

Main Street Lending Program  
Nonprofit Organizations Comments

Event Title / Description	Ticket Type	Received Date	Last Name	First Name	Email Address	Affiliation	Comment
							<p>We are also concerned that certain eligible loan features are too onerous for nonprofit organizations and are less favorable than those offered in other government programs. Specifically, the interest rate of LIBOR plus 300 basis points is too high. In addition, the imposition of loan origination and service fees adds to the cost. Finally, the 70% balloon payment at the end of the fifth year of the loan would be difficult for many nonprofits, unless provided an opportunity to refinance such loans at low rates.</p> <p>Recommendation: Revisit the loan terms including interest rate and balloon payments and recommend the lowest permissible rate such as the 0.5% rate initially proposed for PPP loans. We also urge some flexibility in the balloon payment requirement to afford the opportunity for renegotiation. Extending the 5-year amortization to seven years could lessen the balloon payment. We request that borrowers have access to engage with derivatives (change to a fixed rate) without the minimum swap requirements.</p> <p><b>3. The Ratio of Adjusted 2019 Earnings before "EBIDA" Should Be Revised</b>            In the "Draft for Public Consultation," one of the eligibility criteria for borrowers is that they must have "a ratio of adjusted 2019 earnings before interest, depreciation, and amortization (EBIDA) to unrestricted 2019 operating revenue, greater than or equal to 5%." (#6) In the context of nonprofit operations, this threshold is too high and would make many, if not most, nonprofits ineligible based on these criteria alone, which seems written more in the context of for-profit businesses as opposed to nonprofit organizations.</p> <p>It may be prudent and necessary to have a positive ratio of adjusted earnings; however, nonprofits generally run on a small margin, both out of necessity and also so as to not leave excess surpluses that could be used for fulfilling their missions. Moreover, at times a nonprofit may have a planned and manageable deficit as part of a strategic plan-a negative ratio at one isolated point is not always an indication of instability.</p> <p>Furthermore, the footnotes for #6 clarify that "The Eligible Lender should calculate operating revenue as unrestricted operating revenue, excluding funds committed to be spent on capital." Many nonprofits have "restricted revenue" through grants and contracts built into their operating budgets. Excluding this revenue would compound the problem of meeting the 5% ratio. Although it would be sensible to exclude contributions raised for a "capital campaign," excluding other capital funds included in an annual budget for maintenance and planned upgrades would further decrease the required ratio.</p> <p>Recommendation: The 5% requirement should be reduced to zero, if not eliminated. In addition, a statement of explanation of a deficit should be allowed so that a negative ratio does not mean automatic ineligibility for a nonprofit borrower. Finally, further clarification on the calculation methodology-in the context of nonprofit operating budgets-is needed in regard to both restricted funding from grants in annual operating budgets, as well as capital funds for improvements that are part of an annual operating budget. This clarification would allow noted revenues to remain in calculation to ease the restriction and not further restrict eligibility.</p> <p><b>4. "Reasonable Efforts" Regarding Employee Retention Require Further Clarification</b>            The description of "Retaining Employees" in the draft term sheet requires refinement if the Federal Reserve expects nonprofits to take advantage of this facility. We endorse the analysis of the National Council of Nonprofits on the issue of employee retention, and recommend the following:</p> <p>Recommendation: "Reasonable efforts" should be interpreted in the totality of the circumstances, taking into consideration not only the general economic environment in the community or communities in which the borrower operates, but also factors such as workforce, fundraising ability, revenue-generating activities, and overall demand for the services and programs the organization provides. One option would be to add the qualifier "mission-based" before "reasonable efforts."</p> <p>Recommendation: Further refine the terms "maintain its payroll" and "retain its employees" are vague, and make clear that nonprofits participating in the Main Street loan program generally should endeavor to pay staff at the same or increased income levels and should act in good faith to keep staffing levels (measured on the basis of full-time equivalents) at the same or increased levels, both for the duration of the loan. It is also important that the loan documents expressly state that the employee retention provision begins on the date that loan funding is received by the borrower rather than at an earlier date.</p> <p>Recommendation: Adopt the safe harbors of other loan programs and state clearly that nonprofit borrowers will not be penalized under the employee retention provision for the decision of employees to decline offers of rehire, or for those who are fired for cause, voluntarily resign, or voluntarily request a reduced schedule during the time that the loan is outstanding.</p>

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							<p>5. Limitation of 50-Employee Minimum Should Be Removed The proposed nonprofit loan facility imposes a size minimum that is not imposed in the Main Street Loan Facilities for for-profit businesses. There is no explanation why the Federal Reserve is proposing that nonprofits with fewer than 50 employees should not be eligible for Main Street loans for which their small business counterparts of equal size could secure lending support.</p> <p>Recommendation: Remove the 50-employee floor.</p> <p>6. The Fed’s Proposal to Limit Loans to Mid-Size Nonprofits with Less than 30% of Revenue from Donations Disqualifies Many in Charitable Sector The Federal Reserve’s criteria that organizations must have revenues from donations that are less than 30% disqualify many charities. Overall, this loan facility seems more geared to educational institutions and nonprofit hospitals, but not most charitable organizations.</p> <p>Recommendation: Eliminate the requirement that no more than 30 percent of an organization’s 2019 revenues come from donations.</p> <p>7. Additional Recommendations and Requests for Clarification Y-USA respectfully requests clarification of the following issues in the final notice. Endowment: What resources should be included in endowment calculations? Does it include restricted endowments? Does it extend to include cash on hand? Collateral: Flexibility on collateral is requested. The loan should be able to be approved with no more than 50% Loan to Value (LTV) if collateral is needed. Other Debts: The proposal requires that borrowers, “refrain from repaying the principal balance of, or paying any interest on, any debt until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due.” We request that this exclude lines of credit and other debt that are assumed to provide financial liquidity related to the impact of COVID-19.</p> <p>Conclusion The Florida State Alliance of YMCAs appreciates the opportunity to submit these comments to the Federal Reserve about the Mainstreet Lending Program for Nonprofits, which, in its proposed form, seems aimed more at nonprofits such as hospitals and institutions of higher education than at nonprofits like local YMCAs.</p> <p>Thank you for considering these comments and recommendations. We stand ready to work with you to strengthen the Mainstreet Lending Program and give YMCAs the resources to help communities across America get through this crisis and promote a vibrant and equitable economic recovery. Sincerely, Lynne Wilcox CEO/President Florida State Alliance of YMCAs</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/19/2020 12:00:00 AM	Zbylut	Douglas	doug@nebraskansforthearts.org	Nebraskans for the Arts	<p>Nebraskans for the Arts appreciates the opportunity to comment on the proposal to expand its Main Street Lending Program to provide access to credit for nonprofit organizations - our comments are specifically related to arts and cultural nonprofits.</p> <p>Nebraskans for the Arts is a statewide organization that advocates for policies that benefits the arts and arts education.</p> <p>Many 501(c)(3) arts and cultural organizations were in sound financial condition before the coronavirus pandemic. Their situations were dramatically impacted by COVID-19. The impact in Nebraska alone includes:</p> <p>A \$2,070,473 total financial impact to date, with a median financial impact per arts organization of \$9,000 to date, according to results collected by the Americans for the Arts's ongoing survey, "The Economic Impact of Coronavirus (COVID-19) on the Arts and Cultural Sector." This report estimates there has been a national impact of \$6.7 billion overall and \$38,000 median per-organization impact due to lost income, attendance, or other impacts.</p> <p>The "COVID-19 Impact on Nebraska Businesses: Nebraska Business Response Survey Report" lists "Arts, Entertainment and Recreation" as the industries reporting the largest negative impacts from coronavirus, at 97.19% of 301 respondents. 75.5% of respondents in this industry sector list "financial impact on operations and/or liquidity and capital" as one of their top 3 concerns.</p> <p>Providing access eligibility to nonprofits has the potential to provide significant relief to small- and medium-sized organizations. This will support the intent expressed by Congress in the CARES Act that the program should provide liquidity support to all industries through federally guaranteed lending. This action will help arts and cultural nonprofits weather the current crisis until they can fully operate again.</p> <p>One concern that we recommend be addressed is the minimum size eligibility to apply to the Main Street Lending Program. The current minimum of greater than 50 employees makes the vast majority of Nebraska businesses, both private and nonprofit, ineligible to apply for this program - particularly in rural and smaller communities. For example, 60% of arts and cultural organizations in Nebraska have 5 FTE or fewer employees. We recommend the minimum size be reduced to greater than 1 employee to increase eligibility to participate in this program.</p> <p>We respectfully urge the Federal Reserve to approve the Nonprofit Organization Expanded Loan Facility to facilitate lending to nonprofit organizations by eligible lenders under the Main Street Lending Program. Thank you for your consideration of these comments.</p> <p>1 <a href="https://www.americansforthearts.org/by-topic/disaster-preparedness/the-economic-impact-of-coronavirus-on-the-arts-and-culture-sector">https://www.americansforthearts.org/by-topic/disaster-preparedness/the-economic-impact-of-coronavirus-on-the-arts-and-culture-sector</a>                  2 <a href="https://issuu.com/cba_uno/docs/covid-19_nebraska_business_survey_report-2?fr=sMmE1MTE5Mjg1OQ">https://issuu.com/cba_uno/docs/covid-19_nebraska_business_survey_report-2?fr=sMmE1MTE5Mjg1OQ</a></p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/20/2020 12:00:00 AM	Kvaal	Kimberly	kimkvaal@st Edwards.edu	St. Edwards University	<p>As a medium-sized private institution of higher education, the expansion of the Main Street Lending Program would provide St. Edward's (SUE) with access to low-cost capital. The terms of this program far exceed what we are able to negotiate with our commercial bank in the form of a line of credit. We expect the impact of COVID to be long lasting, spanning greater than one fiscal cycle. The terms of the MSLP allow for a multi-year repayment that would not be overly onerous for SEU. Please pass the proposed changes as soon as possible.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/20/2020 12:00:00 AM	Purdie	John	John.purdie@Mountbakertheatre.com	Mount Baker Theatre	<p>Two proposed requirements will eliminate many arts and cultural orgs.                      If program is aimed at small to medium sized 501(c)3, then please:                      A) Lower the required minimum number of employees or accept employee headcount. If employees are only counted as FTE, then requiring 50 this will leave out many smaller nonprofits that employ large numbers of part time staff. 15 FTE or 30 headcount would be reasonable.                      B) Increase % of donations allowed. Arts and Cultural orgs actively try to achieve a 50/50 balance between "sales" and "donations" to ensure stability. Less than 50% donations leaves an Arts org. too much at the whim of one unpopular show. Plus, the costs of production far exceeds ticket purchase capacity of the general public. Without robust donations to underwrite costs, ticket prices would be unaffordable for the vast majority of people. Fewer sold tickets would further raise prices, and they'd quickly spiral beyond anyone's reach.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/20/2020 12:00:00 AM	McGaha	Nate	nate@artsnc.org	Arts North Carolina	<p>Arts North Carolina is the state's advocacy organization for the arts. Our primary goal is to promote public funding and policy that benefits and supports nonprofit arts organizations and comprehensive arts education.</p> <p>Arts North Carolina appreciates the opportunity to submit comment to the Federal Reserve about the Nonprofit Organization Loan Facilities. This proposal is aimed more at transactional nonprofits such as hospitals and institutions of higher ed than at nonprofits like Arts North Carolina that have a larger reliance on donations from the public to support their missions. Indeed, many nonprofits pride themselves on offering their services at no charge. Recognizing that their business models are different, even if both types of charities are inherently organized around a public mission, many of the financial requirements included in this proposal simply are not applicable to organizations that rely on donations. With that in mind, Arts North Carolina respectfully requests the Federal Reserve to address the concerns and proposed changes outlined below.</p> <p><b>1. Congress Must Act to Ensure Mid-Sized Nonprofits are Eligible for Loan Forgiveness</b> Congress must ensure that mid-sized nonprofits have access to loan forgiveness. While it is a welcome development to see the Federal Reserve making its Main Street lending program available to some nonprofits, this assistance still falls short of what is most needed by nonprofit organizations - a provision that makes these loans forgivable.</p> <p>In this critical time, nonprofits have stepped up to meet the unprecedented level of need in our country due to the COVID-19 pandemic. Even though they face many of the same economic challenges as other industries, nonprofits are not shutting down. Rather, they are straining to meet increasing demands in our communities on the frontlines, caring for the sick, feeding families, and keeping our communities connected. Furthermore, they will play an integral role as our nation recovers - providing child care, job training, and other core supports.</p> <p>Charitable nonprofits of all sizes and focus areas are struggling to maintain mission-critical operations despite enormous economic challenges. Data released by Independent Sector shows that nonprofits with between 500 to 5,000 employees, key to scaling relief efforts across the nation, have been severely impacted by this health and economic crisis. When asked "What types of additional assistance would be most helpful to your organization?" organizations overwhelmingly (92% of responses) suggested government support in the form of forgivable loans. Smaller nonprofits throughout the country have been hit equally hard.</p> <p>Nonprofit organizations need funding so they can continue to meet the needs of their communities. Many charitable organizations do not have steady streams of commercial income and have little capacity for loan and interest repayment. Furthermore, nonprofits are the third largest employment sector and many hope to hire more workers as their organizations recover. America cannot afford to leave out such a vital part of the economy.</p> <p>Recommendation: Congress must recognize the vital services nonprofits provide to communities and the economy by including loan forgiveness, in the next round of COVID-19 relief legislation</p> <p><b>2. The Fed's Proposal to Limit Loans to Mid-Size Nonprofits with Less than 30% of Revenue from Donations Disqualifies Many in Charitable Sector</b> The Federal Reserve's criteria that organizations must have revenues from donations that are less than 30% disqualify many charities, including Arts North Carolina Overall, this loan facility seems more applicable to for-profit entities, as well as educational institutions and nonprofit hospitals, but not most charitable organizations.</p> <p>We raise money and receives donations from the public, foundations, corporations and others to fund our work and we do not receive a significant amount of revenue through direct services. Charitable organizations play a fundamental role in strengthening civil society. Our organizations provide vital services for the creative community in North Carolina and the nation, and pride ourselves on the donations we receive rooted in the trust and support that the public has of the sector.</p> <p>Recommendation: Eliminate the requirement that no more than 30 percent of an organization's 2019 revenues come from donations, and instead make 501(c)(3) organizations that are otherwise meet the employee size are eligible.</p> <p><b>3. The Fed Needs to Make Loan Terms More Favorable to Charitable Organizations</b> The draft Nonprofit Loan Facility imposes certain liquidity, asset, and reserve requirements that are not required in Main Street New Loan Facilities available to for-profit businesses.</p>

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							<p>Nonprofit organizations typically provide services with low-profit margins. Indeed, social service organizations report an average aggregate margin of 1.5%. According to a recent report by Seachange Capital Partners, the median social services nonprofit has a margin of 1.0%, receives 3.6% of its revenue from philanthropy (including investment income), has total financial assets (including endowments and other assets that are subject to legal restrictions) equal to 1.9 months of expenses, and operating reserves of less than one month of expenses. Less than 20% of large nonprofits have 6 months or more of operating reserves, a widely accepted standard for “financial strength” for nonprofits. Social services organizations are the most fragile, with fewer than 10% reaching this standard.</p> <p>The statistics above should not be viewed as an indictment of the efficiencies or management policies of nonprofits. It is important to note that the vast majority of social service nonprofit funding comes from government grants contracts, recognizing the key role such organizations play in serving the most vulnerable. Numerous studies confirm that government funding seldom covers the full cost of providing contracted work, which inhibits nonprofits from accumulating reserves through surpluses. In many instances, government grant/contract work creates cash-flow challenges since it is paid after the work has been completed and can be subject to significant delays in payment.</p> <p>Recommendation: Recognizing the unique nature of nonprofit operations and their importance in continuing to provide vital services as partners on the front lines of the COVID-19 crisis, we urge the Federal Reserve to eliminate borrower requirements 7 and 8. If this is not possible, we alternatively ask that the requirements be lessened significantly to reflect the economic realities of nonprofit operations, for example by requiring only 30 days cash on hand, and bringing the loan origination ratio of 40-50% (down from 65% as proposed).</p> <p>We are also concerned that certain eligible loan features are too onerous for nonprofit organizations and are less favorable than those offered in other government programs. Specifically, the interest rate of LIBOR plus 300 basis points is significantly higher than that offered for Paycheck Protection Program (“PPP”) Loans (1.0%) and that for Economic Injury Disaster Loans (2.75%). In addition, the imposition of loan origination and service fees adds to the cost under the Nonprofit Facility. Finally, the notion that nonprofits would be faced with a 70% balloon payment at the end of the fifth year of the loan would be off-putting for many nonprofits. Nonprofits with existing loans with balloon payments are usually provided an opportunity to renegotiate such loans at prevailing market rates.</p> <p>Recommendation: We urge that the loan terms including interest rate and balloon payments be revisited and recommend the lowest permissible rate such as the 0.5% rate initially proposed for PPP loans. In addition, we urge some flexibility in the balloon payment requirement to afford the opportunity for renegotiation. If the 5-year amortization were extended to 7 years, this could lessen the balloon payment. We request that the borrower have access to engage with derivatives (change to a fixed rate) without the minimum swap requirements.</p> <p><b>4. The Ratio of Adjusted 2019 Earnings before “EBIDA” Should Be Revised</b> In the “Draft for Public Consultation,” for both the Nonprofit Organization New Loan Facility and the Nonprofit Organization Expanded Loan Facility, one of the eligibility criteria for borrowers is that they must have “a ratio of adjusted 2019 earnings before interest, depreciation, and amortization (“EBIDA”) to unrestricted 2019 operating revenue, greater than or equal to 5%.” (#6) In the context of nonprofit operations, this threshold is too high and would make many, if not most, nonprofits ineligible based on these criteria alone, which seems written more in the context of for-profit businesses as opposed to nonprofit organizations.</p> <p>It may certainly be prudent and necessary to have a positive ratio of adjusted earnings; however, nonprofits generally run on a small margin, both out of necessity and also so as to not leave excess surpluses that could be used for fulfilling their missions. Moreover, at times a nonprofit may have a planned and manageable deficit as part of a strategic plan-a negative ratio at one isolated point is not always an indication of instability.</p> <p>Furthermore, the footnotes for criteria #6 clarify that “The Eligible Lender should calculate operating revenue as unrestricted operating revenue, excluding funds committed to be spent on capital.” Many nonprofits have “restricted revenue” through grants and contracts built into their operating budgets. Excluding this revenue would compound the problem of meeting the 5% ratio. Although it would be sensible to exclude contributions raised for a “capital campaign,” excluding other capital funds included in an annual budget for maintenance and planned upgrades would further decrease the required ratio.</p> <p>Recommendation: The 5% requirement should be reduced to zero, if not eliminated. In addition, a statement of explanation of a deficit should be allowed so that a negative ratio does not mean automatic ineligibility for a nonprofit borrower. Finally, further clarification on the calculation methodology -in the context of nonprofit operating budgets- is needed in regard to both restricted funding from grants in annual operating budgets, as well as capital funds for improvements that are part of an annual operating budget. This clarification would allow noted revenues to remain in calculation to ease the restriction and not further restrict eligibility.</p>

