

GOFERR
Stakeholders Advisory Committee
Written Responses
As of April 28 (2)

Conway Eye Care and Coos Eye Care, Dr. Angelique Sawyer, Owner and Immediate Past President of NH Optometric Association (Page 2)

NH Business Finance Authority, James Key-Wallace Ex. Director (Page 7)

Tinios Pro Hospitality Group, John Tinios, President (Page 16)

Questions for Consideration

(1) Please identify your position and your organization.

Tinios Pro Hospitality Group
John Tinios President

(2) Please identify what economic sector your enterprise operates within.

I am in the hospitality sector, specifically restaurants and a production wholesale bakery all in the seacoast of New Hampshire.

(3) Please describe how your enterprise and economic sector has been impacted by Covid-19.

- The Galley Hatch Restaurant in Hampton NH has been in business for 50 years and is at risk of closing. While we are still doing takeout and delivery of a limited menu there was a furlough of over 110 employees.
- Tinos Mediterranean Bar and Grill, also in Hampton, is in its fifth year and is currently doing a limited menu for takeout and delivery. Tinos furloughed all its employees except for 3 of 28.
- Grill 28 at Pease Golf Course is in its sixth year and closed its doors two weeks after the mandatory shut down of restaurants, furloughing all 35 employees.
- Popovers on the Square in Portsmouth N.H. in its 15th year of operation is now closed after two weeks attempting to pivot to a takeout business due to the mandatory shut down. It has furloughed 28 employees.
- Popovers Brickyard Square in Epping N.H. is in its 7th year and is closed after two weeks of takeout due to Covid-19. Currently 34 employees furloughed.
- The Commissary in Hampton N.H. is operating now with 4 out of 21 employees furloughed.
- At full employment in peak season the combined number of employees including administration is 370, only 40 are currently working.

(4) Please provide an assessment of how you project your organization and economic sector will be impacted over the next 12 months by Covid-19.

We have based the following projections on the current and phased-in operational guidance given by State/local governments and associations, the local Chamber of Commerce and task forces for the beaches, and all other tourism associated representatives.

- The restaurant industry and associated industries will be affected by as much as 60 to 70 % in the next year. We are hoping that we can beat that estimate depending on the pace of the virus and restrictions placed on our restaurant industry.
- With phase one guidelines, we are forced to operate at 50% occupancy in our restaurants
- Due to the constantly changing guidelines from the CDC and media, there is confusion around where and when customers can start dining out again

- Because of the unpredictability of the market, it is impossible to determine how much inventory to purchase for the restaurants and when to start hiring back staff members
- Tourism as a whole in New Hampshire will be impacted indefinitely

(5) Please explain whether your enterprise or economic sector has or is receiving, or may possibly receive in the future, any other governmental support specifically intended to help address Covid-19 impacts.

To date, two of our businesses have received funding from the Payroll Protection Plan. The remaining 4 have been “Bank Approved” but are awaiting funding numbers.

(6) Please provide comments on one or more ideas on how some portion of public relief funds could be provided to your enterprise and economic sector, and please comment on how these ideas would achieve the following important public goals:

- (a) The proposed use of funds will serve a public use and provide a public benefit.**
- (b) The proposed use of funds will preserve or increase the social welfare or economic prosperity of the state and will promote the general welfare of the state's citizens.**
- (c) The proposed use of funds will promote the orderly development of economic and social activities, create or preserve employment opportunities, or protect the physical environment.**
- (e) The proposed use of funds will contribute significantly to the continued operation, competitiveness and future success of the organization and the economic sector.**
- (f) The proposed use of funds is not in conflict with local or regional development plans and policies.**
- (g) The proposed use of funds is structured in a way that will help the community and the State at large, and not just the particular private business or organization.**
- (h) The proposed use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.**

The Hospitality industry is valuable to the public because it is a top employer in the state of New Hampshire. In addition to providing jobs, we contribute to the economy by way of the Rooms and Meals Taxes, Property Taxes, local and state fees specific to the restaurant industry, as well as all other “feeder industries” that pay taxes. **We also support more local and state charities than any other type of industry just by our numbers.** Restaurants essentially play a part in every sector of the state – We support education, school athletics and the arts, feeding the hungry and the homeless. Giving is what we do in hospitality. Our margins may be small, but our hearts are big and we make a huge difference in our communities.

We promote our communities as desirable places to enjoy leisure activities. Businesses move to places where there are accommodations to dine, meet clients, have group functions and enjoy a social lifestyle. New Hampshire is a tourism state that heavily relies on our industry. A sound and healthy hospitality industry is what draws in new businesses and is what brings tourist from all over to visit and enjoy. For these reasons, the State should contribute during this time of need

to give our industry the help it will need to restart its businesses after we are allowed to start back to normal operations.

The Payroll Protection Plan will have some value for the restaurant industry to start back up, but the program is flawed in its implementation.

- Restaurants must use 75% of the funds for payroll, providing they hire their staff back after they have been funded.
- There is no provision for forgiveness of the loan unless the clock starts immediately after funding.
- Due to CDC guidelines, when we are allowed to open we will only be operating at 50 % capacity, which means that revenue will be off [at least] by the same percent. This leaves little room for covering overhead expenses.
- The other 25 % can be used for utilities, interest on loans for mortgages and/or rent. This is all good, however, we are held to a timeline to pay it back without a clear timeline from the government on when we will be able to operate at full capacity again.
- The other factor is that federal assistance for unemployment benefits along with the States portion competes with the PPP by being a disincentive for people coming back to work and getting less pay than they would if they stayed on unemployment.
- While the current landscape for the PPP can certainly help, it doesn't come close to covering other overhead expenses such as liability insurance, workers compensation, loans for improvements to the business, existing mortgage principal payments, as well as paying vendors so that we can re-stock our inventory.
- **To fix this, I propose**
 - Extend the PPP for 6 months and give businesses the ability to use a portion of the funds for expenses related to overhead.
 - Give a greater percentage of rooms and meals taxes back to the restaurants as a collection fee.

(7) Please describe how the receipt and use of the public relief funds described in question 6 would be accounted for in your organization's financial statements.

Funds are deposited into a separate fund and used only for the purposes of payroll for employees and overhead. As owner I could not take bonuses or use the funds for other reasons foreign to the expenses of the business.

(8) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.

Funds would be tracked in a separate category of QuickBooks. The report would identify only funds described as relief funds.

(9) Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.

Local New Hampshire Chambers of Commerce, New Hampshire Hospitality Association, and the BNI. These associations are currently not being funded by their members because their members are out of business. In order for these associations to continue helping us, they need cash now.

10) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?

The biggest thing that is not getting enough attention is testing for our employees. We are first responders right now given our role in feeding the public. We could use all the help we can get from the state regarding testing for current infections as well as antibody testing. If all hospitality employees in the state have a certificate of being tested on file, this would help us grow and maintain our employee's confidence as well as our guests'.

Secondly, our industry is known for innovation and connecting to the needs of the customers - Relaxing some of the regulations for seating outdoors by extending patios and relaxing alcohol restrictions to those areas would help us pivot and continue our operations. Also, to permit in certain businesses that have the parking capacity the ability to extend seating would be helpful. All these ideas are to create more available seating while maintaining social distancing.

Finally, people should be able to make their own choices on when and how to return to restaurants. Scaring customers with unnecessary restrictions would harm our businesses. I believe in our industry and our people to be careful in keeping each other safe and accountable. There will always be a few that don't adapt to the situation we find ourselves in with Covid-19, but I truly believe the vast majority of us will work together to fight through this.

The greatest innovations have come at times of great need for action to solve problems in our society. This country thrives when our backs are to the wall. In an industry with small margins for error and big hearts for giving, we will be better when we come out of this pandemic. I have seen my peers coming out of the box with ideas for products, services, and safety, even changing their concept to adapt to the times. While our main priority is the health and safety of our people, we cannot get through this without significant help from our government. We are all in this together, and as a small business owner, I am grateful to have my voice heard.

NH BFA Small Business Relief Package

(1) Please identify your position and your organization.

James Key-Wallace
Executive Director
New Hampshire Business Finance Authority

(2) Please identify what economic sector your enterprise operates within.

We are the State of New Hampshire's economic development finance authority, delivering programs that support job creation across all sectors of our state's economy. This includes sole proprietors, small businesses, as well as our state's largest employers. Created by the legislature in 1992, the BFA has consistently provided highly impactful programs in a very efficient manner that balance the needs of private employers with the essential role of delivering public benefit.

Providing our work through a combination of direct loans and partnerships with banks, non-profits, and other state agencies, over 5,000 local NH companies have worked with the BFA since our history. This has resulted in in over \$5,000,000,000 (five billion) in financing for NH employers, including non-profit organizations.

(3) Please describe how your enterprise and economic sector has been impacted by Covid-19.

COVID-19 has wreaked havoc on the New Hampshire economy. Bank lending has been substantially curtailed outside of PPP, businesses are closing their doors, unemployment claims have spiked dramatically, and non-profits are being stretched beyond their maximum. The consequences to our economy are already severe and immediate action must be taken to mitigate further damage. Federal programs delivered via the SBA have helped some companies, but certainly not all that need it. A state-level response is imperative to support small businesses and non-profits across New Hampshire.

By providing relief funds, our goal is to reduce the number of firms that close as a result of COVID-19 fueled economic disruption, and ensure that surviving companies are not so financially impaired that they cannot restore prior employment levels once the pandemic subsides. We also want to ensure that non-profits have access to both grant and loan resources required to continue delivering essential services during the crisis and subsequent recovery.

In the past few weeks alone the BFA has received requests from over 150 businesses and non-profits who need capital support. The total amount of loan requests exceeds \$45,000,000 to date and grows each day. Based on reports previously provided to GOFFER, the amount needed to support small businesses across the state is potentially several hundred million dollars.

(4) Please provide an assessment of how you project your organization and economic sector will be impacted over the next 12 months by Covid-19.

Given that the BFA works with every sector of the state's economy it would be impossible to accurately describe the impacts that will be felt over the next 12 months by COVID-19. However we can be certain of a number of things. Unemployment will be significantly higher than it was pre COVID-19. Certain industries will continue to struggle for long periods of time. Lending and investing activity from conventional sources will be reduced. Demand for alternative sources of financing will increase while loan losses are likely to mount. Downtowns will have increased vacancy and communities will feel less complete. Non-profits will face increased demand for services while having fewer resources to deliver them. The list could go on and on.

While the above effects may be inevitable, and not everyone can be made whole, how deep these negative impacts run will be directly affected by the choices made in allocating the CARES Act relief funds. It is much easier for an economy to recover with a surviving base of job creating organizations vs. letting those organizations fail and be left with no opportunities for employment rebound during the recovery. It is by providing relief to keep small businesses and non-profits afloat during this temporary period that we can mitigate the damage done in the short-term and long-term.

(5) Please explain whether your enterprise or economic sector has or is receiving, or may possibly receive in the future, any other governmental support (federal, state or local) or charitable funds specifically intended to help address Covid-19 impacts; and explain whether the identified need might be covered by other governmental or charitable sources of funding or support programs.

The BFA does not receive state taxpayer support for its programs, and does not anticipate any additional federal programs or significant charitable sources being provided for the purposes outlined in this document.

It is worth noting, however, that BFA programs are designed to unlock significant private capital each time our financing tools are deployed. By utilizing the BFA's programs as a vehicle for CARES Act relief funds, substantial capital from the private sector will also be unleashed in support of NH businesses and non-profits.

(6) Please provide comments on one or more ideas on how some portion of public relief funds could be provided to your enterprise and economic sector (including, if possible, an estimate of the amount of funds), and please comment on how these ideas would achieve the following important public goals:

(a) The funds will serve a public use and provide a public benefit.

(b) The funds will preserve or increase the social welfare or economic prosperity of the state, and will promote the general welfare of the state's citizens.

(c) The funds will promote the orderly development of economic and social activities, create or preserve employment opportunities, or protect the physical environment.

- (d) The funds will contribute significantly to the continued operation, competitiveness and future success of the organization and the economic sector, and will enhance the resiliency of the organization to survive future economic or health challenges.*
- (e) The use of funds is not in conflict with local or regional development plans and policies, or any other provision of state or federal law.*
- (f) The funds are structured in a way that will help the community and the State at large, and not just the particular private business or organization.*
- (g) The use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.*

The primary components of a NH Small Business Relief Package include investments in:

1. Bridge Loans and Grants for NH Businesses and Non-Profits Affected by COVID-19
2. Encouraging the Resumption of Bank Lending to Local NH Businesses
3. Entrepreneurship Support for New Companies

Details on each of these components is provided below. However I would like to draw special attention to our complete agreement with the above list (a – g) that is immutably woven into all activities of the BFA.

A healthy and robust economy is indispensable to the public good. It is a strong economy that provides the tax revenue to support state and local government programs that are essential to the well-being of every citizen in the state. As we clearly see in NH, when an economic rough patch negatively impacts state and municipal revenue levels, real and immediate pain is felt by NH families as a result of reduced support programs and budgets. The BFA's mission is to create and preserve economic health so that society can provide worthy initiatives that support families and individuals across the state.

The requirements of (a – f) above are built directly into the BFA's statute under RSA 162-A and RSA 162-I. These statutes require specific public-purpose findings to be made when deploying certain programs. While not a complete list, below are examples of language taken directly from the BFA statutes that define the various programs we operate:

- (a) The proposed action will serve a public use and provide a public benefit.
- (b) The proposed action will preserve or increase the social welfare or economic prosperity of the state and one or more of its political subdivisions, and will promote the general welfare of the state's citizens.
- (c) The proposed action will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.
- (d) The expenditure is consistent with local or regional development plans and policies.
- (e) Reasonable and appropriate measures have been taken to minimize the risk of loss to the state and to ensure that any private benefit from the award of the guarantee will be only incidental to the public purpose served thereby.

This list speaks directly to the items outlined by the GOFFER's SAB. Additionally, regarding item (g) in the list, the programs designed by the BFA do not require ongoing budgetary support to operate. It is the nature of the organization to scale up its support during times of crisis and retract when the private capital markets begin normal functioning. This allows the BFA to provide ongoing support to NH at the level that is needed at any given time, adapting to circumstances as they evolve in the future, without any need for future support from the general budget of the state.

(7) Please describe how the receipt and use of the public relief funds described in question 6 could be accounted for in your organization's financial statements.

Rapid and effective delivery system:

The BFA can quickly deliver targeted support with the highest degree of impact. Our programs to support small businesses and non-profits are immediately available, have a proven track record, and can be delivered directly to organizations facing challenges across the state. During the 2008 financial crisis the BFA was the recipient of federal SSBCI funds for exactly those reasons. What is required is an infusion of capital that matches the scale of the COVID-19 crisis.

The NH BFA has strong internal systems that perform the following functions:

- Outreach networks to identify businesses and non-profits in need
- Loan underwriting & vetting
- Loan servicing and support
- Reporting and tracking capacity to ensure compliance with federal requirements
- Combining state resources with other resources from the public, private, and philanthropic sector
- Mechanisms to ensure smaller businesses have priority access to available funding support

The BFA would receive the CARES Act Relief Funds as a one-time influx of income on our profit and loss statement, which is a separate reporting entity from the State of New Hampshire. Correspondingly, the state records the delivery of the funds as an expense on the state's accounting records. Funds at the BFA would be maintained in a separate account to ensure full compliance with all federal reporting requirements.

Loan programs for providing relief to small businesses and non-profits (described below) are recorded on our statements as loans receivable(s), while grants are recorded as expenses. The BFA receives an annual 3rd party financial audit to certify compliance with GAAP. This audit is made available to the public every year.

(8) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.

Experience with Federal Requirements:

The BFA has substantial experience with complex federal funding programs, and the associated need for transparency, data reporting, and interfacing with the federal Office of Inspector General's auditing mechanisms. During the 2008 financial crisis, the BFA was the recipient of

substantial federal relief funds for small businesses in New Hampshire. We successfully deployed those funds according to highly complex federal guidelines and received a 100% compliance rating as a result of an OIG audit process.

The BFA also managed a federal New Market Tax Credit allocation on behalf of economic development projects across the Granite State. This program is one of the most complex federal funding sources available. We managed the process successfully, deployed all funds, navigated complex reporting requirements, and again were in 100% compliance with all federal guidelines for the funds. The BFA is an excellent delivery vehicle for the CARES act relief funds due to our combination of speed, effectiveness, deep knowledge of the business and non-profit landscape, and capacity to report on and comply with federal funding requirements.

For the purposes of the CARES ACT funding, the state would enter into a contract with the BFA that requires our organization to both comply with all federal requirements and supply all mandated federal reporting. In turn, the BFA would require each business and non-profit to also be contractually bound by those duties. This is the same structure that was employed by the State of New Hampshire when using the BFA as the allocatee of federal SSBCI funds that held numerous federal requirements and reporting obligations. All of these obligations were 100% satisfied under this system and the BFA is confident the same would occur with CARES Act funding.

- (9) **Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.**

The non-profit community is in need of significant grant funding to provide support to organizations on the front line of the crisis, and those supporting the most vulnerable populations. NH's Community Development Finance Authority (CDFA) has been a reliable steward and delivery vehicle for the majority of NH's grant and state tax credit programs for many years. In our opinion, they would do an excellent job of facilitating grants to non-profits that are assisting the state respond to COVID-19.

- (10) **What would your business, agency, organization, sector do with the funds that cannot be done currently?**

Component 1: Small Business and Non-Profit Relief

\$75,000,000

There are several essential programs that will blunt the negative impact of COVID-19 on today's economy, while also promoting a robust recovery in a post-pandemic environment. Some of these encourage the resumption of normal bank lending while others ensure businesses have access to flexible loan repayment terms as they recover. Capital support will be deployed flexibly across these program areas to match the needs of businesses across the state.

1. *BFA CAP Program:*

Capital Access Programs (CAP) exist across the country, managed by each state's finance authority. CAP is a tool whereby loans of \$200,000 or less are provided to Main St. businesses by participating local banks. The BFA's role in CAP is to help matching funds for loan loss reserves provided cooperatively by the banks and the borrowers. These reserves serve as fuel for banks to make loans they otherwise would not be able to. The BFA has facilitated almost 5,000 CAP loans in our history. But in order to induce banks to lend now, and during the recovery, extra reserve contributions will be required until banks resume normal lending activity. This capital is "reusable" in that once those loans are repaid to the bank, the reserve funds are used over and over to facilitate future loans to other local New Hampshire companies.

Each dollar deployed via CAP loan is turned into over 10x that amount in lending. Using real life numbers, the BFA has deployed approximately \$20,000,000 in CAP funds resulting in over \$230,000,000 in lending to NH companies. This amplified impact is a key feature of BFA programs and will multiply the power of allocated funding for NH businesses and non-profits. The CAP program has impacted more than 36,000 jobs in the state and will be essential to assist during the COVID-19 pandemic.

2. *BFA Loan Guarantees:*

A key function of the BFA is to guarantee loans made by banks to New Hampshire companies. These guarantees allow banks to support companies that otherwise would not receive capital, yet are creditworthy companies who are important to NH's economy. We have provided over \$246,000,000 in guarantees to date, impacting over 10,000 jobs.

Our economy will recover faster and more broadly with the resumption of bank lending to support our local businesses. With a capital infusion the BFA can broaden the scope of companies eligible to receive BFA guarantee support. Specifically, many companies affected by COVID-19 lack the collateral base needed to secure traditional financing. Funding capital reserves that secure these guarantees is all that is needed to allow this program to have an immediate impact on businesses across the state.

3. *BFA Bridge Loans*

The BFA has authority to make temporary loans to businesses in an amount up to \$2,000,000 per borrower. These loans catch businesses and non-profits who "fall through the cracks" of state and federal programs. The loans have flexible repayment schedules to accommodate the needs of businesses and are designed to be complementary to other resources, such as those provided by the SBA, with the primary NH differentiators being response time, nimbleness, and flexibility to create custom solutions vs. a one-size fits-all federal program.

The BFA's Temporary Loan Program is highly effective program and has a proven track record. However the scale of need spawned by the crisis, with over \$45,000,000 in requests received to date, far exceeds the BFA's pool of lendable capital.

Component 2: Targeted Industry Relief
\$250,000,000

It comes as no surprise that certain industries have been hit particularly hard by the COVID-19 crisis. These industries include, but are not limited to, restaurants, hospitality, and local retail. And yet many of these businesses have been shut out of the programs that were supposed to help them. Ensuring the survival of these businesses is critical to NH's ability to generate state revenue, and, these businesses comprise the heart of New Hampshire's downtowns and are essential to communities both large and small.

Given the nature of COVID-19's impact on these areas of our economy, larger and different solutions are required.

The BFA's lending programs have the capacity to deploy grant/loan combination financing. We have the capacity to deploy a relief package where smaller local companies get first access to available funds and receive a proportionally higher share of grant support. Larger companies would not be shut out entirely, but the focus of the relief is squarely on those NH businesses who are in most need. This is accomplished in the following way:

1. Phased application process:

Applications would be accepted by the BFA in stages that prioritizes small businesses in New Hampshire. The first phase would only accept applications from businesses who need \$100,000 or less in financing. Once applications are received, the next phase would accept applications for businesses who need \$250,000 or less in financing. If funding is still available, the next round would be open for companies who need larger amounts.

Applicants would need to demonstrate that their business was viable prior to the COVID-19 pandemic, that they have been negatively affected in a financial manner, and are using the funds for legitimate business purposes. In this way we are ensured that these programs serve who they are intended to serve.

2. Targeted grant support:

Smaller businesses may not be able to borrow their way out of this crisis. Therefore loans made via this relief package will be up to 50% forgivable, with a maximum forgiveness of \$50,000. This amount of grant is extraordinarily meaningful to a locally-owned NH business, but is not so large that it will attract interest from large companies who may not require the assistance. Mid-sized companies would be eligible for this grant support, but the proportion of grant to loan would be much smaller when compared to their smaller counterparts. This is a pragmatic and fair approach to the distribution of these funds.

It is important to structure these loan/grant combinations in a manner that encourages repayment of the non-forgivable loan portion. The BFA's experience in this area will be helpful. The forgiveness/grant will only occur once the business has fully paid back the non-forgivable "regular" portion of the loan, and importantly, supplied all needed information to allow the BFA to comply with federal reporting requirements.

3. Flexible Loan Terms

To be impactful, loan terms will be flexible for the borrower. Interest rates will be low and repayment time horizons will be patient. The BFA suggests that GOFFER avoid being overly specific in this area however. This is because the BFA should have the flexibility to have certain borrowers pay back loans more quickly if they can afford to do so. However the general

guidance should instruct the BFA to provide affordable loans, patient repayment schedules, and flexible underwriting standards.

(11) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?

In a post-pandemic environment the state will face a situation where many companies have gone out of business despite the best efforts of all involved. It will be critical to support new business formation to replace the lost economic opportunity caused by COVID-19. Capital providers will be in a "risk-off" mode for some time to come, and new businesses may not be able to access the capital they need to get started. By providing capital to support new companies the economic recovery will be quicker and spread more broadly across the state.

The BFA has extensive experience supporting the development of new companies in New Hampshire. We were the originators of the Granite Fund, NH's first state-focused venture capital fund. That fund invested in many NH success stories, one notable example being Dyn in Manchester NH. The BFA since went on to invest in a bio-technology specific fund, as well as partner with 40 New Hampshire Angel Investors to provide essential start-up capital and mentorship opportunities for companies across the state.

During the recovery phase of this initiative, investments to support entrepreneurship in NH would include:

- Capital to support the formation of new businesses
- Specialized matched-savings accounts for low-income entrepreneurs starting a business
- Grants for technical assistance and entrepreneurial support

We wanted to again thank you for your continued leadership and support during these extraordinarily trying times. We fully believe that the State of NH is doing all that it can to support both the citizens and businesses of New Hampshire as we navigate these uncharted waters. With the allocation of federal support as described above, the BFA be a highly effective partner in mitigating the economic damage being caused by COVID-19.

Regards,



James Key-Wallace
Executive Director
NH Business Finance Authority

Questions for Consideration

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Tinios Pro Hospitality Group
John Tinios President

(2) Please identify what economic sector your enterprise operates within.

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- With phase one guidelines, we are forced to operate at 50% occupancy in our restaurants
- Due to the constantly changing guidelines from the CDC and media, there is confusion around where and when customers can start dining out again

- Because of the unpredictability of the market, it is impossible to determine how much inventory to purchase for the restaurants and when to start hiring back staff members
- Tourism as a whole in New Hampshire will be impacted indefinitely

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- (g) The proposed use of funds is structured in a way that will help the community and the State at large, and not just the particular private business or organization.**
- (h) The proposed use of funds is consistent with the one-time availability of the public relief funds and will not require future continuing operational support from the public sector in order to maintain success.**

The Hospitality industry is valuable to the public because it is a top employer in the state of New Hampshire. In addition to providing jobs, we contribute to the economy by way of the Rooms and Meals Taxes, Property Taxes, local and state fees specific to the restaurant industry, as well as all other “feeder industries” that pay taxes. **We also support more local and state charities than any other type of industry just by our numbers.** Restaurants essentially play a part in every sector of the state – We support education, school athletics and the arts, feeding the hungry and the homeless. Giving is what we do in hospitality. Our margins may be small, but our hearts are big and we make a huge difference in our communities.

We promote our communities as desirable places to enjoy leisure activities. Businesses move to places where there are accommodations to dine, meet clients, have group functions and enjoy a social lifestyle. New Hampshire is a tourism state that heavily relies on our industry. A sound and healthy hospitality industry is what draws in new businesses and is what brings tourist from all over to visit and enjoy. For these reasons, the State should contribute during this time of need

to give our industry the help it will need to restart its businesses after we are allowed to start back to normal operations.

The Payroll Protection Plan will have some value for the restaurant industry to start back up, but the program is flawed in its implementation.

- Restaurants must use 75% of the funds for payroll, providing they hire their staff back after they have been funded.
- There is no provision for forgiveness of the loan unless the clock starts immediately after funding.
- Due to CDC guidelines, when we are allowed to open we will only be operating at 50 % capacity, which means that revenue will be off [at least] by the same percent. This leaves little room for covering overhead expenses.
- The other 25 % can be used for utilities, interest on loans for mortgages and/or rent. This is all good, however, we are held to a timeline to pay it back without a clear timeline from the government on when we will be able to operate at full capacity again.
- The other factor is that federal assistance for unemployment benefits along with the States portion competes with the PPP by being a disincentive for people coming back to work and getting less pay than they would if they stayed on unemployment.
- While the current landscape for the PPP can certainly help, it doesn't come close to covering other overhead expenses such as liability insurance, workers compensation, loans for improvements to the business, existing mortgage principal payments, as well as paying vendors so that we can re-stock our inventory.
- **To fix this, I propose**
 - Extend the PPP for 6 months and give businesses the ability to use a portion of the funds for expenses related to overhead.
 - Give a greater percentage of rooms and meals taxes back to the restaurants as a collection fee.

(7) Please describe how the receipt and use of the public relief funds described in question 6 would be accounted for in your organization's financial statements.

Funds are deposited into a separate fund and used only for the purposes of payroll for employees and overhead. As owner I could not take bonuses or use the funds for other reasons foreign to the expenses of the business.

(8) Please describe specific measures for public reporting on the receipt and use of the public relief funds, so that the State may satisfy any public reporting obligations that may be imposed with respect to such funds.

Funds would be tracked in a separate category of QuickBooks. The report would identify only funds described as relief funds.

(9) Please identify other important organizations or functions in the State that have an important impact on your organization or economic sector, and, if possible, provide ideas of how those organizations and functions may be assisted by public relief funds in a manner that would help your organization or economic sector.

Local New Hampshire Chambers of Commerce, New Hampshire Hospitality Association, and the BNI. These associations are currently not being funded by their members because their members are out of business. In order for these associations to continue helping us, they need cash now.

10) We consistently hear different stories of what is occurring and what is needed; given the opportunity, please comment on what do you think should be said or considered that hasn't received much attention?

The biggest thing that is not getting enough attention is testing for our employees. We are first responders right now given our role in feeding the public. We could use all the help we can get from the state regarding testing for current infections as well as antibody testing. If all hospitality employees in the state have a certificate of being tested on file, this would help us grow and maintain our employee's confidence as well as our guests'.

Secondly, our industry is known for innovation and connecting to the needs of the customers - Relaxing some of the regulations for seating outdoors by extending patios and relaxing alcohol restrictions to those areas would help us pivot and continue our operations. Also, to permit in certain businesses that have the parking capacity the ability to extend seating would be helpful. All these ideas are to create more available seating while maintaining social distancing.

Finally, people should be able to make their own choices on when and how to return to restaurants. Scaring customers with unnecessary restrictions would harm our businesses. I believe in our industry and our people to be careful in keeping each other safe and accountable. There will always be a few that don't adapt to the situation we find ourselves in with Covid-19, but I truly believe the vast majority of us will work together to fight through this.

The greatest innovations have come at times of great need for action to solve problems in our society. This country thrives when our backs are to the wall. In an industry with small margins for error and big hearts for giving, we will be better when we come out of this pandemic. I have seen my peers coming out of the box with ideas for products, services, and safety, even changing their concept to adapt to the times. While our main priority is the health and safety of our people, we cannot get through this without significant help from our government. We are all in this together, and as a small business owner, I am grateful to have my voice heard.