

The Chairman called the meeting to order. Our Chair then directed our attention to documents submitted by This AME Church, stating that This AMEC is in a position that needs the endorsement of the Annual Conference in order to complete a financial obligation that is an emergency.

Some time ago This AME church found itself in a predicament where the IRS (Internal Revenue Service) would claim property of This AME Church if they did not clear up a past due Employment Tax Bill. The pastor after discussion with the leadership of the Church have suggested a way to resolve the matter is by placing pieces of This AMEC property under a Mortgage in order to pay off IRS! The Chairman stated that he had been informed that the church had utilized someone outside of the Church to assist them in presenting the presenting financial documents for presentation to the Bank. In addition, there are a number of questions that we have posed to this AME Church through the Pastor in order to make certain the clarity of this presentation tonight.

The Chairman stated we have no choice in the matter in that we are obligated to protect the property of the church and that we know where this process is moving and what the conference Trustees must do tonight is to make certain that we are moving with sound judgement in that we are protecting the Conference at all cost and to provide the wisdom and influence to ensure that we are working in the same direction. At this point, the pastor was asked that he and officers, walk the Conference Trustees through the submitted documents and to forgive us for interrupting where there are pressing questions from the Board in order that a full understanding can be brought forth.

The pastor stated that in the later portion of 2017, the church was notified by the Internal Revenue (IRS), that it had an Employee Tax Liability for a portion of 2011, three quarters of 2012 and two quarters of 2013. 42 At time the amount was approximately one hundred fifty thousand dollars (\$150,000.00). When IRS notified the church, they stated that they were not certain as too what the amount would be in 2017 however when the Pastor met with the Revenue Officer, along with several other representatives of the IRS along with officers of This AME Church in the summer of 2018, it was revealed that with interest and penalty that the tax liability was three hundred forty-four thousand dollars (\$344,000.00). When informed of this, the Church in 2017 retained the services of a Tax Attorney and together attempted to negotiate with the IRS to resolve this issue. The pastor indicated to IRS that the church were not disputing the amount and just wanted to resolve it! He further stated that the IRS stated that they would not negotiate with the church because the church had fourteen million dollars (\$14,000,000.00) in real estate assets and they were aware that the church had no debt and that if the church did not pay the debt, the IRS would come and seize the property and sell it to satisfy the liability.

With this information, the pastor convened a Church Conference informing the members of the report from the IRS. After considerable deliberation, the leadership of the church did not want to sell the property to pay off the debt. Several options were considered and finally it was determined that the church would secure a loan to satisfy this tax liability. The pastor stated that he informed the chairman who recommended that the church apply to a certain bank for the loan. Within two days, the bank informed the church that their financials did not show that they were strong enough to stand on the loan. Therefore, the recommendation was that This AME Church would request that the Conference guarantee the loan.

The chairman said that for purposes of clarity, that the reason that the IRS would not negotiate was because the negotiations did not start until 2017 and that the IRS was frustrated because the church had not contacted them. Our Chair said that the loan application amount was for three hundred eighty thousand dollars (\$380,000.00). Pastor responded in the affirmative. The difference between the IRS debt (\$344,000.00) amount and the loan amount is pay off the debt on a new roof (\$22,000.00) The chairman stated that he requested that the Pastor asked the cretain bank what it would take for the Conference to be released from this obligation and how long that would be. The pastor stated that he had spoken with a Senior VP at the Bank and was told that the letter

submitted by him to the Bank had outlined how the Conference could be released was unacceptable. In addition, the pastor said to the Board that this AME would make an agreement that if the Conference would guarantee the Loan, the church would have the loan paid off in three years! That the term of the loan would be five years with an interest rate at 4.5% amortization, 25 years with monthly payment of two thousand nine hundred fifty dollars (\$2,950.00). After 5 years, a Balloon note that the church would have to pay off! The church would come to the Conference with the proposal to do one of two things: within a three-year period, would pay off the entire balance of the loan by raising the money or sell a piece of property to release the Conference from the loan and satisfy the loan with the bank.

The pastor further informed the Board that about three weeks ago, the church learned that they had property of approximately 1.8 acres of land that they were not aware of! This was learned when the city sent a citation that said that the property was covered in weeds and trees and that the church needed to cut it down or would be fined until it was addressed! The church knew that they had property in that area but unaware that that was a part of their property. This is the property that the church would sell to release the conference from the loan.

The board then held a question and answer with the pastor and officers present.