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							<p>5. "Reasonable Efforts" Regarding Employee Retention Require Further Clarification The description of "Retaining Employees" in the draft term sheet requires refinement if the Federal Reserve expects nonprofits to take advantage of this facility. We endorse the analysis of the National Council of Nonprofits on the issue of employee retention, and recommend the following:</p> <p>Recommendation: "Reasonable efforts" should be interpreted in the totality of the circumstances, taking into consideration not only the general economic environment in the community or communities in which the borrower operates, but also factors such as workforce, fundraising ability, revenue-generating activities, and overall demand for the services and programs the organization provides. One option would be to add the qualifier "mission-based" before "reasonable efforts."</p> <p>Recommendation: The terms "maintain its payroll" and "retain its employees" are vague and need further refinement. We ask the Federal Reserve to make clear that nonprofits participating in the Main Street loan program generally should endeavor to pay staff at the same or increased income levels and should act in good faith to keep staffing levels (measured on the basis of full-time equivalents) at the same or increased levels, both for the duration of the loan. It is also important that the loan documents expressly state that the employee retention provision begins on the date that loan funding is received by the borrower rather than at an earlier date.</p> <p>Recommendation: We ask that the Federal Reserve adopt safe harbors of other loan programs and state clearly that nonprofit borrowers will not be penalized under the employee retention provision for the decision of employees to decline offers of rehire, or for those who are fired for cause, voluntarily resign, or voluntarily request a reduced schedule during the time that the loan is outstanding.</p> <p>6. Limitation of 50-Employee Minimum Should Be Removed The term sheet for the proposed nonprofit loan facility imposes a size minimum that is not imposed in the Main Street New, Priority, or Expanded Loan Facilities for for-profit businesses. There is no explanation why the Federal Reserve is proposing that nonprofits with fewer than 50 employees should not be eligible for Main Street loans for which their small business counterparts of equal size could secure lending support.</p> <p>Many of the nonprofits in our network are on the frontlines of this pandemic, working with fewer than 50 employees to address immediate and growing needs. These vital organizations would be arbitrarily excluded from important loan program.</p> <p>Recommendation: The 50-employee floor should be removed.</p> <p>7. Additional Recommendations and Requests for Clarification Arts North Carolina respectfully requests the Federal Reserve clarify the following issues in its final expansion notice. Endowment: What resources should be included in endowment calculations? Does it include restricted endowments? Does it extend to include cash on hand? Collateral: Flexibility on collateral is requested. The loan should be able to be approved with no more than 50% Loan to Value (LTV) if collateral is needed. Other Debts: The proposal requires that borrowers, "refrain from repaying the principal balance of, or paying any interest on, any debt until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due." We request that this exclude lines of credit and other debt that are assumed to provide financial liquidity related to the impact of COVID-19.</p> <p>Arts North Carolina and many of the organizations we represent need access to financial assistance and low interest loans in order to survive this crisis. We strongly urge you to consider the recommendations above so that this program will be better able to serve the nonprofit community.</p>

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Coronavirus (COVID-19)	PIO (Email from Web)	6/20/2020 12:00:00 AM	Finerfrock	Bill	bf@narhc.org	Capitol Associates, Inc.	<p>Expanding access to Main Street Lending Program for non-profit organizations is welcome news and much appreciated. However limiting this access to organizations that are 501c3 or 501c19 is disappointing,. Many nonprofit organizations (in particular Professional Associations) have a 501c6 tax exempt designation. Associations have been particularly hard hit financially by COVID-19 due to the cancelation of their in-person meetings. The in-person meetings and conferences are a major source of revenue for these nonprofit Associations and the lost revenue they are experiencing is creating tremendous financial hardship. While some are able to replicate the educational component of the meeting via a virtual platform, the lost revenue from vendor support cannot be replaced. I strongly urge you to consider making these Main Street loans available to nonprofit organizations that have a 501c6 tax status.</p> <p>Your consideration of this recommendation is appreciated.</p> <p>Bill Finerfrock Co-Founder and Executive Director National Association of Rural Health Clinics</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/20/2020 12:00:00 AM	Pingel	Luke	lpingel@columbiabank.com		<p>The maximum of 30% from donations/ giving would appear to adversely impact vital social service agency borrowers the most for reasons that are not clear or risk driven. They are on the front lines responding to COVID-19 and should not be broadly excluded due to the parameters. It appears tailored around institutional borrowers vs human service non profits that most need it (given that institutional borrowers with large endowments are eligible).</p> <p>Also, it seems unnecessary to have the minimum employee count as there are likely non profits that are solely eliminated due to this that would otherwise be eligible (and it reinforces the focus being on large institutional borrowers that may not need it).</p> <p>To lower default risk, it could make sense to have a 2-3 year I/O period and then a slightly longer term out option (7-10 year total length). This program is effectively funding losses potentially and it could make sense to better position them (requiring 70% in the final year greatly increases the default probability).</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/20/2020 12:00:00 AM	Andrews	Rose	Personal Email Address	Mondelez	<p>ABSOLUTELY NOT. Our tax dollars already fund non profits through grants and endowments. This is yet another disingenuous boondoggle for your political friends in the non profit sector. In fact, why are we, as a capitalist country, bailing out any industry? In capitalism there is no such thing as &amp;quot;too big to fail&amp;quot;. If a business fails, it should be allowed to do just that. Another will inevitably take its place. Capitalism is dog-eat-dog. Your continuous subsidizing and bailing out of corporations is un American. This is yet another shameless money grab for corporate America, to which you are, yet again, a party.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/20/2020 12:00:00 AM	Lawton	Barbara	Personal Email Address	State of WI	<p>I believe that the arts and humanities form the cultural infrastructure of a civil society, and therefore a politically healthy community. A democracy cannot flourish without them. And arts and culture non-profits have become essential economic infrastructure, working in an inextricable partnership with tourism. Tourism functions as the central nervous system that introduces and moves people to/through the great places and experiences we offer, and invites them to drop anchor here.</p> <p>Cultural tourism -travel directed toward experiencing the arts, heritage and special character of a place- simply heaps value on the natural gifts of a community and state, increases the &amp;quot;cool&amp;quot; factor and broadens the target audience, gives them reason to linger.</p> <p>We profit from the arts not only in ways easily measured like economic impact with increased annual revenue to our state and communities, and to associated businesses. But arts and tourism in partnership, activated where you live and work, generates a magnetic field that helps to draw in and develop and anchor a talented workforce, and provides infrastructure that lends resilience to the tourism economy, no matter the weather.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/21/2020 12:00:00 AM	Gliksman	Joseph	yg@bgcpa.com	J. Gliksman CPA PC	<p>The Federal Government has initiated numerous economic programs to alleviate the economic hardships brought on by the Covid-19 pandemic. There are programs benefitting individuals in a meaningful manner. There are programs to benefit the small business community and small not-for-profits. Unfortunately one sector of the economy has been conspicuously omitted from meaningful economic supports. The mid-size not-for-profit although enjoy some incentive programs to aid them nonetheless these programs are too small to benefit them in a meaningful manner.</p> <p>The Main Street lending Program is an ideal program that fits the mid-size organization. It is engineered to offer relief tied to a formula based on the size of an organization. This offers the built in flexibility to both the Federal Government and the organization to allow appropriate relief relative to its size.</p> <p>Mid-size organizations provide a critical service to society, alleviate the burden of government and are an economic resource in their respective communities. Accordingly they are well deserving of the relief offered by the Main Street Lending Program.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/21/2020 12:00:00 AM	Mandurano	Steven	mandurano@nscs.org	The National Society of Collegiate Scholars	<p>Sadly the guidelines of this program are unnecessarily limiting and without recognition that a 501c3 of any size is quite important. Further, 501c3 of all sizes, especially the more lean and smaller ones that serve their respective communities, deserve the same rights, privileges and opportunities to participate in this program without regard for staff size.</p> <p>Please reconsider the spirit, intent and goal of this program that it does not discriminate based on head count. We have all been impacted by COVID-19 and we all need help to continue to serve our industries.</p>
Economic Data - E.2 - Terms of Business Lending	PIO (Email from Web)	6/21/2020 12:00:00 AM	Rich	Paul	Personal Email Address	POLICY STUDIES ORGANIZATION	<p>We are an ngo publisher and like many small publishers outsource our art, manufacturing, etc. The 50 employee requirement means that these contractors cannot be counted and we cannot meet the 50 requirement. It deprives all the contractors, also small, of their income.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/21/2020 12:00:00 AM	Thompson	David	dthompson@councilofnonprofits.org	National Council of Nonprofits	<p>By way of email to regs.comments@federalreserve.gov I have this evening submitted as an attachment Comments of the National Council of Nonprofits regarding the proposed Main Street Lending Program for nonprofit organizations - NONLF and NOELF.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/21/2020 12:00:00 AM	Grause	Bea	bgrause@hany s.org	Healthcare Association of New York State	<p>On behalf of the Healthcare Association of New York State, thank you for the opportunity to provide comments on the Federal Reserve Board's recent proposal to expand its Main Street lending program to provide access to credit for nonprofit organizations, including hospitals. HANYS is the only statewide hospital and continuing care association in New York, representing nonprofit and public hospitals, health systems, nursing homes and home care agencies. As such, HANYS is pleased to support the opportunity for our members to access much-needed credit through the Main Street lending program.</p> <p>Hospitals and health systems across the United States, and particularly in New York, play a vital role in improving local economies and communities. They provide critical healthcare and emergency services; contribute vital resources to communities through jobs, tax revenue and capital improvements; and are among the largest employers across the state. Unfortunately, the COVID-19 pandemic has taken a staggering financial toll on hospitals across the state due to the cancelation of non-emergent procedures, stay-at-home orders and significant increases in expenses to meet the demands of COVID-19.</p> <p>As has been reported, hospitals across New York state have identified revenue losses as their number one financial concern during this pandemic. Our members have reported that their revenue crashed by more than 40% during the last half of March alone. Despite receiving direct funding through the Department of Health and Human Services Provider Relief Fund established in the CARES Act, our member hospitals continue to incur major expenses related to increasing bed capacity, purchasing personal protective equipment and hiring needed staff to treat COVID-19 patients. In addition, despite resuming non-emergent procedures, patients have been reluctant to go to the hospital for services because of concern for their health and safety, as misplaced as that fear may be.</p> <p>HANYS appreciates and supports the efforts of the Federal Reserve to expand the Main Street lending program to allow access to this important financing to nonprofits. Further, given the extraordinary circumstances surrounding the COVID-19 pandemic and significant challenges all hospitals in New York state are facing, HANYS recommends that the Federal Reserve remove any restrictions that would otherwise limit participation in the program by nonprofit hospitals based on numbers of employees or typical revenue.</p> <p>The extraordinarily steep and sustained nature of these revenue losses is directly tied to New York's status as the epicenter of the COVID-19 epidemic. Since March, our hospitals have expended disproportionate financial resources to prepare for the surge of COVID-19 patients, canceled non-emergent procedures, lost significant patient volumes due to stay-at-home orders and expended extreme financial resources to make extraordinary personal protective equipment and other supply purchases at a premium to keep healthcare workers and patients safe.</p> <p>Moreover, fear of contracting the virus has resulted in drops in patient volume even for emergent conditions like heart attacks and strokes. These enormous declines in patient revenue in combination with higher costs to prepare for surge capacity have created enormous fiscal stress for our hospitals. As a result, hospitals across the state have been forced to take funding advances and loans, delay accounts payable, furlough thousands of staff and postpone much-needed capital projects.</p> <p>Unlike any other sector, hospitals across the country, and particularly in New York, have been on the front lines of the national public health crisis and have risen to meet the challenge, providing services 24/7 under extreme pressure. Now, as we begin to emerge from the crisis in New York, our nonprofit and public hospitals continue to need financing to be able to provide much-needed services in their communities. The Main Street lending program provides an important avenue to access that needed financing.</p> <p>Thank you for your proposal and for considering our comments.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/21/2020 12:00:00 AM	Coleman	Allison	acoleman@caplink.org	Capital Link	<p>Comments for Main Street Loan Programs for Nonprofits</p> <p>Thank you for the opportunity to provide comments on the Main Street Loan Program for Nonprofits. As a Federal Department of Health and Human Services-supported training and technical assistance provider to Federally Qualified Health Centers (FQHCs) nationally, Capital Link has worked with 3/4ths of all FQHCs nationally over 25 years helping them access capital for their facility and operational needs. As such, we are uniquely positioned to advise the Federal Reserve on reasonable lending parameters for the Main Street Loan Program as they relate to FQHCs.</p> <p>We are writing on behalf of the more than 1,400 Federally Qualified Health Centers across the country. FQHCs are community-based, non-profit organizations whose goal is to provide affordable, accessible health care for all individuals, regardless of their ability to pay. As explained below, we appreciate the Federal Reserve's intention to expand Main Street Loans to non-profit organizations; however, after closely reviewing the draft Term Sheet, we determined that almost no FQHCs would qualify for these loans under the current eligibility requirements. Therefore, we are therefore requesting that:</p> <ul style="list-style-type: none"> <li>the loan terms be revised to enable the majority of FQHCs to qualify, and</li> <li>FQHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique FQHC model and collectively have provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</li> </ul> <p><b>Background on FQHCs and the COVID-19 Pandemic</b></p> <p>As community-based, non-profit organizations committed to ensuring access to health care, FQHCs have been on the frontlines of the COVID-19 pandemic since the beginning. With more than 12,000 care delivery sites nationally, FQHCs provide care for nearly 30 million patients. FQHC patients have been disproportionately impacted by the pandemic, as 91% of them are low-income, 23% are uninsured, and 68% are racial and ethnic minorities, many of whom suffer from multiple chronic health conditions associated with poverty and the effects of racism.</p> <p>Throughout the pandemic, FQHCs have provided a range of critical front-line care and a growing proportion of testing, particularly in the low-income, minority communities they serve. At the same time, FQHCs have experienced a significant decline in revenue, due to the need to curtail many primary and preventive care visits. This combination has placed major financial strain on these non-profit, community-based providers, forcing them to close sites and lay off staff at the time when their services are most needed.</p> <p>While FQHCs have received some Federal funding to support COVID relief, for many FQHCs this funding is not enough to reestablish their pre-COVID level of operations, let alone prepare for the increased demand that will result as millions of newly-unemployed and uninsured individuals turn to them for care. To date, the Provider Relief Fund has offered most FQHCs only 2% of their net patient revenues; also, FQHCs with over 500 staff - which in total care for about 9 million patients - are ineligible for Paycheck Protection Loans because of their size.</p> <p><b>Recommendation to expand eligibility criteria to allow majority of FQHCs to qualify:</b></p> <p>For these reasons, Capital Link was relieved to hear that the Small Business Administration will soon make Main Street Loans available to non-profit organizations with 50 to 15,000 employees. However, after reviewing the Terms Sheet, we determined that almost no FQHCs would qualify under the proposed eligibility criteria.</p> <p>This conclusion is based on our analysis of health center audited financial statements contained in our proprietary database containing decades of audits for ~85% of FQHCs in each year. A review of the audited data indicates that under the proposed lending parameters:</p> <ul style="list-style-type: none"> <li>Prior to the pandemic, only 13% of health centers would have met the combined criteria. This includes less than one in five of the FQHCs with over 500 staff, who are currently ineligible for the Paycheck Protection Program.</li> <li>Because of the significant cash declines experienced by FQHCs as a result of COVID-19, at present, far fewer than 13% would be able to meet the DCOH and Cash/Debt ratio at loan origination.</li> </ul> <p>The most problematic financial parameters for FQHCs are:</p> <ul style="list-style-type: none"> <li>EBIDA to unrestricted 2019 operating revenue greater than or equal to 5%</li> <li>Days cash on hand at loan origination equal to or greater than 90 days</li> <li>Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at origination is 65% or greater</li> </ul>

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							<p>In order to provide a meaningful program for which approximately 60% of FQHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for FQHCs loans as follows:            EBIDA to unrestricted 2019 operating revenue greater than or equal to 3%            Days cash on hand at loan origination equal to or greater than 30 days            Eliminate the unrestricted cash to debt ratio requirement            Lower the minimum employee requirement to 20.</p> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)." As you know, Section 4003 of Title IV authorizes the Federal government to make loans to States and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003, and use part of it to support FQHCs or other safety net providers. To make clear that FQHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term "specific support" be revised to read "direct support."</p> <p>Request for FQHCs to work directly with CDFIs to access Main Street Loans</p> <p>Finally, it is important to note that Community Development Financial Institutions (CDFIs) have historically played a major role in providing financing to FQHCs for decades. As such, they understand the FQHC model and are best positioned to underwrite loans to health centers. We are part of a 25-member coalition of CDFIs who have joined together to promote access to capital for FQHCs. Together, members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>Unfortunately, very few CDFIs would qualify as eligible lenders under the program as it is currently construed. To enable FQHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the nonprofit portion of the Main Street Loan Program to:            Allow CDFIs to participate as lenders in the program; and            Allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to FQHCs at LIBOR +3%</p> <p>We are providing these comments on short notice to accommodate the Federal Reserve's request. We would be happy to provide more detailed comments and/or provide additional information to assist the Federal Reserve in developing a program that will be responsive to the current needs of Federally Qualified Health Centers.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/21/2020 12:00:00 AM	Monte	Donna	dmonte@inspirearts.org	Inspire Arts and Music, Inc.	<p>The credit opportunity to nonprofits as part of the Main Street Lending program is the only vital lifeline left for small and medium sized nonprofits. The cap on the SBA EIDL loan of \$150k after weeks and weeks of waiting for many non profits is sealing our fate. Furloughs, layoffs, cost cuts and cancellation of our programs has wreaked operational havoc on nonprofits with a narrowing window for assistance, particularly in the Arts/Culture/Education field.</p> <p>The Main Street lending opportunity loan structure incorporates most non profits - low interest rates, a longer repayment option (ie-10 year option would be helpful) would allow non profits to keep fulfilling our mission and survive. A portion of forgiveness would also be helpful regarding fixed cost. This loan option will allow non profits to bridge the gap between this fiscal year and next fiscal year. Please fund this lending program.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/21/2020 12:00:00 AM	Farina	Nicholas	farina@scholarventures.com	Scholar Ventures	<p>I believe smaller nonprofits should qualify for this loan. In fact, they may need the most help. They shouldn't be discriminated against based on employee size. The impact of a non-profit and their ability to pay back a loan is not aligned with the the employee size of the organization.</p> <p>If the goal of the program is to help a successful small to mid-size business/non-profit that has been impacted by the pandemic, it should help those on the smaller side too. There are many small non-profits that have a tremendous impact on many people and will be put out of business because of the virus. Please eliminate the employee minimum and make the program an option for these successful organizations knowing the loan will allow these smaller organizations a path to survival.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Steiner	Alice	Asteiner@cchn.org	CCHN	<p>We are writing on behalf of the Colorado Community Health Network (CCHN) and Colorado's Federally Qualified Health Centers (FQHCs). FQHCs are community-based, non-profit organizations whose goal is to provide affordable, accessible health care for all individuals, regardless of their ability to pay. As explained below, we appreciate the Federal Reserve's intention to expand Main Street Loans to non-profit organizations; however, after analyzing the draft Term Sheet, we have determined that almost no FQHCs would qualify for these loans under the current eligibility requirements. Therefore, we are requesting that:</p> <p style="padding-left: 20px;">the loan terms be revised to enable the majority of FQHCs to qualify, and</p> <p style="padding-left: 20px;">FQHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique FQHC model and collectively have provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p><b>Background on Colorado FQHCs and the COVID-19 Pandemic</b></p> <p>Colorado Community Health Network is the membership association for Colorado's 20 FQHCs. As community-based, non-profit organizations committed to ensuring access to health care, FQHCs have been on the frontlines of the COVID-19 pandemic since the beginning. With more than 200 care delivery sites statewide, Colorado FQHCs provide care for more than 830,000 Coloradans. Our patients have been disproportionately impacted by the pandemic, as 92% of them are below 200% of the Federal Poverty Level, 49% are on Medicaid, and 24% are uninsured.</p> <p>Prior to the COVID-19 crisis, CHCs were already experiencing financial hardship as a result of significant declines in the number of patients covered by Medicaid and increases in uninsured patients. This pre-COVID decline depleted cash reserves for some CHCs and forced FQHCs to make tough decisions related to services and staffing. Now, with COVID-19, CHCs are experiencing further financial hardship, challenging their long-term ability to maintain staffing, patient capacity, and facilities.</p> <p>FQHCs have gratefully received some federal stimulus funds and are incredibly thankful for the strong support of FQHCs from the Colorado congressional delegation. The federal stimulus funds are keeping FQHCs from going out of business in the short-term, but are not enough to ensure CHCs can continue through and after this public health crisis to be the foundation for primary care in Colorado.</p> <p><b>Recommendation to expand eligibility criteria to allow majority of FQHCs to qualify:</b></p> <p>Because of these financial needs, CCHN was relieved to learn that the Federal Reserve would soon start offering Main Street Loans to non-profits. However, after reviewing the proposed Terms Sheet and consulting with experts, we have concluded that almost no FQHCs would qualify under the proposed eligibility criteria.</p> <p>This conclusion is based on an analysis conducted by Capital Link, a non-profit organization that receives funding from the Federal Department of Health and Human Services to assist FQHCs with accessing capital. Capital Link determined that under the proposed lending parameters: Prior to the pandemic, only 13% of FQHCs nationwide would have met the combined criteria. This includes less than one in five of the FQHCs with over 500 staff, who are currently ineligible for the Paycheck Protection Program.</p> <p>Because of the significant cash declines experienced by FQHCs as a result of COVID-19, at present, far fewer than 13% would be able to meet the DCOH and Cash/Debt ratio at loan origination.</p> <p>The most problematic financial parameters for FQHCs are:  EBIDA to unrestricted 2019 operating revenue greater than or equal to 5%  Days cash on hand at loan origination equal to or greater than 90 days</p>

