The Executive Council Economic Justice Loan Committee

December 12, 2019

Minutes from the Teleconference

Attending the call: Will Mebane, Timothy Gee, Andrew Walter, Warren Wong; from the staff, Kurt Barnes, Margareth Crosnier de Bellaistre, Nancy Caparulo, and Tanie Oconer; Khalid Sarwary and Lisa Wright from OFN. Regrets: Casey Clark, Paula Jackson, and Anne Hodges-Copple.

Will called the meeting to order at 1:02 PM EST. Andrew offered a prayer.

The agenda was reviewed and adopted by consensus.

The Minutes of the September meeting were raised, moved (Andrew), seconded (Warren) and accepted as presented.

Treasurer’s Report
Kurt reviewed the report he had posted. Highlights are:

- Income is in line with budget and dioceses are paying pledges as expected.
- Expenses are running slightly below budget.
- Executive Council (EC) approved the revised 2020 budget, where diocesan income is slightly higher than expected.
- Kurt explained the lower Assessment and positive work of the Assessment Review Committee. 86 dioceses are pledging for 2019 at 15%. Anticipated waivers were better than expected.
- Addition to expense for 2020 is the approval of up to $750,000 for the construction of a conference room and video recording studio at 815 Second Avenue. The available space in the church center building is all leased.
- The trust funds have done well this year; the portfolio is up about 14% at the end of October, which will help the budget in 2021. EC approved a human rights screen, per General Convention resolution. Three companies that have been engaged for years without results were put on the no-buy list: Israel Discount Bank, Caterpillar and Motorola. The managers will sell the shares DFMS holds in a prudent fashion. It is the managers’ decision whether or not to hold any of them. EC also adopted a resolution that requests the Committee on Corporate Responsibility to determine how to engage the banks and underwriters that are participating in the Saudi ARAMCO initial public offering. DFMS asked for the banks’ Human Rights policies and whether they had been required to sign anything that would discriminate against Israel. The companies responded and additional conversation was invited.

It was ascertained that the construction costs will, over time, be offset by the rents collected from resident tenants at the church center.
The no-buy list is to be added to the Investment Policy Statement. The three new names are not yet on the published no-buy list until the Investment Committee acts to revise the IPS in February.

Kurt discussed the work of the Development Office concerning past-due payments for Cuba clergy pensions. Everything looks to be in line for their readmission in March 2020. Development also designed an annual appeal. $250,000 was set as a goal and $247,000 has been the result thus far. Another staff person will be hired in that office so that the existing officers can focus on larger gifts and significant donor development.

It was moved (Warren), seconded (Tim) and carried to accept the Treasurer’s Report.

Loan Status Report
Margareth reminded the committee of the loan approved in September. Northeast Entrepreneur Fund does not include loans to Native Americans on its portfolio but does to a substantial number of women in western Wisconsin. Tim observed that there were no loans made to Hispanics as well. NE Entrepreneur’s new loan documents have been signed. EJLC does not require that organizations provide a breakdown of where their funding goes. OFN helps to obtain that information in their background reports.

All interest payments on existing loans are timely. Two payoffs were received last month. By the end of December there will be a total of $800K in paid off loans that will be available for new loans. In addition, 8 loans will mature in 2020 for $2.3 million.

The Bank of Palestine report had been posted to the Extranet. The bank has the most widespread branch network in Palestine and over 1700 employees. They do micro, small to medium size business loans. Many of the loans are to women-owned businesses.

Tanie discussed compliance. LEAF requested lowering its net assets ratio from 35% to 30% as did Main Street Launch, which the committee must approve on OFN’s recommendation. People’s Fund missed the net assets ratio by 2%. Ratios were discussed as well as what occurs if a waiver is not granted to companies who request them. If the covenant is breached, the lender may decide to approve a waiver for a period of time. OFN agreed to lower the ratio on Main Street Launch’s request. Now DFMS must either agree or not. The documents will be reviewed and recommendations will be provided to the committee.

Continuing Business
Vermont Community Loan Fund – OFN has confirmed interest in a loan in the first quarter of 2020.

ACES (Access to Capital for Entrepreneurs) asks for a renewal of $300K loan for 3 years at 3.5%. Khalid reviewed the background in depth, an organization with a solid track record. Strong capital structure, earnings, etc. They look to lower interest rate from 3.75%. Motion was made to renewal the loan of $300,000 for ACES at 3.5% (Tim) and seconded (Andrew). Motion carried without opposition.
National Council on Agricultural Life and Labor Research, Inc. ("NCALL") requests renewal of an unsecured $300,000 loan for 3 years at 3.75%. Khalid reviewed the posted report. The loan loss reserve was explained in the event of future loan losses. Motion was made (Andrew) and seconded (Tim) to approve a renewal of $300K for 3 years at 3.5% to NCALL. After short discussion about a senior loan vs. a subordinated loan, the motion carried without opposition.

Vermont Community Loan Fund will be discussed at the next meeting. Margareth will check on the loan that will mature in March.

MoFI, LEAF and FCAP letters had been posted to the Extranet for the committee concerning their interest in borrowing.

Meeting Dates for 2020 were looked at. Will plans to look at dates other than Thursdays and suggest alternatives for the committee to consider.

With wishes and blessings for Advent and Christmas, Will adjourned the meeting at 2:08 PM.

Respectfully submitted,
Nancy Caparulo
Staff Support to the Committee

A post-meeting question arose concerning Bank of America. The Peace Fellowship is doing business with them and desires to move away from them. Will wondered if DFMS had any position taken with that bank, Kurt explained that there is no account directly with BOA other than Merrill Lynch. He looked at the engagement list to see if BOA is on it. They are not on the list and Kurt will send a letter to ICCR to see if there is engagement with them to obtain further information.