The Executive Council Economic Justice Loan Committee

March 4, 2020

Minutes from the Teleconference

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

Will called the meeting to order with prayers at 12:59 PM EDT.

The roll was taken and Will announced that Paula Jackson had resigned from the committee.

The agenda was reviewed and no additions or corrections were made.

The minutes from the December meeting were considered, moved (Andrew), seconded (Warren), and approved as presented.

Treasurer’s Report
Kurt shared his screen in order to review the report he had just posted to the Extranet page. Closing 2019 is still in process. A pre-audit meeting has taken place and the auditors will begin in early April. Income was below budget in 2019 because of loss of rental income and concessions given to new tenants. Expenses were in line or below budget. The balance sheet (unaudited and unconsolidated) shows that debt to equity ratio improves. Debt is under 7% and the only bank covenant is to maintain a liquidity ratio as a multiple of total debt, one and a quarter times. Ours is 6. Kurt will renegotiate credit facilities with US Bank in 2020 for a 5-year maturity that will continue to be rolled over. Short-term reserves above $9 million are maintained. Investments did very well in 2019, up 22% after fees and expenses. In January the portfolio was down a bit. Continued volatility in the market is expected. Mercer suggests maintaining overweight in equities, so there will be a rebalance.

Socially responsible investing (CCSR) advocacy continues. Success has been realized with First Cash, Inc., which has agreed to consider diversification on its board as a result of our efforts. It will also amend its by-laws; therefore, our resolution concerning diversity has been withdrawn.

The Development Office (DO) hasn’t yet closed the campaign for Cuba pensions but the appeal has exceeded the goal. DO is doing one final solicitation of cathedral deans because there will be continued need for pension contributions. Cuba will be readmitted officially later this week. The PB plans to go to Cuba. Sharing the Way of Love campaign, begun at the end of December, focuses on $1.1 million. $200K has been received thus far with several significant asks in the pipeline. DFMS is participating with ELCA and the Diocese of Long Island for a revival in New York (probably in Brooklyn).
The HOB meeting next week, scheduled for Camp Allen, is cancelled and will be done virtually.

**Loan Status Report**
Margareth discussed the loan report as of the year end. Eight loans will mature this year. Community Vision Capital will ask for a renewal. ACE and NCALL have been funded after approval at the end of 2019.

Carolina Small Business Development Fund (CSBDF) was highlighted along with a map of the United States that illustrates the geographic impact of the loan program. This picture is to be considered when considering/researching new borrowers.

Tanie discussed the compliance report. All borrowers except META are compliant. META’s non-compliance is due to one-time expenses with changes in key personnel and increases in loan loss allowances. They have increased the capitalization of their loan fund to increase revenue as a means to fix the problem.

A look was taken at the map showing project addresses (Khalid). Where should we be looking to loan? Anne asked if any of the dioceses that are not in compliance with the Assessment Canon will have an impact on the loan decisions that were made or that will need to be made. The question was considered in some detail. Will share the names of those dioceses with OFN but, generally, loans are not made to dioceses, though the diocesan bishop must acknowledge any loan made to an EJLC borrower. Kurt will raise the issue with the EC Assessment Review Committee.

**New Loans**
Khalid presented new loans and analyses. The Vermont Community Loan fund has asked for a new loan of $500K at 3% for 5 years. Originally focused on affordable housing which is still the core of VCLF’s operating model today, is now an award-winning microlender serving the state of Vermont. Accomplishments, strengths and challenges were all looked at. Its small staff size is an issue owing to turnover risk but its balance sheet has grown by $6 million and earnings are strong. OFN recommends approval of the loan if conditions set forth are met. VCLF has been a successful borrower twice in the past. **Anne moved to approve request with the provisos offered. Warren seconded the motion. After a short additional discussion the motion was approved without opposition or abstention.**

Local Enterprise Assistance Fund (LEAF) had a loan for $300K that matured in December 2019 and now requests $100K for 3 years at 2.75%. **It was moved (Tim) and seconded (Andrew) to approve the request.** The net asset ratio was 30% and 25% is being used now. **After brief review the motion was approved without opposition.**

Montana Development Community Corporation (MoFi) is asking for an increase to $350K from $200K for 5 years at 3.5%. Khalid discussed the analysis. MoFi provides finance and counseling services. **OFN recommends approval of the loan, based on MoFi’s strengths. This was moved (Anne), seconded (Warren) and discussed further. The vote carried without opposition.**
Nebraska Enterprise Fund matured but didn’t ask for a renewal.

Community Vision (formerly Northern California Community Loan Fund) comes due this month and has requested a new loan, which will be discussed in June.

New Business
A motion was made to accept with regret and thanks Paula Jackson’s withdrawal from the committee (Warren). This was seconded (Tim) and unanimously approved.

Will noted that many documents arrived on the Extranet within a week. He reminded to honor the practice of making meeting material available at least a week before the call. He also expressed his gratitude for OFN’s work and for the document sharing on Zoom at this meeting.

It was moved to adjourn at 2:04 PM (Warren), seconded (Tim) and carried.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee