EXECUTIVE COUNCIL ECONOMIC JUSTICE LOAN COMMITTEE

Membership

Ms. Lindsey W. Parker, *Chair*, 2015
Dr. Scott Bader-Saye
The Rev. Jane Gould, 2015
The Rev. Canon Gregory Jacobs, 2015
Mr. William B. McKeown, Esq., 2015
The Rt. Rev. Eugene Sutton, 2015
Mr. Warren Wong, 2015
The Most Rev. Katharine Jefferts Schori, *Ex Officio*
The Rev. Gay C. Jennings, *Ex Officio*
Mr. John Johnson, *Executive Council Liaison*
Mr. T. Dennis Sullivan, *Investment Committee Liaison*

Changes in Membership
Dr. Scott Bader-Saye stepped down from the Committee in January 2014. He was not replaced.

Summary of Work

Mandate: To oversee the assets set aside by General Convention and Executive Council for loans that support greater economic justice by enhancing people's ability to improve their economic well-being.

In 1998, the Executive Council created the Economic Justice Loan Committee (EJLC) to oversee two predecessor economic justice programs and the management of $7 million of investment assets of the DFMS. The allocation of this money reflects the Church's desire to use some of its own resources, on a revolving basis, in support of an investment portfolio supporting economic justice by providing credit to institutions and organizations that may not be able to access the regular capital markets, but who have worthy community development goals and projects, including housing, social services, and small business development. The goal of these investment funds is to generate income, but also to further the Church's social-justice purposes. This form of economic justice hopes to enhance people's ability to improve their own economic well-being and to empower them through the use of economic resources.

Meetings: EJLC currently meets bi-monthly by telephone conference to review and approve loan applications from community development financial institutions (CDFIs) and to conduct other business as necessary.

The EJLC continues, since 2002, has and continues to employ the Opportunity Finance Network (OFN) (contract renewable annually) as an outside consultant to assist in underwriting (the analytic process of risk assessment), to review these community development organizations and their loan applications, and to recommend investment opportunities appropriate for the EJLC portfolio. OFN is a national network of more than 200 CDFIs that also operates a financial consulting business assisting insurance, financial services, and faith-based investors in building community development investment portfolios. The DFMS Treasurer's Office is responsible for the ongoing monitoring of the existing loan portfolio and the compliance of the borrowers.

As in the past, the EJLC portfolio is currently invested in community development loan funds as well as in direct deposits (such as certificates of deposit) with financial institutions. EJLC does not make any direct project loans. EJLC makes loans only to intermediary financial institutions, which, in turn, lend to end borrowers. The borrowing institutions make capital available to organizations and people who have historically had a more difficult time accessing capital markets. Funds are typically made available for affordable housing, job creation, community economic development including community facilities, small business, and micro-enterprises. This is important, because it greatly reduces the risk of the portfolio through diversification, and also because community development financial institutions typically provide financial training and technical assistance along with financial capital. EJLC currently has a portfolio of both domestic and international investments.

As evidenced by the Loan Program Report that follows, loans generally range in size from $100,000 to $500,000, and they generally range in term from three to five years. Over the last triennium, at any point in time the portfolio has typically held between 12 and 18 investments.

During the triennium, EJLC reviewed and acted on a number of applications. As of September 30, 2014, the loan portfolio consisted of $3,775,000 in loans outstanding, $860,000 in deposits placed, and $500,000 in loans committed but not yet disbursed. Total funds committed were $5,135,000, of which $3,010,000 were placed during this triennium. Funds currently available for investment are $1,567,376. This remaining amount of funds available for investment also reflects a write-off of approximately $300,000 (Delta/Mississippi) that was required several years ago. Reflecting the revolving nature of the portfolio, a number of additional loan applications are in the current pipeline.

The following are examples of loans and deposits made by EJLC during the last triennium:

Fonkoze (June 2013): $150,000
Fonkoze is Haiti's largest micro-finance institution and has been operating in the country for more than 20 years. More than 40 percent of Haitian households are headed by women, and the work of Fonkoze focuses primarily on that population in rural Haiti. The Committee has looked for a way to invest in Haiti for some time, particularly after the earthquake of 2010. Without Fonkoze, many of its clients would have no access to micro-credit or the other financial services provided by its related organization, Sevis Finansye Fonkoze (SFF), such as savings and money transfers.

Bank of Palestine Certificate of Deposit (March 2013): $500,000
For some time, the Committee has looked for a way to make an affirmative investment in Palestine, but it was never able to identify a suitable CDFI opportunity. Convention Resolution B019 in July 2012 reaffirmed the Committee’s need to look for an investment opportunity. The Church's Committee on Corporate Social Responsibility has been looking into this issue for quite some time. This is the first positive investment made by this Church in the economy of the Occupied Palestinian Territories. The Bank of Palestine is a proud signatory of the UN Global Compact, a universally accepted set of principles that align business with socially responsible financial practices.

New Hampshire Community Loan Fund (August 2013): $500,000
One of the nation's first community development loan funds, NHCLF has been providing loans in its community for more than 40 years. It has been a leader in providing financing to resident-owned, manufactured-home communities, thereby providing a permanence of housing not typically seen among this population. This is at least the third time that DFMS has made a loan to NHCLF.

Shared Interest (2014): $100,000
EJLC renewed its investment in South Africa through Shared Interest. It was particularly meaningful to do this, as South Africa is celebrating its 20th year of democracy in 2014. Shared Interest, through its local partner organization Thembani, has benefited more than two million low-income, black South Africans. This is another repeat borrower in the portfolio.

Appalachia
With the assistance of OFN and the Treasurer's Office — which made an effort to reach out to local bishops to discuss both need and opportunity — a number of investment opportunities serving this area have been identified and are being vetted at this time.

The Committee continues to work toward its goal of increasing the percentage of the portfolio that is deployed. With that in mind, we have spent some of our Committee time talking more holistically about portfolio construction and diversification as measured by type of loan, size of loan, type of borrower, location or service area, geography, and population being served. We also recognize the importance of being diversified across the country, so as to reflect the Church's reach and the needs of all communities. The Committee has also endeavored to publicize its work with press releases and web postings. The work of this Committee would not be possible without the dedication and support of Margareth Crosnier de Bellaistre and Kurt Barnes in the Treasurer's Office.

Budget

Due to budget constraints, the Committee continues to look for ways to reduce its expenses. This has included the Treasurer's Office's assuming more responsibility for the portfolio — in particular, ongoing monitoring — so that we could further cut the expenses of our outside consultant, OFN.

The Committee was not able to hold a face-to-face meeting this triennium as it has in the past. All the work was conducted by telephone. If the budget for the next triennium allows for it, the Committee would like to hold a two-day, in-person meeting primarily for training new members.