

Economic Justice Loan Committee

Membership

W. B. McKeown, Esq., <i>Chair</i>	New York, II
The Rt. Rev. John Chane	Washington, III
The Rev. Maurice (“Rusty”) Goldsmith	Texas, VII
Mrs. Toni H. McGauley	East Tennessee, IV
Ms. Lindsey W. Parker	Massachusetts, I
The Very Rev. Dr. Richard Tolliver	Chicago, V
Ing. Francisco Quiñones Gonzalez, <i>EC Liaison</i>	Puerto Rico, IX

Work Summary

In 1998, the Executive Council created the Economic Justice Loan Committee to combine and oversee two predecessor programs. The Committee meets twice yearly, as needed, usually by telephone conference, to review and consider loan applications from community development organizations and conduct other business.

Seven million dollars of investment assets of the Domestic and Foreign Missionary Society (DFMS, or the Society) had been set aside by separate actions of the General Convention, in 1988, and Executive Council, in 1989. These assets comprise the Economic Justice Loan Fund. The assets in the Fund are made available, through the work of the Committee, for loans and deposits by DFMS to support greater economic justice. Economic justice refers to enhancing peoples’ ability to improve their economic well being and empowering the powerless and oppressed through using economic resources.

Under the management of the Committee, DFMS makes loans and deposits of Fund assets to community development financial intermediaries. The intermediaries re-lend the assets to organizations, groups and individuals with appropriate economic justice development goals and programs. Many intermediaries operate in the United States and globally, making loans to invest in community economic development, affordable housing, micro-enterprise development, job creation, and the provision of social services. These are long-term efforts: Accion, an intermediary to which DFMS has made loans, is celebrating its 50th anniversary in community economic development in the United States and overseas.

The Society also makes economic justice investments through its bank deposit program, by which it makes deposits in financial intermediaries such as community development banks and credit unions. The Treasurer’s Office manages this program, deploying \$3 million for investment in certificates of deposit of \$100,000 each, with short maturities. As of August 30, 2011, deposits had been made with African American, Native American, Hispanic, Asian and women-controlled banks and credit unions located in fourteen states, totaling about \$2.1 million.

From time to time, on a regular basis, the Treasurer’s Office and the Committee consult regarding DFMS economic justice investments.

The following are examples of loans and deposits made by the Committee:

- To support economic redevelopment on the Gulf Coast in the aftermath of Hurricane Katrina, the Committee made a \$100,000 deposit with Hope Community Credit Union, of Mississippi and Louisiana (matured in December 2010), and a \$150,000 loan to Minority Capital Fund of Mississippi (continuing to December 2011).
- The Committee has a \$200,000 loan to Four Directions Development Corporation of Maine, a community development corporation organized jointly by the four Native American tribes in Maine: the Passamaquoddy Tribe, the Penobscot Indian Nation, the Houlton Band of Maliseet Indians, and the Aroostook Band of Micmac Indians, which principally serves individual members and families of members of these tribes.
- The Committee supports economic development in South Africa through a loan of \$100,000 to Shared Interest, a U.S.-based fund which guarantees loans by South African banks to members of low income communities to enable them to construct houses, create jobs and launch small businesses.
- The Committee has made a loan of \$110,000 to Oikocredit, the ecumenical microlending fund related to the World Council of Churches.

During the triennium the Fund suffered its first default since the creation of the Economic Justice Loan Committee in that year. (The Fund suffered one default prior to 1998, when the Committee was formed.) The defaulting borrower

makes loans to businesses owned by minority group members and women. Thanks to the efforts of DFMS staff and counsel and the Committee, the loan was extended and restructured, and the borrower has been able to meet its obligations under the restructured loan; thus, the purposes of the Fund continue to be met. Although a number of factors gave rise to the default, the financial and economic downturns since 2007 played an important role. Given the Great Recession, it is not surprising that the Fund might encounter a default. The Committee and DFMS staff members believe that in this instance the Church has acted responsibly and with flexibility and compassion.

During the triennium, the Committee reviewed and acted on a number of applications. Additional loans totaling \$410,000 were approved and \$310,000 disbursed as of August 31, 2011, and the Fund portfolio included about \$4.1 million in loans and deposits outstanding to 37 different institutions, with about \$2.9 million available for deployment. The Committee also made Fund assets available to borrowers in eleven states located in all provinces except Province IX. In turn, those borrowers have re-loaned those monies to groups and individuals in their service areas.

A number of other loan applications are in the pipeline. Additional loans are expected to be repaid before the end of the current triennium as well as in the next, so funds will continue to be available to be loaned out. The Committee approves no loan or deposit unless the appropriate diocesan bishop approves the making of the loan or deposit.

The Opportunity Finance Network (OFN)—formerly known as National Community Capital Association—is the leading industry group for community development financial intermediaries, and assists the Committee with underwriting services for new applicants and monitoring of outstanding loans. An agreement with OFN has been in place since 2002, and since that time has helped the Committee find new loan applicants while improving the Committee’s ability to assess applicants and to manage its whole program.

Budget Report

In this triennium the Committee made efforts to improve communication with parishes, dioceses and Church institutions, through Church media and meetings, to increase the effectiveness of its work, and expects to continue these efforts. To continue this work, the Committee requests a budget allocation of \$21,000 for the 2013–2015 triennium.