells Fargo to distribute funds to ministers on June 11, 2018 and to make appropriate adjustments if the needed if the qualified ministers total changes. Motion approved.

Old Business

1. **KBRT Guidelines** – The proposed guidelines were approved at the 242nd Synod Assembly. The Certification Committee is clear to engage an attorney to update the guidelines and brochure. The Synod Stated Clerk will convene the five NC Stated Clerks early 2019 via zoom conference call to do initial work on these documents before referring them to an attorney.
2. **K-1 Tax Forms** - David Vaughan drafted, and committee members approved, a K-1/tax reporting information letter for presbyteries to send to plan participants before the first of the year. The letter explains K-1 preparation, expected delivery and requests for participants to contact their presbyteries with questions as their point of contact. Wells Fargo does not have the staffing to address their communications. David Vaughan will edit the letter with changes and resend to presbyteries.

Dates and Deadline

New applications and spreadsheets are to be submitted to the synod office by May 20, 2019.

Next Meeting & Adjournment

The Certification Committee will meet June 5, 2019 at 9:00 AM. Cam Murchison will moderate. The motion to adjourn was approved. Jerrod Lowry offered the closing prayer at 9:42 a.m.

Date: November 7, 2018

Signed 
Warren J. Lesane, Jr.
Executive and Stated Clerk
Synod of the Mid-Atlantic

Attachment: K-1 Letter to Plan Participants

<date>

TO: Retired clergy in _____ Presbytery who receive semi-annual distribution
from the Kate Bitting Reynolds Trust Fund

FROM: _____
Stated Clerk

RE: Tax reporting of proceeds from semi-annual distribution

There has been some confusion - every year - regarding the tax reporting of proceeds from the semi-annual distribution of the Kate Bitting Reynolds (KBR) Trust Fund.

The benefit that you receive twice annually from the KBR Trust is unlike miscellaneous income (so often reported to Federal and State taxing authorities on IRS Form 1099). The semi-annual benefit to you is a portion of the income generated by the KBR Trust. K-1 is the tax document issued to you and filed with the IRS annually by the fund's trustee (Wells Fargo Bank). A 1099 form is not the form used to report "pass-through" income from a trust.

Before Wells Fargo can issue an IRS Form K-1 to you, Wells Fargo must allocate the Trust's income into various IRS categories, and file a tax return reflecting the earnings of the KBR Trust. And before Wells Fargo can complete the Trust's tax return, Wells Fargo must itself receive all the various tax forms from the Trust's investments. Only after these documents are received (normally no sooner than March 15, and very often later) can the Trust's tax return be prepared.

A Certified Public Accountant has advised us that, due to IRS regulations, it is unlikely that you should expect a K-1 from Wells Fargo before early April at the very earliest, and it is more-and-more likely that the K-1 cannot be issued until even well into April. Tax professionals are likely to give the same advice. Depending on your circumstances, it may be that you will have to file for an extension on your income tax return, a step that is not viewed by the IRS as questionable or illicit. You should feel free to share this communication with your tax preparer. As always, I encourage you to start with me, rather than Wells Fargo or the Synod office, if you need further information about the KBR program or have a change of address.

In her bequest of 1947, Mrs. Reynolds surely had the right idea - to continue to support faithful Presbyterian ministers in their vocation of retirement. Mrs. Reynolds could have never imagined the Federal and State tax regulations that would attach to her benevolence. At every meeting of the KBR Certification Committee, the North Carolina Presbyteries' stated clerks give thanks to God for Kate Bitting Reynolds' generosity - a gift that has grown more than 7650% in these seven decades!