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							<p>Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at origination is 65% or greater</p> <p>In order to provide a meaningful program for which approximately 60% of FQHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for FQHCs loans as follows:            EBIDA to unrestricted 2019 operating revenue greater than or equal to 3%            Days cash on hand at loan origination equal to or greater than 30 days            Eliminate the unrestricted cash to debt ratio requirement            Lower the minimum employee requirement to 20.</p> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)." As you know, Section 4003 of Title IV authorizes the Federal government to make loans to States and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003, and use part of it to support FQHCs or other safety net providers. To make clear that FQHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term "specific support" be revised to read "direct support."</p> <p>Request for FQHCs to work directly with CDFIs to access Main Street Loans</p> <p>Finally, it is important to note that Community Development Financial Institutions (CDFIs) have historically played a major role in providing financing to FQHCs for decades. As such, they understand the FQHC model and are best positioned to underwrite loans to health centers. A coalition of 25 CDFIs who are members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>Unfortunately, very few CDFIs would qualify as eligible lenders under the program as it is currently construed. To enable FQHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the nonprofit portion of the Main Street Loan Program to:            Allow CDFIs to participate as lenders in the program; and            Allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to FQHCs at LIBOR +3%</p> <p>We are providing these comments on short notice to accommodate the Federal Reserve's request. We would be happy to provide more detailed comments and/or provide additional information to assist the Federal Reserve in developing a program that will be responsive to the current needs of Federally Qualified Health Centers.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Schlagel	Zachary	zacharys@epath.org	PATH	<p>PATH (People Assisting The Homeless) appreciates the opportunity to submit comment to the Federal Reserve about the Nonprofit Organization Loan Facilities. PATH is a statewide homeless services and housing development agency that works in 140 cities across the state and serves 20% of the state's homeless population. While we appreciate the effort made to extend the Main Street Lending program to nonprofits, there are changes needed to ensure that we, and similar nonprofits, will apply.</p> <p>This proposal is aimed more at transactional nonprofits such as hospitals and institutions of higher education than at nonprofits like ours that have a larger reliance on donations from the public to support their missions. Indeed, many nonprofits pride themselves on offering their services at no charge. Recognizing that their business models are different, even if both types of charities are inherently organized around a public mission, many of the financial requirements included in this proposal simply are not applicable to organizations that rely on donations. With that in mind, PATH respectfully requests the Federal Reserve to address the concerns and proposed changes outlined below.</p> <p><b>1. Congress Must Act to Ensure Mid-Sized Nonprofits are Eligible for Loan Forgiveness</b></p> <p>Congress must ensure that mid-sized nonprofits have access to loan forgiveness. While it is a welcome development to see the Federal Reserve making its Main Street lending program available to some nonprofits, this assistance still falls short of what is most needed by nonprofit organizations - a provision that makes these loans forgivable.</p> <p>In this critical time, nonprofits have stepped up to meet the unprecedented level of need in our country due to the COVID-19 pandemic. Even though they face many of the same economic challenges as other industries, nonprofits are not shutting down. Rather, they are straining to meet increasing demands in our communities on the frontlines, caring for the sick, housing the homeless, feeding families, and keeping our communities connected. Furthermore, they will play an integral role as our nation recovers - providing child care, job training, and other core supports.</p> <p>Charitable nonprofits of all sizes and focus areas are struggling to maintain mission-critical operations despite enormous economic challenges. Data released by Independent Sector shows that nonprofits with between 500 to 5,000 employees, key to scaling relief efforts across the nation, have been severely impacted by this health and economic crisis. When asked "What types of additional assistance would be most helpful to your organization?" organizations overwhelmingly (92% of responses) suggested government support in the form of forgivable loans. Smaller nonprofits throughout the country have been hit equally hard.</p> <p>Nonprofit organizations need funding so they can continue to meet the needs of their communities. Many charitable organizations do not have steady streams of commercial income and have little capacity for loan and interest repayment. Furthermore, nonprofits are the third largest employment sector and many hope to hire more workers as their organizations recover. America cannot afford to leave out such a vital part of the economy.</p> <p>Recommendation: Congress must recognize the vital services nonprofits provide to communities and the economy by including loan forgiveness, in the next round of COVID-19 relief legislation.</p> <p><b>2. The Fed Needs to Make Loan Terms More Favorable to Charitable Organizations</b></p> <p>The draft Nonprofit Loan Facility imposes certain liquidity, asset, and reserve requirements that are not required in Main Street New Loan Facilities available to for-profit businesses.</p> <p>Nonprofit organizations typically provide services with low-profit margins. Indeed, social service organizations report an average aggregate margin of 1.5%. According to a recent report by Seachange Capital Partners, the median social services nonprofit has a margin of 1.0%, receives 3.6% of its revenue from philanthropy (including investment income), has total financial assets (including endowments and other assets that are subject to legal restrictions) equal to 1.9 months of expenses, and operating reserves of less than one month of expenses. Less than 20% of large nonprofits have 6 months or more of operating reserves, a widely accepted standard for "financial strength" for nonprofits. Social services organizations are the most fragile, with fewer than 10% reaching this standard.</p> <p>The statistics above should not be viewed as an indictment of the efficiencies or management policies of nonprofits. It is important to note that the vast majority of social service nonprofit funding comes from government grants contracts, recognizing the key role such organizations play in serving the most vulnerable. Numerous studies confirm that government funding seldom covers the full cost of providing contracted work, which inhibits nonprofits from accumulating reserves through surpluses. In many instances, government grant/contract work creates cash-flow challenges since it is paid after the work has been completed and can be subject to significant delays in payment.</p>

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							<p>Recommendation: Recognizing the unique nature of nonprofit operations and their importance in continuing to provide vital services as partners on the front lines of the COVID-19 crisis, we urge the Federal Reserve to eliminate borrower requirements 7 and 8. If this is not possible, we alternatively ask that the requirements be lessened significantly to reflect the economic realities of nonprofit operations, for example by requiring only 30 days cash on hand, and bringing the loan origination ratio to 40-50% (down from 65% as proposed).</p> <p>We are also concerned that certain eligible loan features are too onerous for nonprofit organizations and are less favorable than those offered in other government programs. Specifically, the interest rate of LIBOR plus 300 basis points is significantly higher than that offered for Paycheck Protection Program (&amp;quot;PPP&amp;quot;) Loans (1.0%) and that for Economic Injury Disaster Loans (2.75%).</p> <p>In addition, the imposition of loan origination and service fees adds to the cost under the Nonprofit Facility. Finally, the notion that nonprofits would be faced with a 70% balloon payment at the end of the fifth year of the loan would be off-putting for many nonprofits. Nonprofits with existing loans with balloon payments are usually provided an opportunity to renegotiate such loans at prevailing market rates.</p> <p>Recommendation: We urge that the loan terms including interest rate and balloon payments be revisited and recommend the lowest permissible rate such as the 0.5% rate initially proposed for PPP loans. In addition, we urge some flexibility in the balloon payment requirement to afford the opportunity for renegotiation. If the 5-year amortization were extended to 7 years, this could lessen the balloon payment. We request that the borrower have access to engage with derivatives (change to a fixed rate) without the minimum swap requirements.</p> <p>3. The Ratio of Adjusted 2019 Earnings before &amp;quot;EBIDA&amp;quot; Should Be Revised</p> <p>In the &amp;quot;Draft for Public Consultation,&amp;quot; for both the Nonprofit Organization New Loan Facility and the Nonprofit Organization Expanded Loan Facility, one of the eligibility criteria for borrowers is that they must have &amp;quot;a ratio of adjusted 2019 earnings before interest, depreciation, and amortization (&amp;quot;EBIDA&amp;quot;) to unrestricted 2019 operating revenue, greater than or equal to 5%.&amp;quot; (#6) In the context of nonprofit operations, this threshold is too high and would make us, as well as many, if not most, nonprofits ineligible based on these criteria alone, which seems written more in the context of for-profit businesses as opposed to nonprofit organizations.</p> <p>It may certainly be prudent and necessary to have a positive ratio of adjusted earnings; however, nonprofits generally run on a small margin, both out of necessity and also so as to not leave excess surpluses that could be used for fulfilling their missions. Moreover, at times a nonprofit may have a planned and manageable deficit as part of a strategic plan-a negative ratio at one isolated point is not always an indication of instability.</p> <p>Furthermore, the footnotes for criteria #6 clarify that &amp;quot;The Eligible Lender should calculate operating revenue as unrestricted operating revenue, excluding funds committed to be spent on capital.&amp;quot; Many nonprofits have &amp;quot;restricted revenue&amp;quot; through grants and contracts built into their operating budgets. Excluding this revenue would compound the problem of meeting the 5% ratio. Although it would be sensible to exclude contributions raised for a &amp;quot;capital campaign,&amp;quot; excluding other capital funds included in an annual budget for maintenance and planned upgrades would further decrease the required ratio.</p> <p>Recommendation: The 5% requirement should be reduced to zero, if not eliminated. In addition, a statement of explanation of a deficit should be allowed so that a negative ratio does not mean automatic ineligibility for a nonprofit borrower. Finally, further clarification on the calculation methodology -in the context of nonprofit operating budgets- is needed in regard to both restricted funding from grants in annual operating budgets, as well as capital funds for improvements that are part of an annual operating budget. This clarification would allow noted revenues to remain in calculation to ease the restriction and not further restrict eligibility.</p> <p>Additionally, looking at average daily expenses over the previous year, equal to or greater than 90 days seems overly restrictive with many nonprofits having less than 60 days. The threshold you suggest is more typical to a for-profit business and would need to be lessened or eliminated entirely in order to accommodate nonprofits like ours.</p> <p>Lastly, the direction that, at the time of loan origination, a nonprofit has a ratio of (i) unrestricted cash and investments to (ii) existing outstanding and undrawn available debt, plus the amount of any loan under the Facility, plus the amount of any CMS Accelerated and Advance Payments, that is greater than 65%; seems overly restrictive for nonprofits facing financial difficulty.</p> <p>4. &amp;quot;Reasonable Efforts&amp;quot; Regarding Employee Retention Require Further Clarification</p>

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							<p>The description of "Retaining Employees" in the draft term sheet requires refinement if the Federal Reserve expects nonprofits to take advantage of this facility. We endorse the analysis of the National Council of Nonprofits on the issue of employee retention, and recommend the following:</p> <p>Recommendation: "Reasonable efforts" should be interpreted in the totality of the circumstances, taking into consideration not only the general economic environment in the community or communities in which the borrower operates, but also factors such as workforce, fundraising ability, revenue-generating activities, and overall demand for the services and programs the organization provides. One option would be to add the qualifier "mission-based" before "reasonable efforts."</p> <p>Recommendation: The terms "maintain its payroll" and "retain its employees" are vague and need further refinement, as well as some reasonable safeguards given the unpredictability of our current environment. We ask the Federal Reserve to make clear that nonprofits participating in the Main Street loan program generally should endeavor to pay staff at the same or increased income levels and should act in good faith to keep staffing levels (measured on the basis of full-time equivalents) at the same or increased levels, both for the duration of the loan. It is also important that the loan documents expressly state that the employee retention provision begins on the date that loan funding is received by the borrower rather than at an earlier date.</p> <p>Recommendation: We ask that the Federal Reserve adopt safe harbors of other loan programs and state clearly that nonprofit borrowers will not be penalized under the employee retention provision for the decision of employees to decline offers of rehire, or for those who are fired for cause, voluntarily resign, or voluntarily request a reduced schedule during the time that the loan is outstanding.</p> <p><b>5. Additional Recommendations and Requests for Clarification</b></p> <p>PATH respectfully requests the Federal Reserve clarify the following issues in its final expansion notice.</p> <p><b>Endowment:</b> What resources should be included in endowment calculations? Does it include restricted endowments? Does it extend to include cash on hand?</p> <p><b>Collateral:</b> Flexibility on collateral is requested. The loan should be able to be approved with no more than 50% Loan to Value (LTV) if collateral is needed.</p> <p><b>Other Debts:</b> The proposal requires that borrowers, "refrain from repaying the principal balance of, or paying any interest on, any debt until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due." We request that this exclude lines of credit and other debt that are assumed to provide financial liquidity related to the impact of COVID-19.</p> <p>PATH commends you for working collaboratively with us and our fellow nonprofits to make the Main Street Lending Program available to some nonprofits. We look forward to working proactively with you to make the necessary changes to ensure this program is useful during this time of uncertainty for us, our nonprofit counterparts and, most importantly, our clients.</p> <p>Sincerely, Joel John Roberts CEO PATH and PATH Ventures www.e-path.org</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Newman	David	dnewman@mpca.net	Michigan Primary Care Association	<p>June 22, 2020</p> <p>The Michigan Primary Care Association (MPCA) appreciates the opportunity to provide comments to the Federal Reserve about their proposed parameters for making low-interest Main Street Loans available to nonprofit organizations.</p> <p>An analysis of the draft "Term Sheet" conducted by Capital Link, a non-profit organization that receives funding from the Federal Department of Health and Human Services, to assist CHCs with accessing capital determined that almost no community health center (CHC) would qualify for these loans under the current eligibility requirements. Therefore, we are requesting that:</p> <p>The loan terms be revised to enable the majority of CHCs to qualify.</p> <p>CHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique CHC model and collectively have provided more than \$2.1 billion in loans to CHCs, with a default rate of less than one-tenth of 1 percent.</p> <p>MPCA is the voice of 45 community health centers (CHCs) that provide quality, affordable, comprehensive primary and preventive care to more than 709,000 Michigan residents at more than 330 sites located in rural and urban communities across the state. More than 52 percent of those patients rely on Medicaid for care, and they often face multiple social and environmental factors that challenge their ability to access the care they need - regardless of coverage. Without community health centers, many would be forced to look outside their communities for health care or would have no access to care at all.</p> <p>As community-based, nonprofit organizations committed to ensuring access to health care, CHCs have been on the frontlines of the COVID-19 pandemic since the beginning. With more than 330 care delivery sites in the state of Michigan, we provide care for nearly 709,000 patients. Our patients have been disproportionately impacted by the pandemic, as 70 percent are low-income, 15 percent are uninsured, and 41 percent are racial and ethnic minorities, many of whom suffer from multiple chronic health conditions associated with poverty and the effects of racism.</p> <p>Throughout the pandemic, health centers have provided a range of critical front-line care and a growing proportion of testing, particularly in the low-income, minority communities they serve. At the same time, we have experienced a significant decline in revenue due to the need to curtail many primary and preventive care visits. As a result, many health centers have had to make difficult choices, including reductions in services, layoffs, and site closures.</p> <p>While we have received some federal funding to support COVID relief, it's not enough to reestablish our pre-COVID-19 level of operations, let alone prepare for the increased demand that will result as newly-unemployed and uninsured individuals turn to us for care. To date, the Provider Relief Fund has offered most CHCs only 2 percent of their net patient revenues; also, CHCs with more than 500 staff are ineligible for Paycheck Protection Loans because of their size.</p> <p>Because of these financial needs, MPCA was relieved to learn that the Federal Reserve would soon start offering Main Street Loans to nonprofits. The Independent analysis of the draft "Term Sheet" concluded that almost no CHCs would qualify under the proposed eligibility criteria. Prior to the pandemic, only 13 percent of health centers would have met the combined criteria. Now, four months from the start the pandemic, far fewer than 13 percent would be able to meet the days cash on hand and cash/debt ratio at loan origination.</p> <p>The most problematic financial parameters for CHCs include:</p> <ul style="list-style-type: none"> <li>EBIDA to unrestricted 2019 operating revenue greater than or equal to 5 percent.</li> <li>Days cash on hand at loan origination equal to or greater than 90 days.</li> <li>Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at origination is 65 percent or greater.</li> </ul> <p>In order to provide a meaningful program for which approximately 60 percent of CHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for CHCs loans as follows:</p> <ul style="list-style-type: none"> <li>EBIDA to unrestricted 2019 operating revenue greater than or equal to 3 percent.</li> <li>Days cash on hand at loan origination equal to or greater than 30 days.</li> <li>Eliminate the unrestricted cash to debt ratio requirement.</li> </ul> <p>Lower the minimum employee requirement to 20.</p> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to</p>

