

COVID-19 Bi-Weekly Update

Prepared by
The Franklin Partnership, LLC
November 5, 2020



About The Franklin Partnership

- Bi-partisan Washington, D.C.-based government relations firm
- Provide direct lobbying services on Capitol Hill, White House, Federal Agencies
- Strategic consulting on impact of government actions on clients
- Speak to business, associations about impact of Washington on their operations
- Supply chain risk analysis
- Clients include:
 - Manufacturing companies and associations
 - Defense manufacturers
 - Hospitals,
 - Cities



The Franklin Partnership is not a law firm and nothing contained herein shall be construed as legal advice.



Agenda

- CDC Guidance: Manufacturing Workers & Employers
- CDC Definition: Close Contact
- OSHA Guidance: Workplace Ventilation
- New SBA Forgiveness Fact Sheet Released
- PPP Loans Over \$2 Million Needs Test Questionnaire
- Main Street Lending Facility Changes
- Legislative Update

All information presented as of November 5, 2020

CDC Guidance: Manufacturing Workers & Employers

Exposure risk among manufacturing workers

The manufacturing work environment—production or assembly lines and other areas in busy plants where workers have close contact with coworkers and supervisors—may contribute substantially to workers' potential exposures. The risk of occupational transmission of SARS-CoV-2 depends on several factors. Some of these factors are described in the U.S. Department of Labor and U.S. Department of Health and Human Services' booklet [Guidance on Preparing Workplaces for COVID-19](#)  . Distinctive factors that affect workers' risk for exposure to SARS-CoV-2 in manufacturing workplaces include:

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<https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-manufacturing-workers-employers.html>

CDC Guidance: Manufacturing Workers & Employers

- **Distance between workers** – Manufacturing workers often work close to one another on production or assembly lines. Workers may also be near one another at other times, such as when clocking in or out, during breaks, or in locker/changing rooms.
- **Duration of contact** – Manufacturing workers often have prolonged closeness to coworkers (e.g., for 8–12 hours per shift). Continued contact with potentially infectious individuals increases the risk of SARS-CoV-2 transmission.
- **Type of contact** – Manufacturing workers may be exposed to the infectious virus through respiratory droplets in the air—for example, when workers in a plant who have the virus cough or sneeze. It is also possible that exposure could occur from contact with contaminated surfaces or objects, such as tools, workstations, or break room tables. Shared spaces such as break rooms, locker rooms, and entrances/exits to the facility may contribute to their risk.
- **Other distinctive factors that may increase risk among these workers include:**
 - A common practice at some workplaces of sharing transportation such as ride-share vans or shuttle vehicles, car-pools, and public transportation
 - Frequent contact with fellow workers in community settings in areas where there is ongoing community transmission

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<https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-manufacturing-workers-employers.html>

CDC Guidance: Manufacturing Workers & Employers

Create a COVID-19 assessment and control plan

Worker infection prevention recommendations are based on an approach known as the hierarchy of controls. This approach groups actions by their effectiveness in reducing or removing hazards. In most cases, the preferred approach is to:

1. Eliminate a hazard or processes;
2. Install engineering controls; and
3. Implement appropriate cleaning, sanitation, and disinfection practices to reduce exposure or shield workers.

Administrative controls, which are changes to the way people work, are also an important part of an approach to prevention in these workplaces.

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<https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-manufacturing-workers-employers.html>

CDC Guidance: Manufacturing Workers & Employers

Create a COVID-19 assessment and control plan

A qualified workplace coordinator should be identified who will be responsible for COVID-19 assessment and control planning. All workers in the facility should know how to contact the identified coordinator with any COVID-19 concerns. Infection control and occupational safety and health plans should apply to anyone entering or working in the plant (e.g., all facility workers, contractors, and others). Facility management should reach out to state and/or local public health officials and occupational safety and health professionals and establish ongoing communications to make sure they are getting relevant and up-to-date information concerning COVID-19. The workplace coordinators and management should also be aware of and follow all applicable federal regulations and public health agency guidelines. Work site assessments to identify COVID-19 risks and [prevention strategies](#) should be done periodically as part of sound occupational health and public health practice. As part of these assessments, facilities should consider the appropriate role for testing and workplace [contact tracing](#) (identifying person-to-person spread) of COVID-19 workers who tested positive in a work site risk assessment, following [available CDC guidance](#).

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<https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-manufacturing-workers-employers.html>

CDC Guidance: Manufacturing Workers & Employers

Administrative controls

Employers should do the following to promote social distancing:

- Limit facility access only to essential workers.
- If meetings must be held, such as at shift changes, break them into smaller groups instead of holding a larger meeting. Eliminate non-essential meetings.
- Encourage single-file movement with a 6-foot distance between each worker through the facility, where possible.
- Designate workers to monitor and facilitate distancing on production or assembly line floors.

