



COVID-19 Relief – Federal Lending Programs

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We will email the slides to all participants after the Presentation. Other presentation materials can be downloaded from the webinar.

Information is added and changed almost daily. Please refer to our website at www.brinkersimpsoncares.com for the most currently available information.

AGENDA

Overview of COVID19 Lending Programs

Economic Injury Disaster Loan (EIDL) - update

Paycheck Protection Program – Update, Outlook & Strategy

Main Street Lending Program – Overview and information

Q & A



Paycheck Protection Program & EIDL

- Both programs are out of cash
- Demographics for the PPP are available; a copy of their Slide deck is available for download within this presentation. Additionally, we will quickly review details on the loan sizes of the first tranche on the next slide.
- Can participate in both the Main Street Lending Program & the PPP
- If you were locked out of the first round of funding, stay inContact with your bank and other qualified lenders and re-apply. We are optimistic funding will be expanded.
- Full details on forgiveness calculations are still not available
- Limited information available on the demographics of the EIDL loans or how the applications were prioritized

Paycheck Protection Program Loan Size Details

Loan Size	Approved Loans	Approved Dollars	% of Count	% of Amount
\$150K and Under	1,229,893	\$58,321,791,761	74.03%	17.04%
>\$150K - \$350K	224,061	\$50,926,354,675	13.49%	14.88%
>\$350K - \$1M	140,197	\$80,628,410,796	8.44%	23.56%
>\$1M - \$2M	41,238	\$57,187,983,464	2.48%	16.71%
>\$2M - \$5M	21,566	\$64,315,474,825	1.30%	18.79%
>\$5M	4,412	\$30,897,983,582	0.27%	9.03%



PPP - You're Funded, Now What?

- CAUTION: Follow the spending rules to avoid fines, consider setting up separate account or accounting class to track spending
- Get your people back on payroll.
- Forgiveness – latest updates & what needs to change.



Main Street Lending Program (MSLP)

- The Main Street Lending Program (Main Street) offers four-year, unsecured loans to businesses that meet the criteria set forth by the Federal Reserve.
- 600 billion in funds available
- Borrowers are able to participate in both the Main Street Lending Program & the PPP.
- Main Street loans are not eligible for forgiveness, but offer one year deferments for principal and interest payments
- When the program becomes available, eligible banks may originate new loans through two facilities
 - **Main Street New Loan Facility (MSNLF)**
 - **Main Street Expanded Loan Facility (MSELF)**



Main Street New Loan Facility (MSNLF)

- Eligible borrowers must have less than 10,000 employees or 2 billion dollars in 2019 revenue
- Borrowers must be a business created or organized in the United States, or under the law of the United States, with significant operations in and a majority of its employees based in the United States.
- Eligible Borrowers that participate in the Facility may not also participate in the MSELF or the Primary Market Corporate Credit Facility.



Main Street New Loan Facility

The Federal Reserve has not provided guidance as to when Eligible Lenders may commence taking applications for either loan.

The Federal Reserve will be taking comments through April 16, 2020 and has indicated that either it or the Treasury may make adjustments to the terms and conditions of these programs, it may take several weeks before a formal application process is rolled out by Eligible Lenders.

We recommend you review your current debt and determine whether any amendments are required to permit new debt and the subordination of payments, MSNLF's with existing lenders will be more easily attained as a result.



Main Street New Loan Facility

Restrictions

Until 12 months after the loan is no longer outstanding, the borrower may not:

- participate in stock buybacks
- pay dividends or other capital distributions
- must comply with the limitations on compensation in Section 4004 of the CARES act which limits compensation to officers and employees

Certain government and political officials and their respective families cannot participate in this program



Main Street New Loan Facility (MSNLF) (cont'd)

- Eligible Loans:
 - unsecured term loan made by an Eligible Lender(s) to an Eligible Borrower that was originated on or after April 8, 2020, provided that the loan has the following features:
 - 1. 4 year maturity;
 - 2. Amortization of principal and interest deferred for one year;
 - 3. Adjustable rate of SOFR + 250-400 basis points (the SOFR has been at 0.01% (1 basis point) since 3/24/2020);
 - 4. Minimum loan size of \$1 million;
 - 5. Maximum loan size that is the lesser of (i) \$25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed four times the Eligible Borrower's 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA"); and
 - 6. Prepayment permitted without penalty.
 - Minimum loan amount of \$1,000,000
 - Origination fee – 1%



MSNLF – Borrower Attestations

- Must commit to refrain from using the proceeds of the Eligible Loan to repay other loan balances. The Eligible Borrower must commit to refrain from repaying other debt of equal or lower priority, with the exception of mandatory principal payments, unless the Eligible Borrower has first repaid the Eligible Loan in full.
- Must attest that it requires financing due to the exigent circumstances presented by the coronavirus disease 2019 (“COVID-19”) pandemic, and that, using the proceeds of the Eligible Loan, it will make reasonable efforts to maintain its payroll and retain its employees during the term of the Eligible Loan.
- Borrower must attest that it meets the maximum loan to four times EBITDA requirement.
- Must attest that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act.
- Eligible Lenders and Eligible Borrowers will each be required to certify that the entity is eligible to participate in the Facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.



Main Street Expanded Loan Facility (MSELF)

What is different?

- If original loan is secured, the loan extension is secured on a pari passu basis with the original loan. If the original loan is unsecured, extension is unsecured.
- Maximum loan size that is the lesser of (i) \$150 million, (ii) 30% of the borrowers existing outstanding and committed but undrawn bank debt
- Can not exceed an amount that exceeds six times 2019 EBITDA



CAREs Act - SEC. 4004. LIMITATION ON CERTAIN EMPLOYEE COMPENSATION

During the period beginning on the date on which the agreement is executed and ending on the date that is 1 year after the date on which the loan or loan guarantee is no longer outstanding—

1. No officer or employee of the eligible business whose total compensation exceeded \$425,000 in calendar year 2019 -
 1. total compensation which exceeds the total compensation received by the eligible business in calendar year 2019; or
 2. will receive severance pay or other benefits upon termination of employment which exceeds twice the maximum total compensation received by the officer or employee from the eligible business in calendar year 2019; and

2. No officer or employee of the eligible business whose total compensation exceeded \$3,000,000 in calendar year 2019 may receive during any 12 consecutive months of such period total compensation in excess of the sum of—
 1. \$3,000,000
 2. 50 percent of the excess over \$3,000,000 of the total compensation received by the officer or employee from the eligible business in calendar year 2019

TOTAL COMPENSATION DEFINED.—In this section, the term “total compensation” includes salary, bonuses, awards of stock, and other financial benefits provided by an eligible business to an officer or employee of the eligible business.



EBITDA DEFINED

The terms described by the Federal Reserve do not address whether a borrower's EBITDA will be determined on a basis consistent with existing credit facilities or whether the borrower would receive the benefit of non-GAAP add-backs to EBITDA in certifying as to the maximum loan amount requirement for eligible



Q & A

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