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							<p>the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act).&amp;quot; As you know, Section 4003 of Title IV authorizes the federal government to make loans to States and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003 and use part of it to support CHCs or other safety-net providers. To make clear that CHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term &amp;quot;specific support&amp;quot; be revised to read &amp;quot;direct support.&amp;quot;</p> <p>Finally, it is important to note that CDFIs have historically played a major role in providing financing to CHCs for decades. As such, they understand the CHC model and are best positioned to underwrite loans to health centers. A coalition of 25 CDFIs who are members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to CHCs, with a default rate of less than one-tenth of 1 percent.</p> <p>As the program is currently construed, very few CDFIs would qualify as eligible lenders. To enable CHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the nonprofit portion of the Main Street Loan Program to:</p> <ul style="list-style-type: none"> <li>allow CDFIs to participate as lenders in the program; and</li> <li>allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to CHCs at LIBOR +3 percent.</li> </ul> <p>The Michigan Primary Care Association thanks you for the opportunity to submit these comments. If you have any questions, please contact David L. Newman, associate director of policy and government affairs, <a href="mailto:dnewman@mpca.net">dnewman@mpca.net</a>.</p> <p>Sincerely,</p> <p>Dennis Litos Interim CEO MPCA</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Thornhill	Laura	lthornhill@alz-aim.org	Alzheimer's Association	<p>On behalf of the Alzheimer's Association, the more than 5 million Americans living with Alzheimer's and other dementia, their 16 million unpaid caregivers, and our volunteers and supporters across the country, we appreciate the Federal Reserve's acknowledgement of the critical role charitable nonprofits play in our country and our economy. While this proposal is a promising first step, several of the eligibility requirements and loan terms make it infeasible to the Alzheimer's Association and many other large nonprofits.</p> <p>We have continued our mission during the pandemic, providing care consultations, caregiving tips, and 24/7 access to free, confidential support. But the financial impact of the crisis threatens our ability to continue to serve all those touched by Alzheimer's and dementia--a population that will only grow in the coming years.</p> <p>First, the proposed cap on revenue from charitable contributions puts these loans out of reach. The generous contributions from individuals and families affected by Alzheimer's disease have far exceeded 30 percent of our total revenue for many years. Given that this is also true for other health and human service organizations of similar size and given that this runs counter to Internal Revenue Service rules that require charitable nonprofits receive at least a third of their revenues via contributions from the general public, contributions or grants from other public charities, or from governmental agencies in order to retain their 501(c)(3) status, we respectfully request that the Federal Reserve explain the underlying rationale for this cap.</p> <p>The proposed interest rate of LIBOR + 3 percent also makes this proposal unworkable. Nonprofits have already suffered financially and economic recovery will take years. Every dollar we spend on interest repayment is a dollar diverted from services to all persons affected by dementia. While we strongly prefer 0 percent interest since nonprofits are structurally different than for-profits and on the front lines of the COVID-19 crisis, we at least would recommend a 0.50 percent interest rate (50 basis points) for 501(c)(3) charitable nonprofits at a 5-year amortization.</p> <p>We appreciate the proposed term that the principal of any loan will not come due for two years, but we respectfully request an extension of the interest deferment period. Nonprofits will need more time to begin any repayment, especially those reliant on charitable donations, which are also likely to be negatively affected for months or years to come.</p> <p>Finally, we acknowledge that the Federal Reserve and the Department of the Treasury are unable to provide a loan forgiveness option without a statutory change. However, we take this opportunity to call on Congress to make the necessary amendments to allow the Federal Reserve to provide loans and loan guarantees with an option for forgiveness. As we note above, this is critical, as each dollar spent on loan and interest repayment is a dollar diverted from our constituents.</p> <p>Thank you for the opportunity to comment. The Alzheimer's Association would be pleased to assist the Federal Reserve in any way to make credit accessible to charitable organizations serving some of the country's most vulnerable populations.</p>

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Coronavirus (COVID-19)	PIO (Email from Web)	6/22/2020 12:00:00 AM	Dietz	Rebecca	rdietz@auduboninstitute.org	Audubon Nature Institute	<p>On behalf of the Audubon Nature Institute, I am writing to comment on the Federal Reserve Board's proposal to expand the Main Street Lending Program (MSLP) to provide access to credit for nonprofit organizations. Thank you for expanding the MSLP to include large non-profits impacted by the financial decline caused by COVID-19.</p> <p>At Audubon, we care for over 15,000 animals, employ over 900 full and part-time dedicated staff members, and are Louisiana's top paid-attendance destination. Unfortunately, because of our size, Audubon's employees do not qualify for support under the Paycheck Protection Program.</p> <p>While Audubon's doors remain shuttered to visitors until this month, our obligation to the animals and parks in its care is unchanged. We have taken measures to reduce staff and pay cuts, but the costs associated with caring for animals is ongoing.</p> <p>While it is a welcome development to see the Federal Reserve making its Main Street lending program available to some nonprofits, this assistance still falls short of what is most needed by nonprofit organizations - a provision that makes these loans forgivable. Congress must act to ensure that mid-sized nonprofits have access to loan forgiveness.</p> <p>On behalf of Audubon Nature Institute, the animals in our care, our community and our state, we thank you for your consideration.</p>

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Other: Comments on draft regs	PIO (Email from Web)	6/22/2020 12:00:00 AM	Mitchell	Bart	bmittchell@tcbi nc.org	The Community Builders	<p>June 22, 2020</p> <p>Submitted Electronically at FederalReserve.gov Board of Governors Federal Reserve</p> <p>Re: Main Street Lending Program- Nonprofit Organization Facilities</p> <p>To whom it may concern:</p> <p>Thank for you this opportunity to provide comments on the Nonprofit Organization Facilities under the Main Street Lending program. The Community Builders (TCB) appreciates the Federal Reserve's recognition of the vital role of nonprofit organizations as employers and community institutions and the important role that they will play in an equitable economic recovery. TCB is one of America's longest-established multi-state nonprofits involved in affordable housing and community development. Approximately 25,000 people live in 100+ TCB-owned affordable and mixed-income apartment communities that are located in 30 metro areas throughout the Northeast, Midwest and MidAtlantic US. TCB preserves and develop affordable multifamily homes that expand opportunity and create dignity for low-income persons with disabilities, the elderly, families, and the homeless. By efficiently and creatively leveraging private, public and philanthropic resources, TCB has developed or preserved more than 33,000 affordable rental homes across the county. The affordable homes that TCB creates and preserves are a source of stability and resilience for residents and communities. TCB also partners with many local community nonprofits to address the holistic needs of their residents. The following comments are ones we prepared after consultation with many of the other multi-state housing nonprofits in the US.</p> <p>We appreciate the flexibility that the Federal Reserve has tried to create in the nonprofit extension of this program. However, we are concerned that while some of the eligibility requirements are well-suited for manufacturing and profit-motivated businesses that sells goods, they don't contemplate the broad and complex range of business models used by nonprofit organizations, including developers and operators of affordable housing. Many nonprofits, including SAHF members, do not have endowments that generate significant income. Many have revenue generating activities other than fundraising as well. Affordable housing developers typically do not have endowments and rely primarily on development fees, distributions from operating properties and management fees. The comments below address how the eligibility criteria apply to nonprofit affordable housing developers, but we recognize that the eligibility criteria will present different challenges for other types of nonprofits and we encourage the Federal Reserve to apply flexible/adaptive criteria that recognizes the unique models of nonprofits.</p> <p><b>Eligible Loans Terms</b></p> <p>While many SAHF member nonprofits anticipate that they may need the resources provided by a Main Street loan, the terms on which the loans are proposed are challenging. First, the LIBOR plus 300 basis point rate is higher than what most organizations are charged for lines of credit from their banks. we urge the Federal Reserve to pursue a lower interest rate to make this program more feasible for nonprofits. Further, the five-year term of the loan could limit the utility of this this resource. Consistent with the analysis of many financial experts, SAHF members anticipate that the current recession will impact their organizations for years to come, but the extent of the impact is not yet known. This is particularly true because of the long lead time of developing real estate. Bringing a new affordable housing development to market can take three to five years. For this reason, a five-year repayment term for impacts not yet fully realized makes the loan program less attractive.</p> <p><b>Line of Credit, Revolving and Prepayment</b></p> <p>To minimize borrower interest expense and risk to the government, we encourage the Federal Reserve to consider making these funds available as a line of credit with a term of five years from the date first drawn upon. If a letter of credit is infeasible, the Federal Reserve could allow these loans to prepaid and redrawn within the five-year eligibility provided that the maturity shall not exceed the original five-year window. Further, we are concerned about the cost and impact of keeping the loan outstanding for longer than it may be needed, so we ask that you confirm that there will be no restrictions on or penalty/yield maintenance for prepayment.</p> <p><b>Subordination</b></p> <p>Lenders should be allowed flexibility to allow the Main Street loan to be subordinate to existing debt if all debt is current and the organization meets other leverage requirements. Nonprofit housing organizations often operate with significant leverage at both the property and corporate level. These borrowings are used to bridge the long timelines from inception to completion of a housing development project. Much of this debt is from other public sources and subordinate to senior commercial debt. It will be very difficult if not impossible to have all lenders agree to</p>

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							<p>subordinate to the new Main Street loan. This will substantially impact the ability to use this tool by housing nonprofits, so it is critical that an alternate criterion be identified. Further, the interest rate that is proposed by the Main Street program fits with the idea that this will not be the most senior debt they carry but rather that it will be subordinate debt that fits within leverage requirements.</p> <p><b>Security</b> For housing nonprofits this product would be very useful if the nonprofit was allowed to pledge an interest in one or more specific future developer fee receipts on projects that have closed and are in construction, with the option of substituting additional such collateral through the five-year term. This could also have the advantage of providing the lender and the Federal Reserve with specific collateral to lend against obviating the need for the subordination requirement. If the LTV ratio of such loans was 65-85% of the developer fees pledged, the nonprofit would have current access to future developer fees while still providing the lender and the Federal Reserve with a margin of safety.</p> <p><b>Eligible Borrowers</b></p> <p><b>Parent Organization as Borrower</b> The Eligible Borrower requirement should be applied only to the parent nonprofit entity. Most housing nonprofits operate through numerous single purpose entities owning real estate. In general, the requirements surrounding the low income housing tax credit (LIHTC), requires a structure where the single purpose entity is controlled by the nonprofit, but the housing nonprofit has only a less than 1% interest, nevertheless the entities are required to be consolidated according to GAAP. Since the single purpose entities are designed to generate operating losses for investors due to depreciation of real estate assets and accrued but unpaid interest on soft debt, housing nonprofits generally generate losses on a consolidated basis. These losses will impact the eligibility of well-run nonprofits for Main Street loans if GAAP consolidated affiliates are included. For these reasons the loan qualifications should be applied on a parent-only basis to make this a useful tool for housing nonprofits. However, it is equally important that borrowers be allowed to use proceeds to support the operation of affordable housing properties owned by single asset entities since their stable operation is key to to well-being of people with limited economic means.</p> <p><b>Flexible Approach on Financial Requirements (Criteria 6-8)</b> The relatively unique nature of large nonprofits, particularly nonprofit affordable housing developers, makes the earnings, depreciation, amortization, liquidity and debt ratio requirements of items 6-8 inaccurate measure of financial health. We have outlined key concerns in the bullets below. We encourage the Federal Reserve to adopt a flexible approach that may allow lenders discretion to underwrite Main Street loans that meet some minimum number, but not all, eligibility requirements.</p> <ul style="list-style-type: none"> <li>o EBIDA (Criteria 6): Most housing nonprofits operate through numerous single purpose entities owning real estate. In general, these single purpose entities are controlled, but the housing nonprofit has only a less than 1% interest, nevertheless the entities are required to be consolidated according to GAAP. Since the single purpose entities are designed to generate operating losses for investors due to depreciation of real estate assets and accrued but unpaid interest on soft debt, housing nonprofits generally generate losses on a consolidated basis. For these reasons the loan qualifications should be applied on a parent-only basis to make this a useful tool for housing nonprofits.</li> <li>o Liquid Assets (Criteria 7): Nonprofits operating without substantial endowments may not hold cash equal to 90 days of operating expenses. This would be much more helpful if this threshold were 30 days. This would be helpful both to housing nonprofits and to direct service nonprofits with whom we partner that are dependent on government and private sector partners paying invoices on time and therefore subject to frequent fluctuations in cash, particularly during this crisis.</li> </ul> <p>We appreciate your efforts to adapt this program to the needs of nonprofits that strive to create more equitable communities. Please contact our CFO Morgan Wilson (mwilson@tcbinc.org ) and/or me (bmitchell@tcbinc.org) with any questions.</p> <p>Thank you,</p> <p>Bart Mitchell, CEO The Community Builders Inc.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Burkhardt	Craig	cburkhardt@btlaw.com	Barnes & Thornburg LLP	<p>Proxy for Endowments in EBIDA Calculation</p> <p>Nonprofit organization structures often house endowment functions in separate corporate entities. The term sheets for both NOELF and NONLF provide that in order to be an Eligible Borrower, there must be a ratio of adjusted 2019 EBIDA to unrestricted 2019 operating revenue of greater than or equal to 5%. See: Eligible Borrower point 6 for both NOELF and NONLF. In making this calculation footnote 4 in the term sheets instructs that operating revenue can include a proxy for endowment income in place of unrestricted investment gains or losses. We respectfully request that the term sheets be revised to allow endowment income from a borrower's separate endowment entity to be utilized in the calculation. Otherwise, the unintended consequence is to disqualify a borrower, which would otherwise be eligible but for the corporate separation.</p> <p>Liquid Assets to Daily Expense Day Ratio</p> <p>The widest variety of nonprofits (from aggregators and resellers of used clothing to operators of youth services and athletic facilities) were forced by government regulators to close primary revenue-generating operations. Maintaining the physical integrity of properties, preserving facility ownership and retaining key employees required significant expenditure of reserves. The reserve burn deforms the suggested calculation as an indicator of business health. See: Eligible Borrower point 7 for both NOELF and NONLF. Specifically, we suggest that 90 days is excessively high and will disqualify many otherwise-healthy organizations. 60 days is respectfully suggested to offset the necessary spending of reserves.</p> <p>Cash to Debt Ratio</p> <p>For the same reason asserted in the immediately preceding paragraph, we suggest that the cash to debt ratio of 65% required of borrowers in the term sheets is a disqualifier of nonprofits, which were economically healthy pre-virus. See: Eligible Borrower point 8 for both NOELF and NONLF. Our several nonprofit clients respectfully suggest 50% is expressive of financial health and viability of successful organizations required to spend significant reserves during government closure mandates.</p> <p>Upgrade Attractiveness of Loan Economics</p> <p>Fundamental economic circumstances of nonprofits post-virus require more aggressive loan economics. The most well run of nonprofits are regardless battered from the denial of revenues and the immediate re-opening circumstances. Loan economics appropriate for for-profit organizations are not sufficient to assist nonprofits return to health operations, specifically:</p> <p>Maturity. Eligible Loans point 1 in the term sheets should increase maturity to between 7 and 10 years, to be negotiated by the lender and borrower.</p> <p>Seven-Year Amortization and 40% Balloon Payment. Even with a 2-year delay, a 70% balloon at the end of a 3-year payment structure is frightening to nonprofit leaders and foreshadows simultaneous crises. A sound approach would extend the payment structure for 5 years (in addition to the 2-year delay) by paying 15% for years three through six and reducing the balloon to 40%. See: Eligible Loans point 3 in both NOELF and NONLF.</p> <p>LIBOR+200. Eligible Loans point 4 in both NOELF and NONLF should be reduced from LIBOR+300 to LIBOR+200.</p> <p>Required Borrower Certifications and Covenants</p> <p>We respect the public policy to restrict repayment of principal balances of debts until the upsized tranche or new Eligible Loan is paid in full. However, in order to survive during the period between the shutdowns and the potential for NOELF and NONLF funds to flow, nonprofits had no choice other than to commit to lines of credit that were related to COVID. We respectfully request that these lines of credit be eligible for payment on an equitable basis. See: Dot point 1 to Required Borrower Certifications in both NOELF and NONLF.</p> <p>Transaction and Servicing Fees</p> <p>Robust transaction and servicing fees, so necessary to attract the interest of institutions to lend in the for-profit setting, are less important in the nonprofit setting given moral suasion. Nonprofits are cash-depleted and need to receive the maximum possible cash loan amounts. We respectfully request a 100 basis points cap on the combined transaction and upsizing/origination servicing fees. See: Transaction Fee and Loan Upsizing/Origination Servicing Fees for both NOELF and NONLF.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Prester	Baker Donelson Attn:	jprester@bakerdonelson.com	Baker Donelson	The criteria for non-profit eligible borrowers includes a requirement that the borrower have been in continuous operation since January 1, 2015. This requirement appears to disqualify otherwise credit worthy borrowers unnecessarily. For example, if a well-established credit worthy non-profit hospital were to undergo a change of ownership or a reorganization that includes the transfer of its operations to an entity formed less than 5 years ago, that new entity would not have been existence continuously for 5 years, despite otherwise being credit worthy and continuing the historic operations of the hospital that had been occurring for more than 5 years. We note that the requirement for other organizations is much more lenient, only requiring them to be in existence prior to March 2020 to be eligible to participate in the Main Street Lending Program. Imposing this 5 year age requirement for non-profit organizations is contrary to the Federal Reserve's stated intent in providing facilities to assist credit worthy borrowers through these challenging times.
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Calbert	A.	acalbert@nationalchildrensmuseum.org	National Childres Museum	We'd like the to see this program allow for refinancing an existing loan and for the minimum staff size to be 12 - 15 people. Also, having 3 years of financials would be preferred. We had to furlough more than half of our staff because of COVID. We now have a staff of 12. We wouldn't be able to rehire and get back to full staffing without a program like this.
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Mahoney	Margaret	mmahoney@thomchild.org	Thom Anne SullivanEarly Childhood Programs	<p>The non-profit agency I work for has a 100 year history of helping families in Massachusetts. Last year, we delivered home visiting services to over 15,000 infants and toddlers. Our skilled staff of 864 professionals made this possible. And yet, because there are more than 500 of us, we were left without support for sick leave, paycheck protection, and forgivable loans. We are held to different criteria for the employee retention credit. We are left out of the economic stimulus that is essential for our organization's survival.</p> <p>The lack of cash flow to our agency and others like ours has led to job loss and has delayed job creation. The longer term impact is that communities, families, and our service sector will suffer for decades. Across the country, programs like ours are closing, furloughing staff, and stopping services to children who need our help.</p> <p>With access to favorable lending terms and with the same stimulus funding that was offered to smaller non-profits, we could start calling back to work our furloughed staff. We could continue to support children and families. We could avoid an erosion of our social service sector. Necessarily, however, the eligibility criteria ratio of, "adjusted 2019 EBIDA to unrestricted 2019 operating revenue, greater than or equal to 5%", excludes nearly every social service nonprofit known to us. This criteria is burdensome, unnecessary, and rewards nonprofit agencies that have chosen to retain a high earnings margin. To support nonprofits and economic recovery, this criteria must be removed. Thank you for your time and consideration. Margaret Mahoney</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Cavazos-Reyna	C LeRoy	LCavazos@us hcc.com	United States Hispanic Chamber of Commerce	<p>We recommend the following considerations as the Federal Reserve Bank further develops and execute this Main Street Lending Program as we recover our American economy.</p> <p>Maintaining transparency in the Main Street Lending process. As other federal facilities have been rolled out the issue of transparency has been a major concern in order to assure that minority-owned small businesses are being funded. According to The Central Bank, it would be a solid transparent practice as this lending is deployed to require lenders and borrowers participating in the program to report the following:  Name of lenders  Name of business/borrower  Ethnicity of the business if certified or of the borrower  Loan Amount borrowed  Loan interest rates charged by the lender</p> <p>Mitigating complications for borrowers, as currently structured the business applying for a loan must not be in an "Ineligible Business" as described in the Small Business Administration's regulations concerning Paycheck Protection Program (PPP) loans. Many businesses were denied for PPP loans because of technical issues such as having a minority part of a company or being owned by a private equity firm with investor voting rights. It would be detrimental if the rules that didn't allow these types of businesses to access PPP funding are exported to this program which targets businesses that could not secure PPP loans due to company makeup or structure. Furthermore, currently any business applying for Main Street Lending must not have received specific support pursuant to the CARES Act. Many businesses who applied for PPP loans had their applications accepted but only received a small, insufficient amount and were unable to contest the decision. There are many businesses who received "some" help from the SBA who are still in urgent need of economic relief to keep their doors open and continue down the path of recovery.</p> <p>Establish a technical assistance Main Street Lending Grant Program, the Federal Reserve should consider a set aside grant program of at least \$500 million to \$1 billion to create a program where industry associations and chambers of commerce can apply for funding to help with technical assistance for businesses who are in need of this money. We have learned from the PPP and EDIL process that many borrowers are overwhelmed with these applications and overall lending processes and need assistance in accessing portals, the right lending institution for their respective business, and guidance in gathering documentation to get approved and funded. The Federal Reserve needs to collaborate with organizations who have trusted local reputations and the ability to provide this help one-on-one with their members and other constituents who could qualify for these facilities. Furthermore, these groups will help the overall credibility of the program especially with lenders and borrowers in minority communities.</p> <p>Thank you in advance for your consideration in this important matter.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	LaPan	Karen	klapan@thomc hild.org	Thom Child and Family Services	<p>The non-profit agency I help lead has a 100 year history of helping families in Massachusetts. Last year, we delivered home visiting services to over 15,000 infants and toddlers. Our skilled staff of 864 professionals made this possible. And yet, because there are more than 500 of us, we were left without support for sick leave, paycheck protection, and forgivable loans. We are held to different criteria for the employee retention credit. We are left out of the economic stimulus that is essential for our organization's survival.</p> <p>The lack of cash flow to our agency and others like ours has led to job loss and has delayed job creation. The longer term impact is that communities, families, and our service sector will suffer for decades. Across the country, programs like ours are closing, furloughing staff, and stopping services to children who need our help.</p> <p>With access to favorable lending terms and with the same stimulus funding that was offered to smaller non-profits, we could start calling back to work our furloughed staff. We could continue to support children and families. We could avoid an erosion of our social service sector. Necessarily, however, the eligibility criteria ratio of, "adjusted 2019 EBIDA to unrestricted 2019 operating revenue, greater than or equal to 5%", excludes nearly every social service nonprofit known to us. This criteria is burdensome, unnecessary, and rewards nonprofit agencies that have chosen to retain a high earnings margin. To support nonprofits and economic recovery, this criteria must be removed.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Evans	Connie	jp2@prismgroup.global	Association for Enterprise Opportunity (AEO)	<p>Monday, June 22, 2020</p> <p>Re: Proposed Main Street Lending Program Nonprofit Loan Options</p> <p>Dear Sir or Madam:</p> <p>The Association for Enterprise Opportunity (AEO) appreciates the opportunity to respond to the Federal Reserve Bank of Boston's (Federal Reserve) request for public feedback on the proposal to expand the Main Street Lending Program (MSLP) to accommodate nonprofit organizations that were impacted by the economic downturn caused by the Coronavirus pandemic.</p> <p>AEO is the leading voice of innovation in microfinance and microbusiness in the United States. Our more than 1,700 members and partners include a broad range of organizations that provide capital and services to assist underserved entrepreneurs in starting, stabilizing, and expanding their businesses.</p> <p>Last week, the Federal Reserve announced the start of operations on the Main Street Lending Program, a measure created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act to further support small and medium-sized businesses disrupted by the onset of the national health crisis. As of now, the program will deploy liquidity to eligible participants through three (3) facilities: the Main Street New Loan Facility (MSNLF), the Main Street Priority Loan Facility (MSPLF), and the Main Street Expanded Loan Facility (MSELF). In an effort to expand the reach of the program's current infrastructure, the Federal Bank has proposed the inclusion of nonprofit organizations.</p> <p>The Federal Reserve, in collaboration with the Department of Treasury, is pursuing public feedback on the implementation of two new facilities that will provide access to credit for nonprofit organizations. The proposed expansion would offer liquidity to small and medium-sized nonprofits through the Nonprofit Organization New Loan Facility (NONLF) and the Nonprofit Organization Expanded Loan Facility (NOELF). Under the proposed rules, eligible nonprofit lenders will have the aptitude to deploy millions in additional federal assistance to help businesses continue on the road to financial recovery.</p> <p>As noted by the Federal Reserve Chair, Jerome H. Powell, "Nonprofit organizations play a critical role in the national economy and local communities by providing essential services, employing millions of Americans, and supporting the innovation and development of skilled a workforce." We believe that the country's network of nonprofits can help mitigate the financial damage done to small businesses in recent months.</p> <p>To that end, we are weighing in on the Federal Reserve's proposal to expand the MSLP. As it stands, we support the proposal as it is slated to safeguard Mainstreet firms and help slow the national unemployment rate. With the minimum loan size proposed at \$250,000 and the maximum loan size of \$300 million, nonprofit loan borrowers would be better positioned to achieve financial resilience following the devastating first and second quarter of this year.</p> <p>Notwithstanding AEO's broad support of the proposal, we urge the Federal Reserve Bank to modify its plan to expand the MSLP to include nonprofit entities beyond 501(c)(3) or 501(c)(19) organizations. The Federal Reserve should consider expanding the proposal to 501(c)(4), 501(c)(6), and 501(c)(7), among others. This action would dilate necessary support for additional small and medium-sized nonprofit firms in the weeks and months ahead.</p> <p>Thank you for the opportunity to submit comments on this topic and for your willingness to listen to our feedback on the matter.</p> <p>Sincerely,</p> <p>Connie Evans President &amp; CEO Association for Enterprise Opportunity</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Vismara	Marissa	mvismara@cpc a.org	California Primary Care Association	<p>June 22, 2020</p> <p>Steven Mnuchin Secretary of the Treasury Submitted via e-mail</p> <p>Subject: Main Street Lending Program</p> <p>Dear Secretary Mnuchin:</p> <p>On behalf of our 1,370 community health centers (CHCs) and 7.2 million patients they serve here in California, the California Primary Care Association (CPCA) writes to comment on the "Main Street Lending Program" recently established under authority of the CARES Act. As explained below, we appreciate the Federal Reserve's intention to expand Main Street Loans to non-profit organizations. However, after analyzing the draft Term Sheet, we have determined that almost no federally qualified health centers (FQHCs) would qualify for these loans under the current eligibility requirements. Therefore, we are requesting that:</p> <p>the loan terms be revised to enable the majority of FQHCs to qualify, and FQHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique FQHC model and collectively have provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>As community-based, non-profit organizations committed to ensuring access to health care, FQHCs have been on the frontlines of the COVID-19 pandemic since the beginning. With more than 12,000 care delivery sites nationally, FQHCs provide care for nearly 30 million patients. In California, where our health centers serve 7.2 million patients annually - almost 17% of Californians turn to health centers for their care. During a public health emergency, health centers provide triage, treatment, referrals and also work in partnership with the local health departments and the state of California. This crisis is no different - CHCs are uniquely positioned to assist in the fight against the spread of COVID-19 because they are rooted in the communities they serve and are trusted sources of care for anyone that walks through their doors. Community health centers, especially when better resourced and supported by our state and federal partners, have the potential to unburden our hospital partners who need to be ready and available for the sickest Californians.</p> <p>Throughout the pandemic, FQHCs have provided a range of critical front-line care and a growing proportion of testing, particularly in the low-income, minority communities they serve. Community health centers are taking a huge financial hit as they transition their organizations to rapidly respond to the need for the screening, testing, and treating of COVID-19 patients, while also continuing to address the urgent, non-COVID-19 related needs of the vulnerable patients they serve. Health center leaders are making decisions in real time as public health directives and community, city, and state mitigation efforts have led to the curtailing of non-urgent services and sites, causing revenues to plummet precipitously, layoffs, site closures and threatening patient access to their full range of services.</p> <p>While some of our health centers have received federal funding to support COVID-19 relief, for many this support is not enough to reestablish their pre-COVID level of operations, let alone prepare for the increased demand that will result as millions of newly-unemployed and uninsured individuals turn to them for care. To date, the Provider Relief Fund has offered most FQHCs only 2% of their net patient revenues. FQHCs with over 500 staff - which in total care for about 9 million patients- are ineligible for Paycheck Protection Loans because of their size and are struggling to secure alternative funds to alleviate the financial strain due to COVID-19.</p> <p>Recommendation to expand eligibility criteria to allow majority of FQHCs to qualify: CPCA was relieved to hear that the Small Business Administration will soon make Main Street Loans available to non-profit organizations with 50 to 15,000 employees, but after reviewing the Terms Sheet, we determined that almost no FQHCs would qualify under the proposed eligibility criteria.</p> <p>This conclusion is based on an analysis conducted by Capital Link, a non-profit organization that receives funding from the Federal Department of Health and Human Services to assist FQHCs with accessing capital. Capital Link determined that under the proposed lending parameters: Prior to the pandemic, only 13% of health centers would have met the combined criteria. This includes less than one in five of the FQHCs with over 500 staff, who are currently ineligible for the Paycheck Protection Program. Because of the significant cash declines experienced by FQHCs as a result of COVID-19, at present, far fewer than 13% would be able to meet the DCOH and Cash/Debt ratio at loan origination.</p>