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<https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-manufacturing-workers-employers.html>

CDC Definition: Close Contact

Appendix A – Glossary of Key Terms

Close Contact

Someone who was within 6 feet of an infected person for a cumulative total of 15 minutes or more over a 24-hour period* starting from 2 days before illness onset (or, for asymptomatic patients, 2 days prior to test specimen collection) until the time the patient is isolated.

** Individual exposures added together over a 24-hour period (e.g., three 5-minute exposures for a total of 15 minutes). Data are limited, making it difficult to precisely define “close contact;” however, 15 cumulative minutes of exposure at a distance of 6 feet or less can be used as an operational definition for contact investigation. Factors to consider when defining close contact include proximity (closer distance likely increases exposure risk), the duration of exposure (longer exposure time likely increases exposure risk), whether the infected individual has symptoms (the period around onset of symptoms is associated with the highest levels of viral shedding), if the infected person was likely to generate respiratory aerosols (e.g., was coughing, singing, shouting), and other environmental factors (crowding, adequacy of ventilation, whether exposure was indoors or outdoors). Because the general public has not received training on proper selection and use of respiratory PPE, such as an N95, the determination of close contact should generally be made irrespective of whether the contact was wearing respiratory PPE. At this time, differential determination of close contact for those using fabric face coverings is not recommended.*

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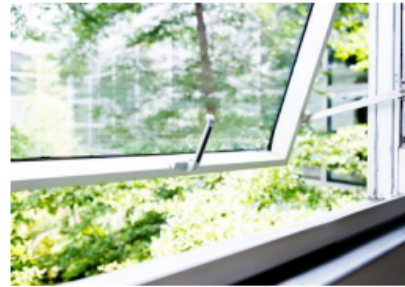
<https://www.cdc.gov/coronavirus/2019-ncov/php/contact-tracing/contact-tracing-plan/appendix.html#contact>

OSHA Guidance: Workplace Ventilation

COVID-19 Guidance on Ventilation in the Workplace

OSHA is committed to protecting the health and safety of America's workers and workplaces during these unprecedented times. The agency will be issuing a series of alerts designed to keep workers safe.

Ensuring adequate ventilation throughout the work environment can help to maintain a safe and healthy workplace. Employers should work with a heating, ventilation, and air conditioning (HVAC) professional to consider steps to optimize building ventilation. An HVAC professional can ensure that the ventilation system is operating as intended. The following tips can help reduce the risk of exposure to the coronavirus:



- Encourage workers to stay home if they are sick.
- Ensure all HVAC systems are fully functional, especially those shut down or operating at reduced capacity during the pandemic.
- Remove or redirect personal fans to prevent blowing air from one worker to another.
- Use HVAC system filters with a Minimum Efficiency Reporting Value (MERV) rating of 13 or higher, where feasible.
- Increase the HVAC system's outdoor air intake. Open windows or other sources of fresh air where possible.
- Be sure exhaust air is not pulled back into the building from HVAC air intakes or open windows.
- Consider using portable high-efficiency particulate air (HEPA) fan/filtration systems to increase clean air, especially in higher-risk areas.
- When changing filters, wear appropriate personal protective equipment. [ASHRAE recommends](#) N95 respirators, eye protection (safety glasses, goggles, or face shields), and disposable gloves.
- Make sure exhaust fans in restrooms are fully functional, operating at maximum capacity, and are set to remain on.
- Encourage workers to report any safety and health concerns.

<https://www.osha.gov/Publications/OSHA4103.pdf>

November 4, 2020

New SBA Forgiveness Fact Sheet Released

For Borrowers

Paycheck Protection Program (PPP) borrowers may be eligible for loan forgiveness if the funds were used for eligible payroll costs, payments on business mortgage interest payments, rent, or utilities during either the 8- or 24-week period after disbursement. A borrower can apply for forgiveness once it has used all loan proceeds for which the borrower is requesting forgiveness. Borrowers can apply for forgiveness any time up to the maturity date of the loan. If borrowers do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred and borrowers will begin making loan payments to their PPP lender.

How to Apply for Loan Forgiveness

1. Contact your PPP Lender and complete the correct form

Your Lender can provide you with either the SBA Form 3508, SBA Form 3508EZ, SBA Form 3508S, or a Lender equivalent.

The 3508EZ and the 3508S are shortened versions of the application for borrowers who meet specific requirements. Your Lender can provide further guidance on how to submit the application.



October 30, 2020

<https://home.treasury.gov/system/files/136/PPP-Forgiveness-Factsheet-508.pdf>

New SBA Forgiveness Fact Sheet Released

2. Compile your documentation

Payroll (*provide documentation for all payroll periods that overlapped with the Covered Period or the Alternative Payroll Covered Period*):



- Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
 - Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the borrower included in the forgiveness amount.

Non-payroll (*for expenses that were incurred or paid during the covered period and showing that obligations or services existed prior to February 15, 2020*):

- Business mortgage interest payments: Copy of lender amortization schedule and receipts verifying payments, or lender account statements.
- Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments.
- Business utility payments: Copies of invoices and receipts, cancelled checks or account statements.

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<https://home.treasury.gov/system/files/136/PPP-Forgiveness-Factsheet-508.pdf>

New SBA Forgiveness Fact Sheet Released

3. Submit the forgiveness form and documentation to your PPP Lender

Complete your loan forgiveness application and submit it to your Lender with the required supporting documents and follow up with your Lender to submit additional documentation as requested. Consult your Lender for additional guidance and provide requested documentation in a timely manner.



4. Continue to communicate with your Lender throughout the process

If SBA undertakes a loan review of your loan, your Lender will notify you of the review and the SBA loan review decision. You have the right to appeal certain SBA loan review decisions. Your Lender is responsible for notifying you of the forgiveness amount paid by SBA and the date on which your first payment will be due, if applicable.



Please Note:

If applicable, SBA will deduct any EIDL advance amount you have received from the forgiveness amount remitted to the Lender, as required by section 1110(e)(6) of the CARES Act. Borrowers are required to retain certain documents for six years after the date the loan is forgiven or repaid in full.

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<https://home.treasury.gov/system/files/136/PPP-Forgiveness-Factsheet-508.pdf>

PPP Loans Over \$2 Million Needs Test Questionnaire



OMB Control Number: 3245-0407

Expiration Date: 10/31/2020

PAYCHECK PROTECTION PROGRAM **LOAN NECESSITY QUESTIONNAIRE (FOR-PROFIT BORROWERS)**

The purpose of this form is to facilitate the collection of supplemental information that will be used by SBA loan reviewers to evaluate the good-faith certification that you made on your PPP Borrower Application (SBA Form 2483 or Lender's equivalent form) that economic uncertainty made the loan request necessary. Each for-profit Borrower that, together with its affiliates,¹ received PPP loans with an original principal amount of \$2 million or greater is required to complete this form and submit it, along with the required supporting documents, to the Lender servicing Borrower's PPP loan. **The completed form is due to the Lender servicing your PPP loan within ten business days of receipt from your Lender.**

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PPP Loans >\$2 Million: Gross Revenue Reporting

Business Activity Assessment	Confidential?
1. Provide answers and supporting documentation for questions 1.A and either 1.B or 1.C: A. What was Borrower's gross revenue in the second calendar quarter (Q2) of 2020? <i>Seasonal borrowers may provide gross revenue in the third calendar quarter (Q3) of 2020 instead of Q2 2020.</i>	<div>\$ <input type="text"/></div> <div>Yes <input type="button" value="v"/></div>
B. If Borrower existed in Q2 2019, what was Borrower's gross revenue in Q2 2019? <i>Seasonal borrowers that entered gross revenue in Q3 2020 for question 1.A must enter gross revenue in Q3 2019.</i>	<div>\$ <input type="text"/></div> <div>Yes <input type="button" value="v"/></div>

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PPP Loans >\$2 Million: Closures, Reduce Operations

2.	A. Since the COVID-19 National Emergency Declaration issued by President Trump on March 13, 2020, has Borrower been ordered to shut down by a state or local authority due to COVID-19?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
	B. If the answer to 2.A is YES, which state or local authority issued the shutdown order?		
	C. If the answer to 2.A is YES, provide start and end dates of the shutdown order (if ongoing, write "present" under "End").	Start	End
3.	A. At any time since March 13, 2020, has Borrower been ordered to significantly alter its operations by a state or local authority due to COVID-19?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
	B. If the answer to 3.A is YES, provide start and end dates of the order to alter its operations (if ongoing, write "present" under "End").	Start	End

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PPP Loans >\$2 Million: Closures, Reduce Operations

4. A. At any time since March 13, 2020, has Borrower voluntarily ceased or reduced its operations due to COVID-19?

☐ YES ☐ NO

- B. If the answer to 4.A is YES, provide start and end dates when Borrower voluntarily ceased or reduced operations (if ongoing, write “present” under “End”).

Start	End

- C. If the answer to 4.A is YES, why did Borrower voluntarily cease or reduce operations? (select all that apply)

☐ YES ☐ NO

i. Employee(s) contracted COVID-19.

ii. COVID-19 significantly disrupted Borrower’s supply chain (e.g., a supplier of goods or services that are essential to Borrower’s operations was unable to deliver due to COVID-19).

☐ YES ☐ NO

iii. Other (please describe) [1,000-character max].

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PPP Loans Over \$2m: Investments & Liquidity

6. A. Between March 13, 2020 and the end of the loan forgiveness covered period of the PPP loan, did Borrower begin any new capital improvement projects not due to COVID-19? ☐ YES ☐ NO

Liquidity Assessment		Confidential?
1. <u>As of the last day of the calendar quarter immediately before the date of Borrower's PPP loan application, how much did Borrower own in cash and cash equivalents?</u> Provide supporting documentation.	\$ <input type="text"/>	<input type="text" value="Select"/>
2. A. Between March 13, 2020 and the end of the loan forgiveness covered period of the PPP loan, has Borrower paid any dividends or other capital distributions (other than for pass-through estimated tax payments ²) to its owners? <input type="checkbox"/> YES <input type="checkbox"/> NO		<input type="text" value="Select"/>

October 26, 2020

PPP Loans Over \$2m: Report Compensation >250k

- A. During the loan forgiveness covered period of the PPP loan, were any of Borrower's employees compensated in an amount that exceeds \$250,000 on an annualized basis? ☐ YES ☐ NO
(Compensation for this purpose covers gross salary, gross wages, gross tips, gross commissions, and allowances for dismissal or separation.)
-
- B. If the answer to 4.A is YES, how many employees?
-
- C. If the answer to 4.A is YES, what was the total amount of compensation during the loan forgiveness covered period of all of those employees included in the answer to 4.B? Provide supporting documentation. \$
-

- A. During the loan forgiveness covered period of the PPP loan, were any of Borrower's owners who work at Borrower compensated by Borrower in an amount that exceeds \$250,000 on an annualized basis? ☐ YES ☐ NO
(Compensation for this purpose covers gross salary, gross wages, gross tips, gross commissions, and allowances for dismissal or separation.)

Outstanding PPP Excluded from MSLF Debt Calculation

G.16. Do PPP loans count as “outstanding debt” for purposes of Main Street?

When computing “existing outstanding and undrawn available debt” for purposes of determining the maximum allowable loan amount under Main Street, Eligible Lenders and Eligible Borrowers may exclude PPP debt, as set out in (A) and (B) below, provided that the Eligible Borrower, together with its affiliates (as defined for purposes of the PPP), received PPP loans with original principal amounts totaling less than \$2 million. Under such circumstances, the following may be excluded from the “existing outstanding and undrawn available debt” calculation:

- A. If the Eligible Borrower has applied for forgiveness of its PPP loan, the “Forgiveness Amount” as reported by the Eligible Borrower on Line 11 of the SBA’s [Form 3508](#), on Line 8 of [Form 3508EZ](#), or on [Form 3508S](#), as applicable, may be excluded, except to the extent the Eligible Borrower’s PPP lender or SBA has determined that such amount is ineligible for forgiveness.
- B. If the Eligible Borrower has not yet applied for forgiveness of its PPP loan, the amount of its PPP loan that its principal executive officer has a reasonable, good-faith basis to believe will be forgiven in accordance with applicable PPP requirements, after review of the SBA’s [Form 3508](#), [Form 3508EZ](#), or [Form 3508S](#), as applicable, including the relevant instructions, may be excluded.

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<https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20201030a6.pdf>

MSLF Loans Now Can Cover \$100,000 and up Loans

The Federal Reserve Board on Friday adjusted the terms of the Main Street Lending Program in two important ways to better target support to smaller businesses that employ millions of workers and are facing continued revenue shortfalls due to the pandemic. In particular, the minimum loan size for three Main Street facilities available to for-profit and non-profit borrowers has been reduced from \$250,000 to \$100,000 and the fees have been adjusted to encourage the provision of these smaller loans. The Board and Department of the Treasury also issued a new frequently asked question clarifying that Paycheck Protection Program loans of up to \$2 million may be excluded for purposes of determining the maximum loan size under the Main Street Lending Program, if certain requirements are met, which should also help smaller businesses access Main Street loans.

To date, the Main Street program has made almost 400 loans totaling \$3.7 billion, providing support to businesses from a wide range of industries. The program was established with the approval of the Treasury Secretary and with \$75 billion in equity provided by the Treasury Department from the CARES Act.

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<https://www.federalreserve.gov/newsevents/pressreleases/monetary20201030a.htm>

COVID-19 Stimulus Bill Legislative Update

- A divided Washington next year increases chances for a bill getting done in 2020
- Stimulus bill likely tied to government spending
- McConnell Pre-election: Stimulus bill must wait until January
- McConnell Post-election: Should pass a stimulus this year
- Pelosi has less leverage than she predicted ahead of election
- McConnell still criticizing House Democrats' \$2 trillion proposals
- Could Senate GOP revert to their summer proposal of \$1 trillion as a compromise?
- McConnell indicating now more open to spending for state, local governments
- Question over how far Pelosi will move on business liability protections

No indication either way if President Trump will sign a stimulus bill

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