
COVID-19: Responding to College and University Concerns

Telephone Town Hall
Tuesday, April 14, 2020



Congress, Federal Agencies Respond to Coronavirus Concerns
Congressional lawmakers are currently working on emergency legislation that may include higher education funding. NACUBO President and CEO Susan Whealler Johnston sent a letter to congressional leaders urging comprehensive relief for students, colleges, and universities.

[MORE](#)

ED Provides New COVID-19 Student Aid Guidance
The Department of Education has added an FAQ on how to comply with Title IX policies when students are impacted by the coronavirus, including implications for room and board refunds. [Read more](#)

Seeks Pandemic-Related Tax Relief
the Department of the Treasury



Getting the Word Out

- **Advocacy**
 - proactively addressing critical policy issues
- **News, Publications**
 - *Current*, advocacy alerts
- **Website Content**
 - www.nacubo.org
- **Distance Learning**
 - webcasts, telephone town halls

Coronavirus Advocacy
NACUBO focuses on relief for students and institutions.

COVID-19 Resources
Stay up to date on the latest guidance for colleges and universities.

Please keep your microphone muted unless you are speaking.

- **Special Guest: *Les Jacobowitz*, Partner, Arent Fox**
- **Moderator: *Liz Clark*, Vice President, Policy & Research**
- ***Mary Bachinger*, Director, Tax Policy**
- ***Steffon Gray*, Assistant Director, Research and Policy Analysis**
- ***Ken Redd*, Senior Director, Research and Policy Analysis**
- ***Megan Schneider*, Senior Director, Government Affairs**

NACUBO Flash Poll

- Please respond to the 3 questions at the survey link.

Main Street Loan Facilities

Presented to the National Association of College and University Business Officers (NACUBO)

General

- *Two (2) New Programs*
 - Main Street New Loan Facility
 - Main Street Expanded Loan Facility
- *\$600 Billion*
- *Impacted by COVID-19 crisis*
- *Reasonable efforts to*
 - Maintain payroll
 - Retain employees

Implementation

- *Federal Reserve Administration*
- *Treasury*
 - Guidance
 - Back-Stop
- *Banks*
 - Federal Reserve regulated
 - Implementation
 - Limited Credit Risk

Implementation (cont'd)

- *Other Program Participation*
 - Paycheck Protection Program
 - Limit to one of:
 - Main Street New Loan Facility
 - Main Street Expanded Loan Facility
 - Primary Market Corporate Credit Facility

Eligible Borrowers

- *Up to:*
 - 10,000 employees or
 - \$2.5 billion in 2019 annual revenues
- *U.S. Eligible Requirements*
 - Created / organized in the U.S.
 - Location of majority of employees in the U.S.
 - Significant operations in the U.S.

General Loan Terms

- *Variable Secured Overnight Financing Rate (SOFR) + 2.50-4.00%*
- *Interest rate swap caution*
- *Four (4) year term*
- *No principal and interest due for twelve (12) months*
- *Prepayable at any time*
- *Permitted Uses*
 - Any use with reasonable efforts to:
 - maintain payroll
 - retain employees
- ***But* cannot be used to refinance with exception of use for mandatory principal payments**
- **Lender not permitted to cancel/reduce existing lines of credit**

Loan Terms – Main Street New Loan Facility

- *New Loan*
- *Unsecured (i.e. no collateral requirement)*
- *Amount*
 - \$1 million minimum
 - maximum of
 - \$25 million
 - all drawn indebtedness, including this program, limited to 4X's EBITDA
- *Fees*
 - Facility Fee – 95 bps (to Federal Reserve)
 - Origination Fee – 100 bps (to Lender)
 - Servicing Fee – 25 bps/year (to Lender)

Loan Terms – Main Street Expanded Loan Facility

- *Upsizing of Existing Loan*
- *Secured/Unsecured*
- *Lender Impact on Shared Collateral*
- *Amount*
 - \$1 million minimum
 - maximum of
 - \$150 million
 - 30% of all drawn indebtedness, including this program
 - 6X's EBITDA
- *Fees*
 - Origination Fee – 100 bps
 - Servicing Fee – 25 bps/year

Compensation Restrictions

Loan Restrictions

- For loan term + 1 year: No dividends, no stock buy-backs
- For loan term + 2 years: No outsourcing of jobs, no offshoring of jobs, no abrogation of collective bargaining agreements
- For loan term: neutral on union organizing activities

Executive / Senior Officer Compensation Restrictions

- For loan term + 1 year:
 - Officers / Employees greater or equal to \$425K total compensation in 2019 are frozen
 - If total compensation exceeds \$3M for 2019, then limited to \$3M + 50% of excess over \$3M
 - Total compensation = salary, bonuses, stock awards and other financial benefits
 - Severance less than or equal to 2X of 2019 total compensation
 - Waivers subject to Congressional oversight

Questions?

David Martin

Partner

(202) 857-6109

david.martin@arentfox.com

Amal Dave

Partner

(202) 857-6336

amal.dave@arentfox.com

Patrick Nickler

Partner

(202) 857-6044

patrick.nickler@arentfox.com

Les Jacobowitz

Partner

(212) 492-3315

les.jacobowitz@arentfox.com

Marwa Hassoun

Partner

(212) 443-7645

marwa.hassoun@arentfox.com

Rachel Richardson

Partner

(202) 828-3423

rachel.richardson@arentfox.com

Dennis Henderson

Counsel

(212) 492-3284

dennis.henderson@arentfox.com

Kimberly Wachen

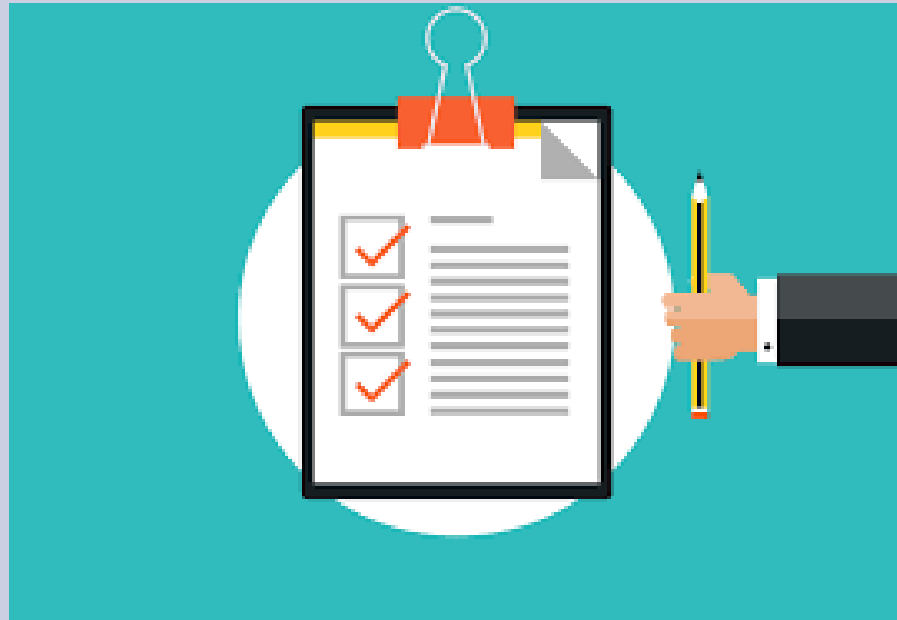
Partner

(202) 775-5749

kimberly.wachen@arentfox.com



Flash Poll Results



Additional questions?

Please email—
advocacy@nacubo.org