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							<p>The most problematic financial parameters for FQHCs are:            EBIDA to unrestricted 2019 operating revenue greater than or equal to 5%            Days cash on hand at loan origination equal to or greater than 90 days            Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at origination is 65% or greater</p> <p>In order to provide a meaningful program for which approximately 60% of FQHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for FQHCs loans as follows:            EBIDA to unrestricted 2019 operating revenue greater than or equal to 3%            Days cash on hand at loan origination equal to or greater than 30 days            Eliminate the unrestricted cash to debt ratio requirement            Lower the minimum employee requirement to 20</p> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)." As you know, Section 4003 of Title IV authorizes the Federal government to make loans to States and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003, and use part of it to support FQHCs or other safety net providers. To make clear that FQHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term "specific support" be revised to read "direct support."</p> <p>Request for FQHCs to work directly with CDFIs to access Main Street Loans:            Finally, it is important to note that Community Development Financial Institutions (CDFIs) have historically played a major role in providing financing to FQHCs for decades. As such, they understand the FQHC model and are best positioned to underwrite loans to health centers. A coalition of 25 CDFIs who are members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>Unfortunately, very few CDFIs would qualify as eligible lenders under the program as it is currently construed. To enable FQHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the nonprofit portion of the Main Street Loan Program to:            Allow CDFIs to participate as lenders in the program; and            Allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to FQHCs at LIBOR +3%</p> <p>Thank you for your attention.</p> <p>Sincerely,</p> <p>Carmela Castellano Garcia, Esq.            President and CEO            California Primary Care Association</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Renner	Devin	drenner@mono-naeastside.com	MESBA	<p>Please consider including 501c6 organizations. Or at the very least allowing for Chamber of Commerce to apply for an exception. Local Chambers bring in billions to small businesses around the country every year, and we've been just as hurt by Covid-19 as any other business. Despite that we've been unable to apply for any Federal program due to our c6 status. So again, I ask that you consider allowing for an exception to be made for local chambers.</p> <p>Thank you.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Propp	Work	tpropp@ciee.org	CIEE, Inc.	<p>To whom it may concern,</p> <p>Here are my comments related to the Main Street Lending Program for Nonprofits:</p> <ol style="list-style-type: none"> <li>1. The proposal has a requirement to have an EBIDA of 5% of operating revenue in 2019. The 5% threshold is onerous for nonprofits as they are focused on utilizing all resources to advance their mission. Also mark-to-market gains and losses on investments and derivatives (e.g., interest rate swaps, foreign exchange contracts) would be included in EBIDA and can vary dramatically from year to year but do not represent cash gains and losses. These mark-to-market gains and losses should be excluded from EBIDA. My recommendation would be to require a positive EBIDA excluding mark-to-market gains and losses on investments and derivatives.</li> <li>2. The proposal requires a level of liquid assets to cover 90 days of prior year expenses. I would recommend using the current level of expenses. In our situation we have reduced our expenses dramatically due to the impact of COVID-19 and it is no longer possible to cover 90 days of the prior year's expense levels. Even covering 90 days of current expense levels will be difficult for most nonprofits since they have had to deplete their cash to try and survive.</li> <li>3. The proposal requires a liquidity ratio of 65%. There should be no liquidity ratio requirement since organizations that need this loan have likely depleted their liquidity significantly and is the reason they need borrow under this program.</li> <li>4. The proposed rate of LIBOR + 300bp seems a bit steep given the distressed situation of organizations that are likely to need to borrow under this program. LIBOR + 100-150bp would be more reasonable.</li> <li>5. The proposed rules prohibit unscheduled paydowns of other debt before this debt is paid off. This should not apply to asset secured debt (e.g., mortgage). If such an asset is sold, you must pay off the mortgage, for example.</li> </ol> <p>I know my comments are contrary to normal practice but these are not normal times and nonprofits desperately need help in order to survive.</p> <p>Regards, Tim Propp Chief Operating Officer CIEE, Inc.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Akhter	Assad	akhterar@uhnj.org	University Hospital	<p>June 22, 2020</p> <p>Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue N.W. Washington, DC 20551</p> <p>RE: Main Street Lending Program - NONLF and NOELF</p> <p>To the Board of Governors: On behalf of University Hospital I appreciate the opportunity to offer comments concerning the Federal Reserve's proposed expansion of its Main Street Lending Program to provide access to credit for 501(c)(3) and 501(c)(19) nonprofit organizations under the Nonprofit Organization New Loan Facility and related lending facilities (collectively, the "Facility").</p> <p>In hard-hit states like New Jersey, nonprofit hospitals, like University Hospital, have been financially devastated by lost revenues and additional spending necessitated by the COVID-19 pandemic. Based in Newark, New Jersey, University Hospital was established under State statute as a "non-profit, legal entity," public teaching hospital and as an "instrumentality" of the State of New Jersey, "providing essential governmental functions necessary for the welfare and health of the State and the people of New Jersey." See, New Jersey Medical and Health Sciences Education Restructuring Act, P.L. 2012, c.45. University Hospital is a safety-net hospital and Level I Trauma Center serving the most vulnerable communities in the Newark region and the populations most impacted by the pandemic.</p> <p>Eligibility criteria under the Facility is presently limited to registered 501(c)(3) charitable, religious and church and 501(c)(19) veterans' and related auxiliary nonprofit organizations. As noted above, University Hospital is a nonprofit entity under State statute and, as is typical for many quasi-governmental entities, is not registered with the Internal Revenue Service as a nonprofit organization. We note for the Federal Reserve's consideration that the Internal Revenue Service has classified quasi-governmental entities such as University Hospital as falling under Section 115(1) of the Internal Revenue Code ("IRC"), and that 115(1) entities may also qualify under Section 501(c)(3) given the similarities of purpose between these designations. Under the IRC, the principal distinction between a 115(1) and a 501(c)(3) entity is the tax treatment and deductibility of donations and gifts, not necessarily the substantive activities of the entities. For example, a "charitable" 501(c)(3) organization under the IRC may be an entity whose mission is to, "provide relief to the poor, distressed or underprivileged or combating community deterioration." See, <a href="https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-purposes-internal-revenue-code-section-501c3">https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-purposes-internal-revenue-code-section-501c3</a>. University Hospital, whether or not registered as a 501(c)(3) or 115(1) entity, is charged with, and on a daily basis, prosecutes a substantially similar mission.</p> <p>The published term sheet for the Facility contemplates other forms of organization for inclusion, at the discretion of the Federal Reserve. University Hospital is interested in participating in this lending opportunity to help it address urgent near term liquidity needs and to stabilize its finances while it works to reestablish operating revenues and recalibrate expenses. As an institution we take great pride in the fact that we provide care in underserved communities, which have suffered disproportionately due to the effects of this pandemic. Collectively we urge the Federal Reserve to not allow form to prevail over substance, and respectfully request that the Federal Reserve exercise its discretion to allow public, nonprofit hospitals like University Hospital to be eligible to apply for this lending opportunity.</p> <p>University Hospital truly appreciates your consideration of this issue. If there are any questions that may arise from this letter of comment the Board should not hesitate to reach me at akhterar@uhnj.org.</p> <p>Sincerely, Assad Akhter Manager of Government Affairs, University Hospital</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Craig	Rachel	rcraig@auch.org	Association for Utah Community Health	<p>To Whom It May Concern,</p> <p>The Association for Utah Community Health (AUCH) is writing on behalf of our entire organization and its member Health Centers, also known as Federally Qualified Health Centers (FQHCs). FQHCs are a community-based, non-profit organizations whose goal is to provide affordable, accessible health care for all individuals, regardless of their ability to pay. As explained below, we appreciate the Federal Reserve's intention to expand Main Street Loans to non-profit organizations; however, after analyzing the draft Term Sheet, we have determined that almost no FQHCs would qualify for these loans under the current eligibility requirements. Therefore, we are requesting that:</p> <ul style="list-style-type: none"> <li>the loan terms be revised to enable the majority of FQHCs to qualify, and</li> <li>FQHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique FQHC model and collectively have provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</li> </ul> <p>Background on Utah's FQHCs and the COVID-19 Pandemic</p> <p>FQHCs provide high-quality primary and preventative care, dental care, behavioral health, substance use disorder (SUD) treatment, pharmacy services and other supportive services to rural and underserved communities. FQHCs provide services to all patients regardless of their insurance status or ability to pay. Utah has 13 FQHC organizations with 54 clinic locations across the state, serving more than 166,000 patients annually. FQHCs employ approximately 1,178 Utahns and create \$298 million in economic impact in the state.</p> <p>Following CDC guidelines, FQHCs across Utah suspended in-person well visits, non-emergency dental, and behavioral health and SUD services at the onset of the COVID-19 pandemic. Currently, FQHCs are transitioning back to providing in-clinic services, but are still operating below capacity. FQHCs in Utah experienced dips in utilization ranging from 30-70% from March through May, resulting in large revenue losses that are predicted to continue through the end of 2020 and into 2021.</p> <p>While FQHCs have received some Federal funding to support COVID relief, for many FQHCs this funding is not enough to reestablish their pre-COVID level of operations, let alone prepare for the increased demand that will result as millions of newly-unemployed and uninsured individuals turn to them for care. To date, the Provider Relief Fund has offered most Health FQHCs only 2% of their net patient revenues; also, FQHCs with over 500 staff - which in total care for about 9 million patients - are ineligible for Paycheck Protection Loans because of their size.</p> <p>At the same time, FQHCs have partnered with the Utah Department of Health to expand testing to high-need areas. Through this partnership with UDOH, five of Utah's Health Centers offer drive-thru testing to the general public at seven sites in geographic locations with few or no testing sites, and/or that have large high-risk patient populations. Health Centers have also promoted education and awareness, provided masks, and participated and hosted food drives in their communities. They have also quickly expanded their telehealth capacity to continue care for chronically ill and high-risk patients.</p> <p>Recommendation to expand eligibility criteria to allow majority of FQHCs to qualify:</p> <p>Because of these financial needs, AUCH and FQHCs were relieved to learn that the Federal Reserve would soon start offering Main Street Loans to non-profits. However, after reviewing the proposed Terms Sheet and consulting with experts, we have concluded that almost no FQHCs would qualify under the proposed eligibility criteria.</p> <p>This conclusion is based on an analysis conducted by Capital Link, a non-profit organization that receives funding from the Federal Department of Health and Human Services to assist FQHCs with accessing capital. Capital Link determined that under the proposed lending parameters:</p> <ul style="list-style-type: none"> <li>Prior to the pandemic, only 13% of health centers would have met the combined criteria. This includes less than one in five of the FQHCs with over 500 staff, who are currently ineligible for the Paycheck Protection Program.</li> <li>Because of the significant cash declines experienced by FQHCs as a result of COVID-19, at present, far fewer than 13% would be able to meet the DCOH and Cash/Debt ratio at loan origination.</li> </ul> <p>The most problematic financial parameters for FQHCs are:</p> <ul style="list-style-type: none"> <li>EBIDA to unrestricted 2019 operating revenue greater than or equal to 5%</li> <li>Days cash on hand at loan origination equal to or greater than 90 days</li> <li>Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at origination is 65% or greater</li> </ul>

