



Paycheck Protection Program (PPP)

CORONAVIRUS AID, RELIEF, AND
ECONOMIC SECURITY (CARES) ACT

CARES Act for CORONAVIRUS Relief

- ▶ Coronavirus Aid Relief, and Economic Security (CARES) ACT provides:
 - ▶ Emergency relief for small to medium sized businesses (less than 500 employees), nonprofits, veterans organizations, Tribal businesses, sole proprietorships, self-employed and independent contractors
 - ▶ \$349 billion in forgivable loans to pay employees for up to 8 weeks during the COVID-19 crisis
 - ▶ **All loan terms are the same for everyone**

What is the PPP?

- ▶ Loan amounts will be forgiven as long as:
 - ▶ The loan proceeds are used to cover payroll costs, mortgage interest, rent, and utility costs over the 8-week period after the loan is made
 - ▶ Employee and compensation levels are maintained
 - ▶ Payroll costs are capped at \$100,000 on an annualized basis for each employee
 - ▶ Not more than 25% of the forgiven amount may be for non-payroll costs

Application Process

- ▶ PACF sought funding through Mechanics Bank due to its banking relationship
- ▶ Mechanics Bank required the following; (1) Application form and (2) payrolls supporting documents and Forms 1099 for independent contractors which performed direct services for foundation projects.
- ▶ Finance Department provided supporting documentation for payroll and contractors paid for service to the Pittsburgh Arts and Community Foundation

Terms of Loan

- ▶ Loan is forgivable as long the loan amount is used for payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan
- ▶ Not more than 25% of the forgiven amount may be for non-payroll costs
- ▶ Money will be owed if staff and payroll are not maintained
- ▶ Loan forgiveness will be reduced if:
 - ▶ Employee headcount is reduced
 - ▶ Salaries and wages are decreased by more than 25% for any employee
 - ▶ Full-time employment and salary levels not restored by June 30,2020

Loan Fund Distribution Strategy

▶ 75% of Loan Funds or \$58,350

- ▶ Reinstate furloughed employees
- ▶ Reinstate Operation of all facilities as permitted under Social Distancing Guidelines
- ▶ Prepare for reopening of RRBD, Old Town Art Centre and California Theatre with updated programming and service delivery protocols
- ▶ Redirect employee duties and responsibilities to fulfill new protocols
- ▶ Renewed focus on additional funding opportunities such as grant from all available sources

▶ 25% of Loan Fund or \$19,450

- ▶ Rent of Old Town Art Center
- ▶ Utilities costs related to RRBD and Old Town Art Center
 - ▶ PG&E
 - ▶ Water
 - ▶ Telephones
 - ▶ Internet
 - ▶ Other cost pertinent and related to utilities

Requesting Loan Forgiveness

- ▶ Submit a Request for Loan Forgiveness to lender
 - ▶ Provide documents verifying the number of FTE employees and pay rates
 - ▶ Confirm payments on eligible mortgage, lease, and utility obligations
 - ▶ Lender must make a decision on the forgiveness within 60 days of request.

If forgiveness is not applicable

- ▶ Interest on loan amount is 1.0% fixed rate
- ▶ Payments are deferred for 6 months however interest will accrue over this period
- ▶ Loan is due in 2 years
- ▶ Loan can be repaid earlier and no prepayment penalties or fees will be charged
- ▶ No collateral is required
- ▶ No personal guarantee required

PPP Award Notification

- ▶ Notification received of loan award on April 21
- ▶ Loan Documents Received electronically on April 23

PPP Award Notification

Due to the short time frame of this funding opportunity staff is seeking the following actions from the sub-committee:

- ▶ Recommend PACF Board Approve and Accept loan award