

The Economic Justice Loan Committee

Teleconference – October 3, 2017

Minutes of the Meeting

Attending: Diane Aid, Rodney Michel, Warren Wong, Andrew Walter; from OFN, Max Gritzuk and Robin Odlund; from the staff, Kurt Barnes, Margareth Crosnier de Bellaistre, Nancy Caparulo, and Tanie Oconer. Regrets: Kim Jackson and Will Mebane.

Warren called the meeting to order once a quorum was present at 12:53 PM EDT and Andrew offered a prayer.

The agenda from the September meeting was reviewed and no changes made except that OFN would present new business first.

The Minutes from the April meeting were considered. A motion was made, seconded and carried to approve the minutes as presented.

Max discussed the new business at hand.

PeopleFund

A small business CDFI in Austin, Texas PeopleFund now has six satellite offices in the state. It proposes to open four new offices in the next four years and has applied for a renewal. It has 90 borrowers that were impacted by the hurricane and has received strong support from the community in order to move ahead. People Fund is among the premiere CDFIs. About 22% of its portfolio goes to veterans who are entrepreneurs. Half of its borrowers are minorities/women. The loan request is \$350,000, a \$100K increase, at the same terms (3% for 3 years). Max highly recommends approval.

Max discussed the pros and cons of the organization and the committee discussed the request. Kurt suggested highlighting some of the loan activities at a booth at General Convention, e.g. what are the borrowers involved in? **Andrew moved and Rodney seconded to approve the loan with the increase. Motion carried.**

Partners for the Common Good (PFG), DC

This organization has a slightly different business model. It makes loans to other mission oriented lenders. Internationally diverse it dedicates part of its own portfolio to partnership lending, both in and outside of the US with a focus on micro-finance. Partnership lending remain crucial as it allows other CDFIs to share in the risk while increasing liquidity. It provides a full underwriting of its loans to make sure policies are complied with. PFG has 35 partners, all CDFI, including the largest three CDFI organizations.

Their loan request is \$300,000 for 3 years at 3.0-3.5%. They must maintain a strong network of lending partners. Max reviewed the report which was previously posted to the Extranet. PFG

has an online presence in the participation lending industry and also has a diverse portfolio with very strong procedures. The chief lending officer position has turned over in the last year, which caused some delay; but a conversation with the new lending officer quelled any concerns that OFN may have had.

It was moved (Andrew) to approve the \$300,000 loan at 3.5%, seconded (Diane), and approved without opposition.

Max inquired about capital available for lending at this point before he begins a search for new investments. Margaret reported that one additional pay-off is expected at \$250,000 from Montana Homeownership Network in November, 2017, and that will bring the funds available for loan to \$750K by the end of this year. She expects an additional \$1 million of payoff next year as 4 loans will mature. Max stated that at the OFN annual conference last month, he met with many exciting CDFIs that might be a good fit for this program.

Loan Report

Margareth went over the Excel spreadsheet that had been posted. The loans that had been approved earlier this year were executed with the exception of *Shared Interest*, a loan that was approved for \$300,000 at 2.5%. Shared Interest (SI), like Fonkoze and New Roots, is an organization outside the purview of OFN. SI's Executive Director expressed her appreciation for the long relationship and support from the Episcopal Church and pressed for a five-year loan. The Committee recognized SI's long friendship but kept the loan period to four years as approved in April. Margareth will convey the message to Shared Interest and expect the loan to move forward with these terms.

Compliance Report

Kurt observed that Montana Homeownership has a red flag as they are not compliant with their loan loss reserves. No waiver was extended to them. Tanie clarified that they use a rolling three-year average of loan losses which is computed only at year-end.

Tanie was introduced to the committee as the new compliance officer for these loans following Jose Gonzalez's retirement last month. Of the 17 current borrowers, each one is in compliance. The most recent loans are still sending their 2Q2017 compliance reports as Tanie requested last week. Once the report is complete, it will be posted on the Extranet.

Margareth brought attention to New Roots progress report on the funds received from DFMS, of which \$87k has been used. The narrative report had been posted on the Extranet.

Continued Business

Margaret reported that Main Street Launch, Oakland, CA - 300,000, 3-year senior unsecured loan with an interest rate of 3.75% - was funded in May 2017. In July, Finance Fund Capital Corporation, of Columbus, OH - \$300,000, 3-year senior unsecured loan with an interest rate of 3.75% - was funded. It takes a while to complete the loan documentation.

Blue Book Report

Warren met with Margareth concerning the Blue Book report draft. He met also with Bill McKeown, former chair of this committee, about the report. Warren will use the template established by the chair of the last triennium and build in some changes with charts or tables to illustrate the use of the loans, the geographical diversity, the uses for the funds, illustrating key areas of service and salient points where the committee has focused.

Warren and Bill McKeown met with the Church Pension Fund's Impact Loan staff. CPF makes loans similar to those of the EJLC but from a much larger portfolio, which includes both US and non US micro-finance borrowers. He hopes to have additional conversations about resource sharing to gain ant understanding of what each company is doing from a loan perspective and find possible common areas of interest. Warren does not anticipate doing a resolution for General Convention to request an increase in the committee's \$7 million allocation. However, he wonders if the committee would like to entertain the idea since the \$7 million level has been in existence for 20 years. It was agreed that the Investment Committee would have a look at this matter and make recommendation(s).

New Business

Kiva Impact Loan is an organization familiar to Warren's parish. Kiva accepts grants rather than loans or investments from outside organization and, as such, doesn't fit within EJLC's mandate

Margareth will speak with Neva Rae for a press release regarding the new loans that were approved today.

With thanks to the committee, Warren brought the meeting to close at 1:42 after a reminder of the December 5th meeting and a brief sendoff prayer.

Respectfully submitted,