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							<p>In order to provide a meaningful program for which approximately 60% of FQHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for FQHCs loans as follows:</p> <ul style="list-style-type: none"> <li>EBIDA to unrestricted 2019 operating revenue greater than or equal to 3%</li> <li>Days cash on hand at loan origination equal to or greater than 30 days</li> <li>Eliminate the unrestricted cash to debt ratio requirement</li> <li>Lower the minimum employee requirement to 20.</li> </ul> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)." As you know, Section 4003 of Title IV authorizes the Federal government to make loans to States and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003, and use part of it to support FQHCs or other safety net providers. To make clear that FQHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term "specific support" be revised to read "direct support."</p> <p>Request for FQHCs to work directly with CDFIs to access Main Street Loans</p> <p>Finally, it is important to note that Community Development Financial Institutions (CDFIs) have historically played a major role in providing financing to FQHCs for decades. As such, they understand the FQHC model and are best positioned to underwrite loans to health centers. A coalition of 25 CDFIs who are members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>Unfortunately, very few CDFIs would qualify as eligible lenders under the program as it is currently construed. To enable FQHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the nonprofit portion of the Main Street Loan Program to:</p> <ul style="list-style-type: none"> <li>Allow CDFIs to participate as lenders in the program; and</li> <li>Allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to FQHCs at LIBOR +3%</li> </ul> <p>We are providing these comments on short notice to accommodate the Federal Reserve's request. We would be happy to provide more detailed comments and/or provide additional information to assist the Federal Reserve in developing a program that will be responsive to the current needs of Federally Qualified Health Centers.</p> <p>Sincerely,</p> <p>Alan Pruhs</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Reddie	Racquel	rredie@stabilizationtrust.org		<p>The National Community Stabilization Trust (NCST) is a non-profit organization that works to restore vacant and abandoned properties to productive use and protect neighborhoods from blight. We do this work through our partnership with a network of over 300 single-family affordable housing developers, the majority of which are small, nonprofit, business entities.</p> <p>NCST works with these nonprofit developers in two primary ways: first, by facilitating the sale of foreclosed properties to these entities through our REOMatch® platform, and second, by creating and administering loan funds that support the acquisition and rehab of single-family housing by for- and non-profit organizations. The REO Capital Fund - a subsidiary of NCST that provided financing for the acquisition and rehabilitation of distressed property -made over \$61 million in loans to twenty-two community-based organizations between 2019 and 2019, facilitating the acquisition and rehabilitation of over 660 units of previously distressed housing. NCST is also in the process of creating a loan fund to support small single-family developers in Baltimore City.</p> <p>Based on our 12 years of experience partnering with these organizations, we know that giving nonprofits access to affordable capital strengthens local economies and helps these organizations create affordable housing and revitalize communities. Unfortunately, the vast majority of our local partners will be shut out of the Main Street Lending Program simply because they have fewer than 50 employees. The same will be true for countless other non-profits who develop or rehabilitate affordable homes across our country.</p> <p>Excluding nonprofit entities such as affordable housing developers is especially puzzling given that these nonprofits are financially sophisticated entities that are particularly hard hit by COVID -- both due to general economic conditions and foreclosure moratoria that are preventing them from obtaining inventory to rehab and resell. These entities need access to flexible capital as much if not more so larger nonprofits. Not only are they equally creditworthy, but they contribute to their communities by providing both jobs and affordable housing at a time when both are in extremely short supply.</p> <p>Consequently, we urge the Federal Reserve to rethink the proposed requirement that eligible borrowers have at least 50 employees. The Federal Reserve should either replace that requirement with another measurement of creditworthiness, such as the strength of the organization's balance sheet, or - if that is not feasible - create a special program set-aside for other, larger lenders to subsequently lend to organizations like these developers. Productive, small nonprofits should not be excluded from this important source of financial support solely due to the size of their payroll.</p> <p>Furthermore, we encourage the Federal Reserve to encourage and monitor lender use of non-traditional underwriting. Nonprofit entities sometimes need to be underwritten in creative ways that account for their unique organizational structures and strengths, offer flexible loan structures and terms, and limit personal guarantees.</p> <p>Thank you for the opportunity to comment, and please do not hesitate to be in touch if you have any questions.</p> <p>The National Community Stabilization Trust</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Constant	Berenice	bconstant@alta med.org	AltaMed Health Services	<p>June 22, 2020</p> <p>Steven Mnuchin Secretary of the Treasury Submitted via e-mail</p> <p>Re: Main Street Lending Program</p> <p>Dear Secretary Mnuchin:</p> <p>We are writing on behalf of AltaMed Health Services. Federally Qualified Health Centers (FQHCs) are community-based safety net, non-profit organizations whose goal is to provide affordable, accessible health care for all individuals, regardless of their ability to pay. We have been on the front line of this pandemic providing essential healthcare services to the nation's most medically underserved communities. As explained below, we appreciate the Federal Reserve's intention to expand Main Street Loans to non-profit organizations; however, after analyzing the draft Term Sheet, we have determined that almost no FQHCs would qualify for these loans under the current eligibility requirements. Therefore, we are requesting that:</p> <p>the loan terms be revised to enable the majority of FQHCs to qualify, and FQHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique FQHC model and collectively have provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>As the largest independent Federally Qualified Health Center (FQHC) in California and one of the largest in the nation, AltaMed has been providing quality health and human services to individuals and families in Southern California for 50 years through an integrated world-class delivery system. AltaMed provides care to over 300,000 patients through 1 million encounters annually at more than 50 service sites in Los Angeles and Orange Counties. Our services include a full continuum of care including pediatrics, complete primary care, obstetrics and gynecology, senior services with PACE programs, dental care, youth services, and HIV/AIDS services.</p> <p>During this pandemic, AltaMed has remained committed to serving our most vulnerable communities and expanding access to quality health care. Through May 31, 2020, AltaMed experienced \$15 million in losses and we expect to lose an additional \$25 million by the end of 2020, totaling \$40 million. Of the expected 2020 losses, \$24 million is for medical and \$16 million is for dental services.</p> <p>Even though FQHCs have received some federal funding to support COVID relief, for many of us this funding is not enough to reestablish our pre-COVID level of operations, let alone prepare for the increased demand that will result as millions of newly-unemployed and uninsured individuals seeking care. Thus far, the Provider Relief Fund has offered most FQHCs only 2% of their net patient revenues and FQHCs with over 500 staff like AltaMed are ineligible for Paycheck Protection Program (PPP) Loans due to our size.</p> <p>Because of these financial needs, AltaMed was relieved to learn that the Federal Reserve would soon start offering Main Street Loans to non-profits. However, after reviewing the proposed Terms Sheet and consulting with experts, we have concluded that almost no FQHCs would qualify under the proposed eligibility criteria.</p> <p>This conclusion is based on an analysis conducted by Capital Link, a non-profit organization that receives funding from the Federal Department of Health and Human Services to assist FQHCs with accessing capital. Capital Link determined that under the proposed lending parameters: Prior to the pandemic, only 13% of health centers would have met the combined criteria. This includes less than one in five of the FQHCs with over 500 staff, who are currently ineligible for the PPP. Because of the significant cash declines experienced by FQHCs as a result of COVID-19, at present, far fewer than 13% would be able to meet the DCOH and Cash/Debt ratio at loan origination.</p> <p>The most problematic financial parameters for FQHCs are: EBIDA to unrestricted 2019 operating revenue greater than or equal to 5% Days cash on hand at loan origination equal to or greater than 90 days Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at</p>

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							<p>origination is 65% or greater</p> <p>In order to provide a meaningful program for which approximately 60% of FQHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for FQHCs loans as follows:            EBIDA to unrestricted 2019 operating revenue greater than or equal to 3%            Days cash on hand at loan origination equal to or greater than 30 days            Eliminate the unrestricted cash to debt ratio requirement            Lower the minimum employee requirement to 20.</p> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)." Section 4003 of Title IV authorizes the federal government to make loans to states and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003, and use part of it to support FQHCs or other safety net providers. To make clear that FQHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term "specific support" be revised to read "direct support."</p> <p>Further, we also ask that you extend the same loan forgiveness protections that were provided to all PPP recipients, to recipients of the Main Street Lending Program, especially for essential healthcare providers that have been on the front lines of this pandemic. Not doing so would not be in alignment with PPP previously established loan practices and would unfairly exclude organizations with 500 staff or more from benefiting fully from this program.</p> <p>Finally, it is important to note that Community Development Financial Institutions (CDFIs) have historically played a major role in providing financing to FQHCs for decades. As such, they understand the FQHC model and are best positioned to underwrite loans to health centers. A coalition of 25 CDFIs who are members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>Unfortunately, very few CDFIs would qualify as eligible lenders under the program as it is currently construed. To enable FQHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the non-profit portion of the Main Street Loan Program to:            Allow CDFIs to participate as lenders in the program; and            Allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to FQHCs at LIBOR +3%</p> <p>We are providing these comments on short notice to accommodate the Federal Reserve's request. We are happy to provide more detailed comments and/or provide additional information to assist the Federal Reserve in developing a program that will be responsive to the current needs of FQHCs.</p> <p>We thank you for your attention to this important matter and consideration.</p> <p>Sincerely,</p> <p>Cacute;stulo de la Rocha, J.D.            President &amp; CEO</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Laas	Harvey	hlaas@myaccesshealth.org	Fort Bend Family Health Center, Inc. dba AccessHealth	<p>We are writing on behalf of Fort Bend Family Health Center, Inc. dba AccessHealth (Here after referred to as AccessHealth). FQHCs are a community-based, non-profit organizations whose goal is to provide affordable, accessible health care for all individuals, regardless of their ability to pay. As explained below, we appreciate the Federal Reserve's intention to expand Main Street Loans to non-profit organizations; however, after analyzing the draft Term Sheet, we have determined that almost no FQHCs would qualify for these loans under the current eligibility requirements. Therefore, we are requesting that:</p> <ul style="list-style-type: none"> <li>the loan terms be revised to enable the majority of FQHCs to qualify, and</li> <li>FQHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique FQHC model and collectively have provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</li> </ul> <p>Background on Fort Bend Family Health Center, Inc. dba AccessHealth and the COVID-19 Pandemic</p> <p>AccessHealth serves 19,000 clients primarily from Fort Bend and Waller Counties in Southeast Texas. Some 98% of our clients are below 200% of the federal poverty line and 55% of them are uninsured. AccessHealth experienced an approximate 50% dip in patient service revenue beginning in March as patients were hesitant to come in to the clinic. We have actively pursued alternative options to assist our patients, such as investing in Telemedicine. Access to low cost capital would allow us to continue to innovatively adapt to our changing healthcare climate, and keep our costs down by refinancing existing loans.</p> <p>As community-based, non-profit organizations committed to ensuring access to health care, FQHCs have been on the frontlines of the COVID-19 pandemic since the beginning. With more than 12,000 care delivery sites nationally, FQHCs provide care for nearly 30 million patients. Nationally our patients have been disproportionately impacted by the pandemic, as 91% of them are low-income, 23% are uninsured, and 68% are racial and ethnic minorities, many of whom suffer from multiple chronic health conditions associated with poverty and the effects of racism.</p> <p>Throughout the pandemic, FQHCs have provided a range of critical front-line care and a growing proportion of testing, particularly in the low-income, minority communities they serve. At the same time, FQHCs have experienced a significant decline in revenue, due to the need to curtail many primary and preventive care visits. This combination has placed major financial strain on these non-profit, community-based providers, forcing them to close sites and lay off staff at the time when their services are most needed.</p> <p>While FQHCs have received some Federal funding to support COVID relief, for many FQHCs this funding is not enough to reestablish their pre-COVID level of operations, let alone prepare for the increased demand that will result as millions of newly-unemployed and uninsured individuals turn to them for care. To date, the Provider Relief Fund has offered most FQHCs only 2% of their net patient revenues; also, FQHCs with over 500 staff - which in total care for about 9 million patients - are ineligible for Paycheck Protection Loans because of their size.</p> <p>Recommendation to expand eligibility criteria to allow majority of FQHCs to qualify:</p> <p>Because of these financial needs, AccessHealth was relieved to learn that the Federal Reserve would soon start offering Main Street Loans to non-profits. However, after reviewing the proposed Terms Sheet and consulting with experts , we have concluded that almost no FQHCs would qualify under the proposed eligibility criteria.</p> <p>This conclusion is based on an analysis conducted by Capital Link, a non-profit organization that receives funding from the Federal Department of Health and Human Services to assist FQHCs with accessing capital. Capital Link determined that under the proposed lending parameters:</p> <ul style="list-style-type: none"> <li>Prior to the pandemic, only 13% of health centers would have met the combined criteria. This includes less than one in five of the FQHCs with over 500 staff, who are currently ineligible for the Paycheck Protection Program.</li> <li>Because of the significant cash declines experienced by FQHCs as a result of COVID-19, at present, far fewer than 13% would be able to meet the DCOH and Cash/Debt ratio at loan origination.</li> </ul> <p>The most problematic financial parameters for FQHCs are:</p> <ul style="list-style-type: none"> <li>EBIDA to unrestricted 2019 operating revenue greater than or equal to 5%</li> <li>Days cash on hand at loan origination equal to or greater than 90 days</li> <li>Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at origination is 65% or greater</li> </ul> <p>In order to provide a meaningful program for which approximately 60% of FQHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for FQHCs loans as follows:</p>

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							<p>EBIDA to unrestricted 2019 operating revenue greater than or equal to 3%</p> <p>Days cash on hand at loan origination equal to or greater than 30 days</p> <p>Eliminate the unrestricted cash to debt ratio requirement</p> <p>Lower the minimum employee requirement to 20.</p> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)." As you know, Section 4003 of Title IV authorizes the Federal government to make loans to States and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003, and use part of it to support FQHCs or other safety net providers. To make clear that FQHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term "specific support" be revised to read "direct support."</p> <p>Request for FQHCs to work directly with CDFIs to access Main Street Loans</p> <p>Finally, it is important to note that Community Development Financial Institutions (CDFIs) have historically played a major role in providing financing to FQHCs for decades. As such, they understand the FQHC model and are best positioned to underwrite loans to health centers. A coalition of 25 CDFIs who are members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>Unfortunately, very few CDFIs would qualify as eligible lenders under the program as it is currently construed. To enable FQHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the nonprofit portion of the Main Street Loan Program to:</p> <ul style="list-style-type: none"> <li>Allow CDFIs to participate as lenders in the program; and</li> <li>Allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to FQHCs at LIBOR +3%</li> </ul> <p>We are providing these comments on short notice to accommodate the Federal Reserve's request. We would be happy to provide more detailed comments and/or provide additional information to assist the Federal Reserve in developing a program that will be responsive to the current needs of Federally Qualified Health Centers.</p>

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Event Title / Description	Ticket Type	Received Date	Last Name	First Name	Email Address	Affiliation	Comment
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Josephs	Matt	mjosephs@lisc.org	Local Initiatives Support Corporation (LISC)	<p>The Local Initiatives Support Corporation (LISC) is pleased to offer comments in response to the Federal Reserve's proposal to expand its Main Street Lending Facility to provide access to credit to nonprofit organizations.</p> <p>We applaud the Federal Reserve's efforts to provide support for nonprofit organizations. Not only do nonprofits represent a large segment of the U.S. economy -- the 1.57 million nonprofits throughout the U.S. employ 10% of the country's workforce -- but they are the organizations that are serving the most vulnerable communities and populations in the wake of COVID-19. The strength of the nonprofit sector will dictate the pace of our nation's recovery. Support for their operations is critical.</p> <p><b>BACKGROUND ON LISC</b></p> <p>LISC is a nonprofit housing and community development organization and certified Community Development Financial Institution (CDFI) with offices in 35 cities throughout the country, and a rural network encompassing 90 partners serving 44 different states. LISC's work supports a wide range of activities, including affordable housing, economic development, building family wealth and incomes, education, community safety, and community health. In 2019 alone, LISC raised and deployed approximately \$1.5 billion of capital into distressed urban and rural communities, including: grants and technical assistance to support non-profits; loans and investments to non-profit owners and operators of affordable housing; and loans and investments to support non-profit community facilities such as charter schools, health care centers, childcare centers, workforce facilities, and community centers.</p> <p><b>COMMENTS</b></p> <p>The comments that follow respond to, and are structured in general accordance with, the "Nonprofit Organization New Loan Facility" term sheet. We offer these comments from the perspective of a large nonprofit that relies upon bank financing to support our operations, as well as from the perspective of a lender whose primary customers are nonprofit organizations.</p> <p><b>Eligible Lenders</b></p> <p>The loan facility should be made available to certified CDFI loan funds. The term sheet limits participation in the loan facility to insured depository institutions. As the Fed recently did with its PPP loan facility, this facility should be made available to certified CDFI loan funds. There are over 1,100 certified CDFIs throughout the country, including close to 600 nonprofit loan funds - most of which experience incidences of loan losses and delinquencies comparable to or better than banks. These entities can serve markets and offer products that are often too risky for traditional banks. CDFIs also have significant experience financing nonprofit borrowers, particularly the smaller nonprofits working in distressed neighborhoods and which often have the most difficulty attracting bank capital. The Federal Reserve should be looking for more ways to partner with CDFIs to serve the underserved markets, rather than potentially displacing them from the markets they know and understand the most.</p> <p><b>Eligible Borrowers</b></p> <p>The borrowers should not be limited to 501(c)(3)s and 501(c)(19)s. Many mission-driven nonprofits are established as 501(c)(4)s or 501(c)(6)s, for example. The term sheet indicates that the Federal Reserve may allow other nonprofits to participate, but it's not clear what standards would be applied here. The assumption should be that all 501(c)s are eligible except those that the Federal Reserve excludes, and such exclusions should be clearly articulated.</p> <p>Nonprofits with fewer than 50 employees should be permitted to receive loans. It is not clear why it is necessary for the Federal Reserve to require a minimum employment level, but in any instance, 50 employees seems excessive. According to the Independent Sector, there are 1,570,000 501(c)s that collectively employ 11.4 million workers - meaning that the average nonprofit employs just over 7 workers. Limiting participation to nonprofits that employ at least 50 workers will exclude the vast majority of nonprofits.</p> <p>Revenues from donations. The requirement that no more than 30% of a nonprofit's revenues may come from donations strikes us as arbitrary and unnecessary, and may disqualify many nonprofits that otherwise would be very good candidates for loans from this facility, in accordance with the other stated underwriting criterion. Furthermore, to the extent the Federal Reserve keeps such a requirement in place, it may need to further define "donations" to ensure that pass-through grants are not counted among donations. The Federal Reserve should also consider looking at a three year average rather than a single year (2019), as currently proposed.</p>

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							<p>EBIDA (Earnings before interest, depreciation and amortization) is not a metric typically used to underwrite nonprofits. It is not clear why this is a consideration here, when there are other metrics that measure financial strength (e.g., total debt to net assets; total liabilities to net assets) that are more typically used to underwrite nonprofits, are more easily understood by lenders and non-profit borrowers, and are much more straightforward to calculate than EBIDA.</p> <p><b>Loan Terms</b></p> <p>These loan terms are not very favorable for CDFI borrowers. CDFIs rely on bank capital to support their lending operations. Banks are currently providing five year, interest only loans to CDFIs at a rate of 3%, which is not that dissimilar to the loan terms of this facility. If the intent of this loan facility is to encourage more favorable lending to nonprofits, and the Federal Reserve does not allow CDFIs to participate as lenders in this facility, then it should consider creating a lower rate product (e.g., 1 percent or less) for borrowers that are nonprofit CDFIs; perhaps with a requirement that these CDFIs on-lend to other non-profits that cannot otherwise access the loan facility (e.g., because they have fewer than 50 employees).</p> <p>The minimum loan size of \$250,000 should be lowered if the Federal Reserve determines to allow non-profits with fewer than 50 employees to access this facility.</p> <p>Use of Proceeds should be defined to clarify if there are any restrictions on financing. It is not clear if the funds should be used for working capital or can be used for project finance.</p> <p><b>Required Borrower Certifications and Covenants</b></p> <p>Prepayment of other debt. It would appear as though one condition of accepting a loan from this facility is that the borrower has to agree not to prepay any of its other debts as long as the facility's loan is outstanding. It is not clear why the Federal Reserve would need to limit this activity, since presumably a borrower choosing to repay debt early has determined that this will improve cash flow and allow the nonprofit to provide more services.</p> <p><b>Retaining Employees</b></p> <p>Reasonable efforts. The Federal Reserve will likely need to provide additional guidance with respect to what is needed to demonstrate that a borrower has made "reasonable efforts" to maintain its payroll and retain its employees throughout the life of the loan; as well as the consequences should it fail to do so.</p> <p><b>Fees</b></p> <p>The borrower will likely pay a relatively large origination fee. It is notable that the lender fee to the SPV of 100 basis points may (and therefore likely will) be passed along to the borrower. This is on top of a 100 basis point origination fee the borrower is already paying. We would recommend that the Federal Reserve reduce the lender fee to the SPV by at least 50 basis points.</p> <p><b>Facility Termination</b></p> <p>The termination date needs to be extended. The facility is currently set to expire on September 30th, 2020. This does not strike us as a reasonable amount of time to line up non-profit borrowers and close transactions, particularly to the extent the Federal Reserve requires additional time to review comments and made amendments to the term sheet. Furthermore, we may be looking at a fairly long economic recovery period. We would therefore recommend that the Federal Reserve keep this facility open until at least December 31, 2020.</p> <p>Thank you for consideration of our comments.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Haq	Selina	shaq@njpca.org	New Jersey Primary Care Association	<p>New Jersey Primary Care Association's Comments on the Terms of the Main Street Loans June 22, 2020</p> <p>Thank you for this opportunity to provide comments on the terms of the Main Street Loans. I am writing on behalf for the New Jersey Primary Care Association (NJPCA), a non-profit organization that represents the Federally Qualified Health Centers (FQHCs) in New Jersey. Our FQHCs are community-based, non-profit organizations that provide high quality affordable and accessible health care for all individuals, regardless of their ability to pay. As explained below, we appreciate the Federal Reserve's intention to expand Main Street Loans to non-profit organizations; however, after analyzing the draft Term Sheet, it is apparent that almost no FQHCs would qualify for these loans under the current eligibility requirements. Therefore, we are requesting that:</p> <p>the loan terms be revised to enable the majority of FQHCs to qualify, and FQHCs be permitted to work with Community Development Financial Institutions (CDFIs) to access Main Street loans, as CDFIs understand the unique FQHC model and collectively have provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1%.</p> <p>New Jersey's Federally Qualified Health Centers and the COVID-19 Pandemic</p> <p>As community-based, non-profit organizations committed to ensuring access to health care, NJ FQHCs have been at the forefront of the COVID-19 pandemic since the beginning. New Jersey is one of the hardest hit states in the country with COVID-19 cases and deaths second to only New York. Consequently, our patients have been disproportionately impacted by the pandemic, as 95% of them are low-income, 28% are uninsured, and 77% are racial and ethnic minorities, many of whom suffer from multiple chronic health conditions associated with poverty and the effects of racism.</p> <p>With more than 132 care delivery sites statewide, NJ FQHCs provide care for over 580,000 patients with 2.1 million visits annually. Despite the severity and scope of this pandemic, New Jersey FQHCs have continued to provide a range of critical front-line care and testing, particularly in the low-income, minority communities in urban hotspots, and hard to reach rural areas and populations.</p> <p>However, as the pandemic ravaged the state, FQHCs had to suspend certain services, consolidate sites, and adopt telemedicine to ensure patient and provider safety. These actions have been necessary but have drastically impacted patient volume with a concomitant decrease in health center revenue. Our FQHCs were already under tremendous financial strain before COVID-19, but this new financial reality poses an existential threat on these non-profit, community-based providers, forcing them to close sites and/or lay off staff at the time when their services are most needed.</p> <p>While FQHCs have received some Federal funding to support COVID relief, for many FQHCs, this funding is not enough to reestablish their pre-COVID level of operations, let alone prepare for the increased demand that will result as millions of newly-unemployed and uninsured individuals turn to them for care. To date, the Provider Relief Fund has offered most FQHCs only 2% of their net patient revenues; also, FQHCs with over 500 staff - are ineligible for Paycheck Protection Loans because of their size.</p> <p>Recommendation to expand eligibility criteria to allow majority of FQHCs to qualify:</p> <p>Against the backdrop of this financial calamity, NJPCA was relieved to learn that the Federal Reserve would soon start offering Main Street Loans to non-profits. However, after reviewing the proposed Terms Sheet and consulting with experts, we have concluded that almost none of the FQHCs would qualify under the proposed eligibility criteria.</p> <p>This conclusion is based on an analysis conducted by Capital Link, a non-profit organization that receives funding from the US Department of Health and Human Services to assist FQHCs with accessing capital. Capital Link determined that under the proposed lending parameters:</p> <p>Prior to the pandemic, only 13% of health centers would have met the combined criteria. This includes less than one in five of the FQHCs with over 500 staff, who are currently ineligible for the Paycheck Protection Program. Because of the significant cash declines experienced by FQHCs as a result of COVID-19, at present, far fewer than 13% would be able to meet the DCOH and Cash/Debt ratio at loan origination.</p> <p>The most problematic financial parameters for FQHCs are:</p>

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							<p>EBIDA to unrestricted 2019 operating revenue greater than or equal to 5%</p> <p>Days cash on hand at loan origination equal to or greater than 90 days</p> <p>Ratio of unrestricted cash and investments to outstanding debt (including Main Street debt and CMS Accelerated and Advance Payments) at origination is 65% or greater</p> <p>In order to provide a meaningful program for which approximately 60% of FQHCs would qualify, we request that the Federal Reserve adjust the following lending parameters for FQHCs loans as follows:</p> <p>EBIDA to unrestricted 2019 operating revenue greater than or equal to 3%</p> <p>Days cash on hand at loan origination equal to or greater than 30 days</p> <p>Eliminate the unrestricted cash to debt ratio requirement</p> <p>Lower the minimum employee requirement to 20.</p> <p>In addition, we ask that the Federal Reserve clarify the eligibility requirement that reads: "has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)." As you know, Section 4003 of Title IV authorizes the Federal government to make loans to States and municipalities for COVID-19 relief. It is possible that a state or municipality could receive a loan under Section 4003, and use part of it to support FQHCs or other safety net providers. To make clear that FQHCs or other providers who receive this type of support from their state are still eligible for Main Street Loans, we recommend that the term "specific support" be revised to read "direct support."</p> <p>Request for FQHCs to work directly with CDFIs to access Main Street Loans</p> <p>Finally, it is important to note that Community Development Financial Institutions (CDFIs) have historically played a major role in providing financing to FQHCs for decades. As such, they understand the FQHC model and are best positioned to underwrite loans to health centers. A coalition of 25 CDFIs who are members of the Lenders Coalition for Community Health Centers have collectively provided more than \$2.1 billion in loans to FQHCs, with a default rate of less than 1/10th of 1.0%.</p> <p>Unfortunately, very few CDFIs would qualify as eligible lenders under the program as it is currently construed. To enable FQHCs to work directly with lenders who best understand their model and needs, we recommend that the Federal Reserve structure the nonprofit portion of the Main Street Loan Program to:</p> <p>Allow CDFIs to participate as lenders in the program; and</p> <p>Allow CDFIs to borrow from the Federal Reserve under the same terms as banks, which would enable CDFIs to offer interest rates to FQHCs at LIBOR +3%</p> <p>We are providing these comments on short notice to accommodate the Federal Reserve's request. We would be happy to provide more detailed comments and/or provide additional information to assist the Federal Reserve in developing a program that will be responsive to the current needs of Federally Qualified Health Centers.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Beane	Catherine	cbeane@ywca.org	YWCA USA	<p>Comments of YWCA USA regarding the proposed Mainstreet Lending Program for Nonprofit organizations - NONLF and NOELF, Submitted to the Federal Reserved Board of Governors</p> <p>June 22, 2020</p> <p>YWCA USA appreciates the opportunity to submit the following comments regarding the Federal Reserve's proposed Nonprofit Organization Loan programs - the Nonprofit Organization New Loan Facility (NONLF) and the Nonprofit Organization Extended Loan Facility (NOELF).</p> <p>Founded more than 160 years ago, YWCA is one of the oldest and largest women's organizations in the United States and is dedicated to eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all. Today, we serve over 2 million women, girls, and their families through a network of more than 200 local YWCA associations in over 1,300 communities across 46 states and the District of Columbia. We provide programming and advocacy to generate institutional change in the areas of racial justice and civil rights, empowerment and economic advancement of women and girls, and health and safety of women and girls.</p> <p>In this critical time, nonprofits like YWCA have stepped up to meet the unprecedented level of need in our country due to the COVID-19 pandemic. Even though we face many of the same economic challenges as other industries, YWCA and other nonprofits are not shutting down. Rather, we are straining to meet increasing demands in our communities on the frontlines, providing shelter and services for survivors of domestic and sexual violence, child care for first responders and other essential workers, housing and job training for low income women, and countless other services that meet local needs and keep our communities connected. We are playing an integral role in community response to the COVID-19 crisis, and we will continue to be integral to our nation's recovery.</p> <p>With these factors in mind, YWCA respectfully requests the Federal Reserve to address the concerns and proposed changes outlined below, which pose significant barriers to YWCAs' ability to access financial relief through the Mainstreet Lending Program.</p> <p>1. Limitation of 50-Employee Minimum Should Be Removed</p> <p>The term sheet for the proposed nonprofit loan facility imposes a size minimum that is not imposed in the Main Street New, Priority, or Expanded Loan Facilities for for-profit businesses. There is no explanation why the Federal Reserve is proposing that nonprofits with fewer than 50 employees should not be eligible for Main Street loans for which their small business counterparts of equal size could secure lending support. YWCA USA and many of the local YWCAs across our national network that are on the frontlines of this pandemic employ fewer than 50 employees. Even as we face immediate and growing financial needs, YWCAs will be arbitrarily excluded from this important loan program.</p> <p>Recommendation: The 50-employee floor should be removed.</p> <p>2. Minimum loan amount of \$250,000 is too high</p> <p>Across the nonprofit sector, 66.3 percent of nonprofit organizations have annual budgets of less than \$1 million. The proposed minimum loan amount represents a quarter or more of their annual budget. This amount is too high and many nonprofits will not be able to meet this loan threshold.</p> <p>Recommendation: Decrease the minimum loan amount to \$100,000.</p> <p>3. "Reasonable Efforts" Regarding Employee Retention Require Further Clarification</p> <p>The description of "Retaining Employees" in the draft term sheet requires refinement if the Federal Reserve expects nonprofits to take advantage of this facility. We endorse the analysis of the National Council of Nonprofits on the issue of employee retention, and recommend the following:</p> <p>Recommendation: "Reasonable efforts" should be interpreted in the totality of the circumstances, taking into consideration not only the general economic environment in the community or communities in with the borrower operates, but also factors such as workforce, fundraising ability, revenue-generating activities, and overall demand for the services and programs the organization provides. One option would be to add the qualifier "mission-based" before "reasonable efforts."</p>

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							<p>Recommendation: The terms "maintain its payroll" and "retain its employees" are vague and need further refinement. We ask the Federal Reserve to make clear that nonprofits participating in the Main Street loan program generally should endeavor to pay staff at the same or increased income levels and should act in good faith to keep staffing levels (measured on the basis of full-time equivalents) at the same or increased levels, both for the duration of the loan. It is also important that the loan documents expressly state that the employee retention provision begins on the date that loan funding is received by the borrower rather than at an earlier date.</p> <p>Recommendation: We ask that the Federal Reserve adopt safe harbors of other loan programs and state clearly that nonprofit borrowers will not be penalized under the employee retention provision for the decision of employees to decline offers of rehire, or for those who are fired for cause, voluntarily resign, or voluntarily request a reduced schedule during the time that the loan is outstanding.</p> <p>4. Additional Recommendations and Requests for Clarification</p> <p>YWCA USA respectfully requests the Federal Reserve clarify the following issues in its final expansion notice:</p> <p>Endowment: What resources should be included in endowment calculations? Does it include restricted endowments? Does it extend to include cash on hand?</p> <p>Collateral: Flexibility on collateral is requested. The loan should be able to be approved with no more than 50% Loan to Value (LTV) if collateral is needed.</p> <p>Other Debts: The proposal requires that borrowers, "refrain from repaying the principal balance of, or paying any interest on, any debt until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due." We request that this exclude lines of credit and other debt that are assumed to provide financial liquidity related to the impact of COVID-19.</p> <p>Thank you for your consideration of these comments and recommendations. Please do not hesitate to reach out if we can provide additional information or insights as you undertake this review process.</p> <p>Sincerely,</p> <p>Alejandra Y. Castillo CEO, YWCA USA</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Prela	Cecilia	Personal Email Address	Mount Baker Theater	<p>After reading the proposed eligibility requirements for this loan program, I am at a loss as to the requirement of 50 or more employees as part of the program's definition of 501c(3). This not a requirement for qualification as a small 501c(3). There should be consistence between these definitions. Additionally, requiring donations to be less than 30% of revenue would eliminate many Arts and Cultural organizations as they depend heavily on donations for survival. Arts orgs strive for a balance of "sales" to "contributions" lest they be at the whim of one or two unpopular shows. Many organizations' sales and contributions consist of multiple vehicles, and reach to 30% donations. It seems irrational to have a program designed to serve non-profits, and then limit the revenue sources.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Stuhldreher	Christopher	Personal Email Address	USAF	<p>I am writing regarding the current funding situation for ICF individuals in the State of Ohio and mainly on behalf of my brother who has been in a facility his whole life. Budgets are tight, but he and the other members of the ICF community can not survive or have any quality of life in a halfway house type setting. He requires constant care, supervision, and management of his needed prescription meds. That funding must remain in place for these Developmental Disabilities individuals to maintain a safe and full life. Some politicians feel the current funding levels can not be sustained for this class of american citizens. We as a country must provide for our most vulnerable citizens through no fault of their own have these disabilities to live with. We need the Fed to step up and fill any economic funding gap to ensure these citizens are adequately cared for. On behalf of my brother and his peers, I implore the Fed to do the due diligence and maintain adequate funding for all ICF citizens in the State of Ohio.</p> <p>Thank you for your consideration and action on behalf off all these citizens.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Mayne	Brad	Brad.Mayne@iavm.org	International Association of Venue Managers	<p>International Association of Venue Managers Comment on The Nonprofit Organization New Loan Facility (NONLF) and the Nonprofit Organization Expanded Loan Facility (NOELF) - Request to Ensure Public Assembly Venues Are Eligible</p> <p>As the president of the International Association of Venue Managers (IAVM), I appreciate the Federal Reserve's call for public feedback on a proposal to expand the Main Street Lending Program to provide access to credit for nonprofit organizations. I am writing on behalf of our professional members of IAVM to ask that the Federal Reserve make not-for-profit publicly created public venues eligible to apply for the New Loan Facility (NONLF) and the Nonprofit Organization Expanded Loan Facility (NOELF).</p> <p>IAVM is a professional organization representing over 7,200 members who are the executives and front-line staff at public assembly venues, which include arenas, stadiums, performing arts centers, amphitheaters, convention centers, fairgrounds, universities and others. Public assembly venues have been particularly hard hit by COVID-19. They were the first businesses to close in March and certainly will be the last to reopen due to proper health safety concerns.</p> <p>Most of our venues have been forced to furlough, terminate and/or decrease compensation of current staff to maintain basic operating needs, while others have taken even more drastic measures to ensure the preservation of fund balances that might allow them to survive this pandemic.</p> <p>These public venues serve as the bedrock of economic activity in both large and small towns across America. From retail to local restaurants and hotels, public venues are responsible for generating revenues to independent locally owned businesses that serve live events. Many local businesses and individual staff work exclusively in presenting live events and they too, have been financially devastated with the lack of events to serve and support. This economic multiplier effect could be the determining factor between a struggling and a thriving community-based business district, in a post-pandemic era.</p> <p>In addition, publicly created quasi-governmental public assembly venues generate significant tax revenues for their communities by attracting visitors from outside of their immediate geographic area to attend live events.</p> <p>For-profit venues have been able to qualify for federal COVID-19 relief under programs created by the CARES Act, but the majority of organizations where IAVM members work have not. Currently, most of the venues described above are not eligible for the Paycheck Protection Program (PPP) or the Main Street Lending Program, due to their status as not-for-profit quasi-governmental entities. Over 72% of IAVM professionals work at venues that, although established by a political subdivision of a state or local government, fund their operations primarily through live generated event revenues, just like privately-operated venues.</p> <p>In fact, most of these venues are set up as government enterprise fund budgets, a designation which requires public venues to generate their own revenues to fund venue operations. As a result, these venues receive little to no funding from governments. Because these public assembly venues are not included in state and local general operating budgets, they will not receive federal COVID-19 relief funds designated for state and local governments. Unlike venues set up as 501(c)(3)'s, which include most of the performing arts theatres, other type venues cannot accept charitable contributions. The bottom line: there is nowhere for these venues to turn to help them survive during this pandemic and be ready to reopen safely for patrons and workers.</p> <p>It is important to note that these not-for-profit public assembly venues are not designated as tax-exempt organizations under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code (IRC). Because they were set up by their state or local governments, they are not organized under section 501 of the IRC. They do provide equivalent services as for-profit venues that operate in NAICs Codes 561920 (convention trade show organizers), 561591 (convention and visitor bureaus) and 711310 (performing arts, sports and similar facilities).</p> <p>The majority of our member venues are confused and wondering why some venues have received PPP or other federal funds, while there is no financial relief for them, although they are similar in nature as an economic engine for their communities when they host live events just like 501(c)(3)'s and for-profit venues.</p> <p>With this in mind, as you determine eligibility for NONLF and NOELF, I urge the Federal Reserve to include publicly created quasi-governmental public assembly venues that receive no more than 25% of their operating budgets from state or local governments. While the majority of public venues do not come close to this level of operating budget funding from their state or local governments, we propose this formula in order to ensure that the recipients, in fact, need the federal support to be the economic engine that they were created to become</p>

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							<p>and help their communities recover from the current pandemic.</p> <p>Best regards,</p> <p>Brad Mayne President International Association of Venue Managers</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Poyo	Noel	npoyo@nalcab.org	NALCAB - National Association for Latino Community Asset Builders	<p>The Federal Reserve has acted boldly in responding to the economic crisis that has resulted from the coronavirus pandemic. In addition to supporting macroeconomic stability with traditional monetary policy tools, the Mainstreet Lending Programs represent a particularly decisive step to more directly ensure liquidity to smaller and medium sized businesses that were not in financial distress before the crisis. These programs have the potential to be an important bridge through this crisis for many businesses and the workers they employ. They also have the potential to leave out many businesses, in a manner similar to how the Paycheck Protection Program (PPP) failed to deliver resources in a timely manner - if at all - to the large majority of businesses owned by people of color.</p> <p>With shocking speed, this crisis has laid bare the vulnerability of the large majority of entrepreneurs of color and many low wealth workers. It is clear that the current federal fiscal policy response, and the mainstream banking system, are not meeting the immediate needs of low wealth households, who are disproportionately of color. A one size fits all approach cannot effectively respond to this challenge in diverse communities. The channels used for delivering resources to diverse communities have a major impact on the efficacy of the investment. Solutions must be culturally and linguistically relevant; rooted in the specific cultural and economic realities of the community to be served. Non-profit institutions that reflect the communities they serve and deliver culturally relevant services are disproportionately important for serving distinct ethnic/ racial communities and achieving equitable outcomes.</p> <p>With this perspective in mind, it is important to recognize the differences in the potential purpose and impact between the primary Mainstreet Lending Programs and those being established for nonprofit organizations. The goal of the primary Mainstreet Lending Programs is to support employment during this crisis by providing liquidity to smaller and mid-sized businesses that were financially healthy prior to the crisis and have a viable path to recovery if they have access to a capital bridge. Non-profit organizations like universities, hospitals, and large cultural institutions are also important employers and having a program that recognizes the differences in the financial model of a large nonprofit employer is sensible and consistent with the purpose of the rest of the Mainstreet Programs. Other types of non-profits, however, including Community Development Financial Institutions (CDFIs) and community development corporations, support employment and their local economies not simply as employers, but through the investments they make in the communities they serve as lenders or affordable housing developers. The Federal Reserve has the opportunity to ensure much deeper and equitable impact in the economy by purchasing responsibly structured debt, through a correspondent bank lender, from non-profit community development institutions - particularly investments that are secured by real estate and/or in which risk is mitigated by government or philanthropic guarantees. The Federal Reserve already recognized this opportunity to engage non-profits when it opened its Paycheck Protection Program Liquidity Facility to non-depository CDFIs. There is an urgent need to ensure greater access to liquidity for community development finance to provide a counter cyclical stimulus that directly targets those communities that have been worst impacted by the crisis. Indeed, the Fed should encourage its correspondent lenders to work with non-profits that deliver capital in communities of color and other population segments and geographies that are experiencing particular harm, as demonstrated in the Federal Reserve's own data.</p> <p>The limitation established in the Federal Reserve's initial term sheets with regard to having a nonprofit needing a minimum of 50 employees to be an eligible borrower appears arbitrary, especially when considering that a nonprofits' greatest value in this structure may not be as a direct employer, but rather as a community development investor. Reducing the minimum number of employees to 25 would practically open the Federal Reserve facility to numerous impactful community development nonprofits that effectively invest sizable amounts of capital into diverse, low wealth communities, and which already have partnerships with correspondent lenders.</p>
Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Wahab	Aisha	awahab@thomchild.org	Thom Child and Family Services	<p>The non-profit agency I help lead has a 100 year history of helping families in Massachusetts. Last year, we delivered home visiting services to over 15,000 infants and toddlers. Our skilled staff of 864 professionals made this possible. And yet, because there are more than 500 of us, we were left without support for sick leave, paycheck protection, and forgivable loans. We are held to different criteria for the employee retention credit. We are left out of the economic stimulus that is essential for our organization's survival.</p> <p>The lack of cash flow to our agency and others like ours has led to job loss and has delayed job creation. The longer term impact is that communities, families, and our service sector will suffer for decades. Across the country, programs like ours are closing, furloughing staff, and stopping services to children who need our help.</p> <p>With access to favorable lending terms and with the same stimulus funding that was offered to smaller non-profits, we could start calling back to work our furloughed staff. We could continue to support children and families. We could avoid an erosion of our social service sector. Necessarily, however, the eligibility criteria ratio of, "adjusted 2019 EBIDA to unrestricted 2019 operating revenue, greater than or equal to 5%", excludes nearly every social service nonprofit known to us. This criteria is burdensome, unnecessary, and rewards nonprofit agencies that have chosen to retain a high earnings margin. To support nonprofits and economic recovery, this criteria must be removed.</p>

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Staff Group - Main Street Lending Program - Nonprofit Organization Facilities	PIO (Email from Web)	6/22/2020 12:00:00 AM	Montanez	Marissa	mmontanez@newyorkedge.org	New York Edge, Inc.	<p>RE: Main Street Lending Program Nonprofit Organization New Loan Facility (NONLF)</p> <p>To Whom it May Concern:</p> <p>Thank you for the opportunity to comment on the proposed Main Street Lending Program Nonprofit Organization New Loan Facility (NONLF), which has been authorized under Section 13(3) of the Federal Reserve Act. This comment is made on behalf of New York Edge, Inc.</p> <p>Introduction</p> <p>New York Edge, Inc. (NYE) is a New York State incorporated nonprofit that is the largest provider of afterschool programs in New York City. The mission of New York Edge is to bridge the opportunity gap for underserved communities, by providing 40,000 children and families with critical academic, sports, and arts programming at no cost. NYE programs are designed to improve the academic performance, health and wellness, self-confidence, character and attitudes of the participants, and provide them with the edge they need to succeed.</p> <p>Like many nonprofits across the nation, the COVID-19 pandemic has had devastating impacts on New York Edge, and the ability of the organization to deliver critical human service programs to our communities. New York City has implemented significant budget cuts to the Youth &amp; Community Development sector, and funding for New York Edge summer programs has been completely eliminated. The organization quickly pivoted to a remote instruction model to continue serving our communities, however without funding to bridge the gap the future of the organization is at risk.</p> <p>This comment will outline the need for New York Edge, and similarly situated organizations, to have access to the NONLF program and concerns regarding the proposed eligibility requirements. Due to the exclusion of large nonprofits from the Paycheck Protection Program, it is imperative that the NONLF program be accessible to all large nonprofits - and that organizations are not excluded based on arbitrary financial metrics.</p> <p>Exclusion of Large Nonprofits from the Paycheck Protection Program</p> <p>The passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act provided much needed lifeline to many nonprofit organizations, particularly with respect to the Paycheck Protection Program (PPP). However, many nonprofits that are desperately in need of assistance have been excluded from PPP eligibility due to size. The decision to limit PPP relief to nonprofit organizations with less than 500 employees has left many organizations like New York Edge at risk.</p> <p>Without the ability to maintain the New York Edge workforce through PPP funds, New York Edge will be reducing staff hours to a two-day work week, thereby running the risk of losing many staff permanently. Without an external source to bridge the funding gap, New York Edge runs the risk of contracting its services significantly.</p> <p>Exclusion of Nonprofits from the NONLF Based on Financial Metrics</p> <p>Based on the language of the proposed rule, nonprofits must meet an 11-factor test in order to be eligible for the NONLF loan program. Many of these factors include financial ratios that are likely to exclude certain nonprofits, even though they may still be in need of access to the NONLF loan program.</p> <p>Based on the EBIDA requirement New York Edge would not be eligible for this program as the organization carries an EBIDA that is less than 5%. The EBIDA loan eligibility requirement does not make sense for New York Edge, or other large nonprofits of our size. New York Edge managed organizational finances to yield a surplus - that surplus is computed by factoring in all revenues and all expenses - and that strategy was successful. On revenues of \$45.7 million our surplus was \$673,451; achieving a surplus of 5% would have necessitated an irrational cutting our service delivery costs by \$2.3 million - consequently negatively impacting a significant swath of our students.</p> <p>Nonprofits should not be penalized for being effective stewards of organizational finances. The financial metrics used to determine eligibility for the NONLF program must be adjusted in order to ensure eligibility for all nonprofits regardless of EBIDA.</p> <p>Conclusion</p>

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							<p>The NONLF program must be available to all large nonprofits, so that organizations may continue to provide the work that is so critical to our communities. In particular, this program must be available to nonprofits that have been otherwise excluded from any federal relief under the CARES Act.</p> <p>The COVID-19 pandemic has devastating impacts on New York City, and New York Edge’s work in serving our participants is more important now than it has ever been. All large nonprofits, including New York Edge, must have access to this critical funding that will allow nonprofits to continue providing invaluable services to communities across the nation.</p>

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General Inquiry	PIO (Email from Web)	6/22/2020 12:00:00 AM	DAVIS	CATHY	lincolncultural@bellsouth.net	Lincoln Cultural Development Center, Inc.	<p>Comments to the Federal Reserve from ORGANIZATION Greetings, we are sending this on behalf of the Lincoln Cultural Center Development Center in Lincolnton, North Carolina, a place where history is appreciate, talent is cultivate and art, both visual and performing is enjoyed. As you can guess, our facility is dark and quite which is contradictory to our livelihood and purpose. We are grieving the losses, loss of activity and programs and loss of income that provides for our future.</p> <p>The Lincoln Cultural Center appreciates the opportunity to submit comment to the Federal Reserve about the Nonprofit Organization Loan Facilities. This proposal is aimed more at transactional nonprofits such as hospitals and institutions of higher ed than at nonprofits like The Lincoln Cultural Center and our member organizations that have a larger reliance on donations from the public to support their missions.&amp;nbsp;Indeed, many nonprofits pride themselves on offering their services at no charge.&amp;nbsp;Recognizing that their business models are different, even if both types of charities are inherently organized around a public mission, many of the financial requirements included in this proposal simply are not applicable to organizations that rely on donations. With that in mind, Lincoln Cultural Center respectfully requests the Federal Reserve to address the concerns and proposed changes outlined below.</p> <p>Congress Must Act to Ensure Mid-Sized Nonprofits are Eligible for Loan Forgiveness Congress must ensure that mid-sized nonprofits have access to loan forgiveness. While it is a welcome development to see the Federal Reserve making its Main Street lending program available to some nonprofits, this assistance still falls short of what is most needed by nonprofit organizations - a provision that makes these loans forgivable.</p> <p>In this critical time, nonprofits have stepped up to meet the unprecedented level of need in our country due to the COVID-19 pandemic. Even though they face many of the same economic challenges as other industries, nonprofits are not shutting down. Rather, they are straining to meet increasing demands in our communities on the frontlines, caring for the sick, feeding families, and keeping our communities connected. Furthermore, they will play an integral role as our nation recovers - providing child care, job training, and other core supports.</p> <p>Charitable nonprofits of all sizes and focus areas are struggling to maintain mission-critical operations despite enormous economic challenges. Data released by Independent Sector shows that nonprofits with between 500 to 5,000 employees, key to scaling relief efforts across the nation, have been severely impacted by this health and economic crisis. When asked &amp;quot;What types of additional assistance would be most helpful to your organization?&amp;quot; organizations overwhelmingly (92% of responses) suggested government support in the form of forgivable loans. Smaller nonprofits throughout the country have been hit equally hard.</p> <p>Nonprofit organizations need funding so they can continue to meet the needs of their communities. Many charitable organizations do not have steady streams of commercial income and have little capacity for loan and interest repayment. Furthermore, nonprofits are the third largest employment sector and many hope to hire more workers as their organizations recover. America cannot afford to leave out such a vital part of the economy.</p> <p>Recommendation: Congress must recognize the vital services nonprofits provide to communities and the economy by including loan forgiveness, in the next round of COVID-19 relief legislation</p> <p>The Fed's Proposal to Limit Loans to Mid-Size Nonprofits with Less than 30% of Revenue from Donations Disqualifies Many in Charitable Sector The Federal Reserve's criteria that organizations must have revenues from donations that are less than 30% disqualify many charities, including the Lincoln Cultural Center. Overall, this loan facility seems more applicable to for-profit entities, as well as educational institutions and nonprofit hospitals, but not most charitable organizations.</p> <p>Recommendation: Eliminate the requirement that no more than 30 percent of an organization's 2019 revenues come from donations, and instead make 501(c)(3) organizations that are otherwise meet the employee size are eligible.</p> <p>The Fed Needs to Make Loan Terms More Favorable to Charitable Organizations The draft Nonprofit Loan Facility imposes&amp;nbsp;certain liquidity, asset, and reserve requirements that are not required in Main Street New Loan Facilities available to for-profit businesses. &amp;nbsp;</p> <p>Nonprofit organizations typically provide services with low-profit margins. Indeed, social service organizations report an average aggregate margin of 1.5%. According to a recent report by Seachange Capital Partners, the&amp;nbsp;median social services nonprofit has a margin of 1.0%,</p>

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							<p>receives 3.6% of its revenue from philanthropy (including investment income), has total financial assets (including endowments and other assets that are subject to legal restrictions) equal to 1.9 months of expenses, and operating reserves of less than one month of expenses.  Less than 20% of large nonprofits have 6 months or more of operating reserves, a widely accepted standard for “financial strength” for nonprofits. Social services organizations are the most fragile, with fewer than 10% reaching this standard. </p> <p> </p> <p>The statistics above should not be viewed as an indictment of the efficiencies or management policies of nonprofits. It is important to note that the vast majority of social service nonprofit funding comes from government grants contracts, recognizing the key role such organizations play in serving the most vulnerable.  Numerous studies confirm that government funding seldom covers the full cost of providing contracted work, which inhibits nonprofits from accumulating reserves through surpluses. In many instances, government grant/contract work creates cash-flow challenges since it is paid after the work has been completed and can be subject to significant delays in payment.  </p> <p> </p> <p>Recommendation: Recognizing the unique nature of nonprofit operations and their importance in continuing to provide vital services as partners on the front lines of the COVID-19 crisis, we urge the Federal Reserve to eliminate borrower requirements 7 and 8. If this is not possible, we alternatively ask that the requirements be lessened significantly to reflect the economic realities of nonprofit operations, for example by requiring only 30 days cash on hand, and bringing the loan origination ratio of 40-50% (down from 65% as proposed). </p> <p> </p> <p>We are also concerned that certain eligible loan features are too onerous for nonprofit organizations and are less favorable than those offered in other government programs. Specifically, the interest rate of LIBOR plus 300 basis points is significantly higher than that offered for Paycheck Protection Program (“PPP”) Loans (1.0%) and that for Economic Injury Disaster Loans (2.75%). In addition, the imposition of loan origination and service fees adds to the cost under the Nonprofit Facility. Finally, the notion that nonprofits would be faced with a 70% balloon payment at the end of the fifth year of the loan would be off-putting for many nonprofits. Nonprofits with existing loans with balloon payments are usually provided an opportunity to renegotiate such loans at prevailing market rates. </p> <p> </p> <p>Recommendation: We urge that the loan terms including interest rate and balloon payments be revisited and recommend the lowest permissible rate such as the 0.5% rate initially proposed for PPP loans. In addition, we urge some flexibility in the balloon payment requirement to afford the opportunity for renegotiation. If the 5-year amortization were extended to 7 years, this could lessen the balloon payment. We request that the borrower have access to engage with derivatives (change to a fixed rate) without the minimum swap requirements.</p> <p> </p> <p>The Ratio of Adjusted 2019 Earnings before “EBIDA” Should Be Revised In the “Draft for Public Consultation,” for both the Nonprofit Organization New Loan Facility and the Nonprofit Organization Expanded Loan Facility, one of the eligibility criteria for borrowers is that they must have “a ratio of adjusted 2019 earnings before interest, depreciation, and amortization (“EBIDA”) to unrestricted 2019 operating revenue, greater than or equal to 5%.” (#6) In the context of nonprofit operations, this threshold is too high and would make many, if not most, nonprofits ineligible based on these criteria alone, which seems written more in the context of for-profit businesses as opposed to nonprofit organizations.</p> <p> </p> <p>It may certainly be prudent and necessary to have a positive ratio of adjusted earnings; however, nonprofits generally run on a small margin, both out of necessity and also so as to not leave excess surpluses that could be used for fulfilling their missions. Moreover, at times a nonprofit may have a planned and manageable deficit as part of a strategic plan-a negative ratio at one isolated point is not always an indication of instability.</p> <p> </p> <p>Furthermore, the footnotes for criteria #6 clarify that “The Eligible Lender should calculate operating revenue as unrestricted operating revenue, excluding funds committed to be spent on capital.” Many nonprofits have “restricted revenue” through grants and contracts built into their operating budgets. Excluding this revenue would compound the problem of meeting the 5% ratio. Although it would be sensible to exclude contributions raised for a “capital campaign,” excluding other capital funds included in an annual budget for maintenance and planned upgrades would further decrease the required ratio.</p> <p> </p> <p>Recommendation: The 5% requirement should be reduced to zero, if not eliminated. In addition, a statement of explanation of a deficit should be allowed so that a negative ratio does not mean automatic ineligibility for a nonprofit borrower. Finally, further clarification on the calculation methodology -in the context of nonprofit operating budgets- is needed in regard to both restricted funding from grants in annual operating budgets, as well as capital funds for improvements that are part of an annual operating budget. This clarification would allow noted revenues to remain in calculation to ease the restriction and not further restrict eligibility.</p>