

The Executive Council Economic Justice Loan Committee

March 9, 2023

Minutes from the Teleconference

Attending the call: Will Mebane, Kurt Barnes, ME Eccles, Timothy Gee, Joseph McDaniel, Diane Pollard, Andrew Walter (IC) and Byron Rushing; from the staff, Margareth Crosnier de Bellaistre, Tanie Oconer, and Nancy Caparulo; from OFN, Khalid Sarwary.

Regrets: Anne Hodges-Copple (FIN).

Will called the meeting to order at 1:07 PM EST with prayer. The roll was taken, the agenda adopted with one addition from Byron, and the minutes from the December meeting approved as presented.

Treasurer's Report

Kurt went through the report he had posted for review, noting changes in income from refugee resettlement. Otherwise, income is in line with budget. Expenses were below budget owing to a shortened General Convention in 2022 but there are areas where there is significant under-spending. Kurt has asked for explanations in those areas.

He said 2022 was an awful year from an investment standpoint. The asset mix of the portfolio remains unchanged and this is looked at by the Investment Committee regularly. Stocks and bonds suffered in 2022 with international markets outperforming the S&P Index. Long term portfolio success, even with poor performances, is favorable. Both corporations and households had improved savings in 2022. Markets are predicting 5% peak in the FED rate and a reduction at the end of the year. Kurt looked briefly at market volatility and its past impact on TEC.

The Office of Development (OOD) continues its significant work, especially in 2022 with \$243K raised for HBCUs, double the amount of 2021.

There was a brief look taken at under-spending in the program area and the possible causes for that. By motion (Diane) and second (Joe), the report was accepted unanimously.

Loan Status Report

Margareth had posted the year-end report, which she talked the group through. \$1.1 M was deployed in new loans in 2022 including \$500K to the Bank of Palestine. All loan payments were collected on time yielding \$168,808 in interest. Of the total \$7M fund, \$5.95M is invested, leaving \$602,300 available to use in early 2023. \$2.6M will mature this year from 8 loan maturities.

Margareth then reviewed the 36 loans made from 2016 to 2022 both through OFN and independently totaling \$11.850M. On average these were made at 3% interest over a 3-year

period. Motion was made (Byron) to accept the report, seconded (Andrew) and carried unanimously.

Compliance Report

Tanie led a review of the posted report. He noted three borrowers having negative income statements but were in compliance within the DFMS guidelines: Homewise, Shared Interest and SELF. Moved (ME), seconded (Diane) and carried to accept the report.

OFN

Khalid began by discussing the CDFI sector in general and OFN specifically whose mission was to align capital with social political and economic justice. Generally, not a lot of negative impacts in the past several years although growth was seen at the end 2022. In the DFMS portfolio, which has high quality, the impact is essentially neutral.

Khalid then presented a renewal request from ACE with an increase of \$100K, making the request \$400K over 3 years at 3% fixed interest. ACE is based in Clemson, GA, and is a strong CDFI in OFN's portfolio. ACE is present in 91 counties, focusing on low-income populations, Hispanic and women-owned businesses, providing micro and small business loans of less than \$50K, and some bank partnerships. SBA guaranteed community loans. Khalid discussed strengths and risks of this company. Earnings are solid and there is significant cash on their balance sheet. Revenue is strong based on interest income they generate on the loans they make. Any challenges are those related to small borrowers, who received significant aid support during the pandemic. This might have a negative impact on ACE's portfolio but, as of 2/2023, there is not a lot of impact on their balance sheet. **OFN Recommends approval of the loan request. It was moved (Timothy) and seconded (ME) to approve the recommendation. After a discussion about the interest rate the motion carried unanimously.**

Neighborhood Partners have a loan maturing on March 31. After expressing interest in another loan, there has not been any response to Kahlid's repeated inquiries concerning the new loan. He will stay on top of this and report back.

Future 2023 meeting dates are June 8, September 14, and December 14.

Byron asked that a future meeting agenda include a discussion about support to credit unions. He recalled in 2012 GC passed a resolution for a study to support credit unions. Byron also asked about the efforts the committee was to engage in to increase the size of the EJLC portfolio, which has been \$7mm since inception. FIN members will take these issues to FIN to discuss further. These two topics will be on the agenda at the next meeting. Byron recalled GC resolutions supporting increases to the EJL Fund; he reminded us that they can be easily accessed through the Archives. Margareth will add the researched files to the EJLC Teams resource document folder.

Will adjourned the meeting with prayer at 2:04 PM.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee