

The Executive Council Economic Justice Loan Committee

June 10, 2021

Minutes from the Teleconference

Attending the call: Will Mebane, Timothy Gee, Warren Wong and Andrew Walter (IC); from the staff, Kurt Barnes, Margareth Crosnier de Bellaistre, Nancy Caparulo, and Tanie Oconer; Khalid Sarwary from OFN.
Regrets: Anne Hodges-Copple (FIN)

Will called the meeting to order at 1:01 PM EDT with prayer.

After the roll was taken, the agenda was reviewed, moved, seconded and approved with one addition.

The Minutes from the March meeting were moved (Tim), seconded (Andrew) and approved as presented.

Treasurer's Report

Kurt went over the posted unaudited results for 2020 and reported the draft audit will be discussed at the Audit Committee meeting next week. Budgetary results show 2020 income in line with budget, significant in that diocesan commitments were slightly higher than budgeted. In 2021 diocesan payments remain in line with pledges. Budgetary impacts by the pandemic have not yet been seen. Expenses were well below budget, yielding a year-end surplus of about \$9 million. In May Executive Council approved a grant to dioceses of \$40K each, when requested. To date, about 55 dioceses have done so. Those taking grants are asked – but not required - to share with the church the way they have spent the money. It is anticipated that spending will remain below budget for 2021 as travel and face-to-face meetings are curtailed until Labor Day.

New software is being implemented in the Treasurer's Office in order to track and monitor the many grants and scholarships made through that office.

Short term reserves and the balance sheet remain strong. The portfolio was up almost 20% net through 2020. The annual appeal is doing well.

Staff travel is going to be more closely monitored going forward and reminders will be made about stewardship of travel dollars. Warren and Andrew moved and seconded to accept the treasurer's report. The vote to accept was unanimous.

Agenda Addition

An inquiry had been received from Jeffrey Curtis, Chair of Episcopal Network for Economic Justice. It was to have been \$27 million at inception but because of lack of money, only \$7 million had been set aside for the Economic Justice loan fund. Warren had raised the question with the IC about the current \$7 million allocation and if we had the ability to raise more for the fund. He raised the possibility of dioceses adding to the fund with DFMS oversight of same.

Kurt said that individual parishes have asked about co-investing. The accounting system that is used for the investment portfolio might be used to track the Economic Justice Loan Portfolio. Kurt pointed out that with the investment portfolio, people can get in and out at any time, making liquidity (or the lack thereof)

an issue. Margareth suggested exploring possibilities around this with in-house counsel. It was observed that administering an entity that included all dioceses/parishes might be extraordinarily difficult.

Loan Status Reports

Margareth said cited loan payoffs as of a May 31 from FAHE, MEDA and Partners for the Common Good, putting \$1.1 million back in the pool. Of the \$7 million total there is now \$1.35 available for new loans. A payoff is anticipated in December, five others in 2022 and eight in 2023. Loans to LEAF and People Fund were wired in May and June. Payments are timely and most borrowers are doing so by wire, a process implemented since COVID.

It was moved (Andrew) and seconded (Tim) to accept the report. Motion carried unanimously.

Compliance Report

Tanie reported all borrowers are in compliance. Warren moved and Andrew seconded the acceptance of the report. Motion carried unanimously.

New Credit Analysis

Khalid discussed FAHE in thorough detail, which asks for a \$500 K renewal loan for 2 years at 2.75%. The report had been posted to the Extranet. Summary: good performance, strong portfolio quality and liquidity position with strong capital structure, healthy earnings, and experienced and strong management team.. Highest rating has been applied to their request. **It was moved (Warren) and seconded (Andrew) to approve the request as stated above. Motion carried without opposition.**

Khalid proceeded to discuss PCG, whose rating is very high, whose renewal request has an increase from \$350K to \$500K for 5 years at 3.5%. This is a strong CDFI with growing balance sheet, a brilliant asset quality, and earnings consistently generating surpluses. **A motion was made and seconded (Tim and Warren) to approve the loan as described. Vote was unanimous.**

St. Luke's Development Corporation

An inquiry was received from New Haven. Kurt and Will are familiar with the group that is looking to develop a 64-unit housing facility. St. Luke's Development Corporation is not a CDFI but is a registered NFP. Discussion revealed that the organization does not meet the DFMS guidelines for loans. Margareth had informed St. Luke's that the committee would meet and she would respond afterward.

Final discussion looked at the measures in place to protect against a loan that might go under. No reserves against defaulting loans are currently held. In this program, there has been only one loan that defaulted in 2008 (Delta) when the EJLC did its own underwriting.

Will concluded the meeting with prayer at 1:58 PM.

Respectfully submitted,
Nancy Caparulo
Staff Support to the Committee